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As filed with the Securities and Exchange Commission on December 12, 2011

Registration No. 333-173984

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

LAREDO PETROLEUM, INC.
(Exact name of Registrant as Specified in Its Charter)

Delaware	**1311**	**20-5707393**
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

15 W. Sixth Street, Suite 1800
Tulsa, Oklahoma 74119
(918) 513-4570
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Kenneth E. Dornblaser
Senior Vice President & General Counsel
15 W. Sixth Street, Suite 1800
Tulsa, Oklahoma 74119
(918) 513-4570
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Christine B. LaFollette
Akin Gump Strauss Hauer & Feld LLP
1111 Louisiana, 44th Floor
Houston, Texas 77002
(713) 220-5800

Approximate date of commencement of proposed sale to the public: As soon as practicable on or after the effective date of this Registration Statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

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

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issue Tender Offer) o

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)(2)
9 1/2% Senior Notes due 2019	$550,000,000	100.00%	$550,000,000	$63,555
Guarantees of 9 1/2% Senior Notes due 2019(3)	—	—	—	None(4)

(1) Calculated pursuant-to Rule 457(f)(2) under the Securities Act of 1933.

(2) The total registration fee includes $40,635 that was previously paid for the registration of $350,000,000 of proposed maximum aggregate offering price in the filing of Registration Statement (Registration No. 333-173984) on May 6, 2011, and $22,920 for the registration of an additional $200,000,000 of proposed maximum aggregate offering price registered hereby.

(3) Laredo Petroleum, LLC or Laredo Petroleum Holdings, Inc., Laredo Gas Services, LLC, Laredo Petroleum Texas, LLC and Laredo Petroleum—Dallas, Inc. will guarantee the notes being registered.

(4) Pursuant to Rule 457(n) under the Securities Act of 1933, no registration fee for the registration of the guarantees is required.

Each registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANT GUARANTORS

Exact Name of Registrant Guarantor(1)	State or Other Jurisdiction of Incorporation or Formation	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number
Laredo Petroleum, LLC	Delaware	1311	26-0212148
Laredo Petroleum Holdings, Inc.	Delaware	1311	45-3007926
Laredo Gas Services, LLC	Delaware	4922	42-2608078
Laredo Petroleum Texas, LLC	Texas	1311	20-8882881
Laredo Petroleum—Dallas, Inc.	Delaware	1311	20-4864739

(1) The address for each Registrant Guarantor is 15 W. Sixth Street, Suite 1800, Tulsa, Oklahoma 74119 and the telephone number for each Registrant Guarantor is (918) 513-4570.

Explanatory Note:

Laredo Petroleum Holdings, Inc. has been added as a registrant and, if the corporate reorganization described herein is consummated, immediately prior thereto Laredo Petroleum Holdings, Inc. will become a guarantor of the notes and thereupon Laredo Petroleum, LLC will merge into Laredo Petroleum Holdings, Inc., with Laredo Petroleum Holdings, Inc. being the surviving entity and thereby becoming the parent guarantor of the notes.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 12, 2011

PROSPECTUS

Offer To Exchange Up To $550,000,000 of 9 1/2% Senior Notes Due 2019, That Have Not Been Registered under The Securities Act of 1933 For Up To $550,000,000 of 9 1/2% Senior Notes Due 2019, That Have Been Registered Under The Securities Act of 1933

Terms of the New 9 1/2% Senior Notes due 2019 Offered in the Exchange Offer:

- The terms of the new notes are identical to the terms of the old notes that were issued on January 20, 2011 and October 19, 2011, except that the new notes will be registered under the Securities Act of 1933 and will not contain restrictions on transfer, registration rights or provisions for additional interest.

Terms of the Exchange Offer:

- We are offering to exchange up to $550,000,000 of our old notes for new notes with materially identical terms that have been registered under the Securities Act of 1933 and are freely tradable.
- We will exchange all old notes that you validly tender and do not validly withdraw before the exchange offer expires for an equal principal amount of new notes.
- The exchange offer expires at 5:00 p.m., New York City time, on , 2012, unless extended.
- Tenders of old notes may be withdrawn at any time prior to the expiration of the exchange offer.
- The exchange of new notes for old notes will not be a taxable event for U.S. federal income tax purposes.
- Broker-dealers who receive new notes pursuant to the exchange offer acknowledge that they will deliver a prospectus in connection with any resale of such new notes.
- Broker-dealers who acquired the old notes as a result of market-making or other trading activities may use the prospectus for the exchange offer, as supplemented or amended, in connection with resales of the new notes.

You should carefully consider the risk factors beginning on page 16 of this prospectus before participating in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2011.

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission ("SEC"). In making your investment decision, you should rely only on the information contained in this prospectus and in the accompanying letter of transmittal. We have not authorized anyone to provide you with any other information. We are not making an offer to sell these securities or soliciting an offer to buy these securities in any jurisdiction where an offer or solicitation is not authorized or in which the person making that offer or solicitation is not qualified to do so or to anyone whom it is unlawful to make an offer or solicitation. You should not assume that the information contained in this prospectus is accurate as of any date other than its date.

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In this prospectus, we refer to the notes to be issued in the exchange offer as the "new notes," and we refer to the $350 million principal amount of our 9 1/2% senior notes due 2019 issued on January 20, 2011, together with the additional $200 million principal amount of our 9 1/2% senior notes due 2019 issued on October 19, 2011, as the "old notes." We refer to the new notes and the old notes collectively as the "notes." References to the "issuer" and "Laredo Inc." refer to Laredo Petroleum, Inc., a Delaware corporation and a wholly owned subsidiary of the Parent Guarantor. References to "Laredo LLC" refer to Laredo Petroleum, LLC, a Delaware limited liability company. References to the "Parent Guarantor" refer to Laredo LLC or, if the corporate reorganization is consummated, Laredo Petroleum Holdings, Inc. ("LPH"). References to "subsidiaries" refer to the Parent Guarantor's subsidiaries: Laredo Inc., LPH (unless the corporate reorganization is consummated), Laredo Petroleum—Dallas, Inc., a Delaware corporation, Laredo Gas Services, LLC, a Delaware limited liability company, and Laredo Petroleum Texas, LLC, a Texas limited liability company. References to "Laredo," "we," "us" or "our" refer to the Parent Guarantor and its subsidiaries, unless otherwise indicated or the context otherwise requires. References to "guarantors" refer to the Parent Guarantor and each of its subsidiaries that guarantee amounts outstanding on the notes on a joint and several basis.

In this prospectus, historical financial information, operational data and reserve information for Laredo and our recently acquired subsidiary Broad Oak Energy, Inc., a Delaware corporation ("Broad Oak" and subsequently renamed Laredo Petroleum—Dallas, Inc.), present the assets and liabilities of Laredo LLC and its subsidiaries and Broad Oak at historical carrying values and their operations as if they were consolidated for all periods presented. Although the financial and other information is reported on a consolidated basis, such presentation is not necessarily indicative of the results that would have been obtained if Laredo had owned and operated Broad Oak from its inception. In addition, our estimated proved reserve information as of June 30, 2011 contained in this prospectus is based on a reserve report relating to our combined properties prepared by our independent petroleum engineers, Ryder Scott Company, L.P. ("Ryder Scott"), a copy of which report has been filed as an exhibit to the registration statement of which the prospectus is a part. The information in this prospectus with respect to our estimated proved reserves as of December 31, 2008 has been prepared by our independent reserve engineers in accordance with the rules and regulations of the SEC applicable to fiscal years ending before December 31, 2009. The information in this prospectus with respect to our estimated proved reserves as of December 31, 2009, December 31, 2010 and June 30, 2011 has been prepared by our independent reserve engineers in accordance with the rules and regulations of the SEC applicable to fiscal years ending on and after December 31, 2009. Certain operational terms used in this prospectus are defined in "Annex B: Glossary of Oil and Natural Gas Terms."

This prospectus incorporates important business and financial information about us that is not included or delivered with this prospectus. Such information is available without charge to holders of old notes upon written or oral request made to Laredo Petroleum, Inc., 15 W. Sixth Street, Suite 1800, Tulsa, Oklahoma 74119, Attention: Chief Financial Officer (Telephone (918) 513-4570). To obtain timely delivery of any requested information, holders of old notes must make any request no later than five business days prior to the expiration of the exchange offer.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The information in this prospectus includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact included in this prospectus, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, the words "could,"

"believe," "anticipate," "intend," "estimate," "expect," "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading "Risk Factors" included in this prospectus. These forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events. Among the factors that significantly impact our business and could impact our business in the future are:

- the ongoing instability and uncertainty in the U.S. and international financial and consumer markets that is adversely affecting the liquidity available to us and our customers and is adversely affecting the demand for commodities, including crude oil and natural gas;
- volatility of oil and gas prices;
- the possible introduction of regulations that prohibit or restrict our ability to apply hydraulic fracturing to our oil and natural gas wells;
- discovery, estimation, development and replacement of oil and gas reserves, including our expectations that estimates of our proved reserves will increase;
- competition in the oil and gas industry;
- availability and costs of drilling and production equipment, labor, and oil and gas processing and other services;
- changes in domestic and global demand for oil and natural gas;
- the availability of sufficient pipeline and transportation facilities;
- uncertainties about the estimates of our oil and natural gas reserves;
- changes in the regulatory environment and changes in international, legal, political, administrative or economic conditions;
- successful results from our identified drilling locations;
- our ability to execute our strategies;
- our ability to recruit and retain the qualified personnel necessary to operate our business;
- our ability to comply with federal, state and local regulatory requirements;
- evolving industry standards and adverse changes in global economic, political and other conditions;
- restrictions contained in our debt agreements, including our senior secured credit facility and the indenture governing the notes, as well as debt that could be incurred in the future;
- our ability to generate sufficient cash to service our indebtedness and to generate future profits;
- our ability to consummate the proposed initial public offering of LPH's common stock; and
- other factors discussed in this prospectus, including in the section entitled "Risk Factors."

These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should, therefore, be considered in light of various factors, including those set forth in this prospectus under "Risk Factors," in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this prospectus. In light of such risks and

uncertainties, we caution you not to rely on these forward-looking statements in deciding whether to invest in the notes.

Reserve engineering is a process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reservoir engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of oil and natural gas that are ultimately recovered.

These forward-looking statements speak only as of the date of this prospectus, and we do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus or to reflect the occurrence of unanticipated events.

PROSPECTUS SUMMARY

This summary highlights some of the information contained in this prospectus and does not contain all of the information that may be important to you. You should read this entire prospectus and the documents to which we refer you before making an investment decision. You should carefully consider the information set forth under "Risk Factors" beginning on page 16 of this prospectus and the other cautionary statements described in this prospectus. In addition, certain statements include forward looking information that involves risks and uncertainties. See "Cautionary Statement Regarding Forward-Looking Statements."

Company Overview

We are an independent energy company focused on the exploration, development and acquisition of oil and natural gas in the Permian and Mid-Continent regions of the United States. Laredo was founded in October 2006 by our Chairman and Chief Executive Officer Randy A. Foutch, who was later joined by other members of our management team, many of whom have worked together for a decade or more. Our activities are primarily focused in the Wolfberry and deeper horizons of the Permian Basin in West Texas and the Anadarko Granite Wash in the Texas Panhandle and Western Oklahoma, where we have assembled 127,041 net acres and 37,740 net acres, respectively. These plays are characterized by high oil and liquids-rich natural gas content, multiple target horizons, extensive production histories, long-lived reserves, high drilling success rates and significant initial production rates.

Since our inception, we have rapidly grown our cash flow, production and reserves through our drilling program. We also seek acquisition opportunities that are complementary to our assets and provide upside potential that is competitive with our existing property portfolio. On July 1, 2011, we completed the acquisition of Broad Oak for a combination of equity and cash. This acquisition provided us incremental scale and significant additional exposure to attractive vertical and horizontal oil and liquids-rich natural gas opportunities. The acquired properties are concentrated on a contiguous land position located in the Permian Basin, primarily in Reagan County, and are being drilled targeting Wolfberry production. This acreage, totaling approximately 64,000 net acres, approximately doubled our Permian Basin position and is immediately south of and on trend with our legacy Permian Basin properties in Glasscock and Howard Counties. We believe the success Laredo has achieved to date in drilling our vertical and horizontal wells may add significant value to this newly acquired acreage.

Our net average daily production for the nine months ended September 30, 2011 was approximately 22,842 BOE/D, and our net proved reserves were an estimated 137,052 MBOE as of June 30, 2011. From our formation in 2006 through September 30, 2011, we have drilled over 700 gross vertical and horizontal wells with a success rate of approximately 99%. Our drilling activity has been and will continue to be focused on liquids-rich opportunities in the Permian Basin and Anadarko Granite Wash, where we see liquids-rich natural gas that ranges from 1,235 to 1,440 Btu per cubic foot and 1,135 to 1,180 Btu per cubic foot, respectively. Pursuant to our existing percentage of proceeds contracts during September 2011, our natural gas liquids yield was 131 Bbls/MMcf in the Permian Basin and 66 Bbls/MMcf in the Anadarko Granite Wash.

We maintain a conservative financial profile in order to preserve operational flexibility and financial stability. At September 30, 2011, on a pro forma basis as adjusted, after giving effect to the offering of $200 million of old notes on October 19, 2011 and the application of the proceeds therefrom, we would have had approximately $325 million available for borrowings under our senior secured credit facility and total debt of approximately $877 million, which is 2.8 times our consolidated annualized Adjusted EBITDA for the first nine months of 2011. We believe that our operating cash flow, our liquidity sources and access to capital resources provide us with the ability to implement our planned exploration and development activities.

Recent Developments

Borrowing base increase. On October 28, 2011, our lenders approved an increase of the borrowing base under our senior secured credit facility from $650.0 million to $712.5 million. As of November 25, 2011 we had $375 million outstanding under the facility.

Acquisition of Broad Oak Energy, Inc. On July 1, 2011, we completed the acquisition of Broad Oak, which became a wholly-owned subsidiary of Laredo Inc. Broad Oak was formed in 2006 with financial support from its management and affiliates of Warburg Pincus LLC ("Warburg Pincus"). On July 19, 2011, we changed the name of Broad Oak to Laredo Petroleum—Dallas, Inc.

Capital expenditure program. Following the Broad Oak acquisition, our board of directors approved a revised capital expenditure budget of approximately $188 million for the fourth quarter of 2011. On November 9, 2011, our board of directors approved a budget of $757 million for the calendar year 2012, excluding additional acquisitions. Approximately 92% of our budget for the remainder of 2011 and 2012 will be targeted for drilling and completion operations, 97% of which are concentrated in our Permian Basin and Anadarko Granite Wash plays.

Corporate History and Structure

Laredo Inc. was founded in October 2006 by Randy A. Foutch, our Chairman and Chief Executive Officer, who was later joined by other members of our management team to acquire, develop and operate oil and gas properties in the Permian and Mid-Continent regions of the United States. In 2007, Warburg Pincus, our institutional investor, and Laredo Inc.'s management formed Laredo LLC as a holding company and entered into a limited liability company agreement, which provided for Laredo LLC's initial funding with an equity commitment of $300 million from Warburg Pincus, certain members of our management team and our independent directors. The stockholders of Laredo Inc. contributed their common stock in Laredo Inc. to Laredo LLC in return for equity units in Laredo LLC, and Laredo Inc. became a wholly-owned subsidiary of Laredo LLC.

In October 2008, Laredo LLC's limited liability company agreement was amended and a new series of equity units was created to provide for an additional $300 million equity program. To date, Warburg Pincus, certain members of our management and our independent directors have together invested a total of $710 million of equity in Laredo.

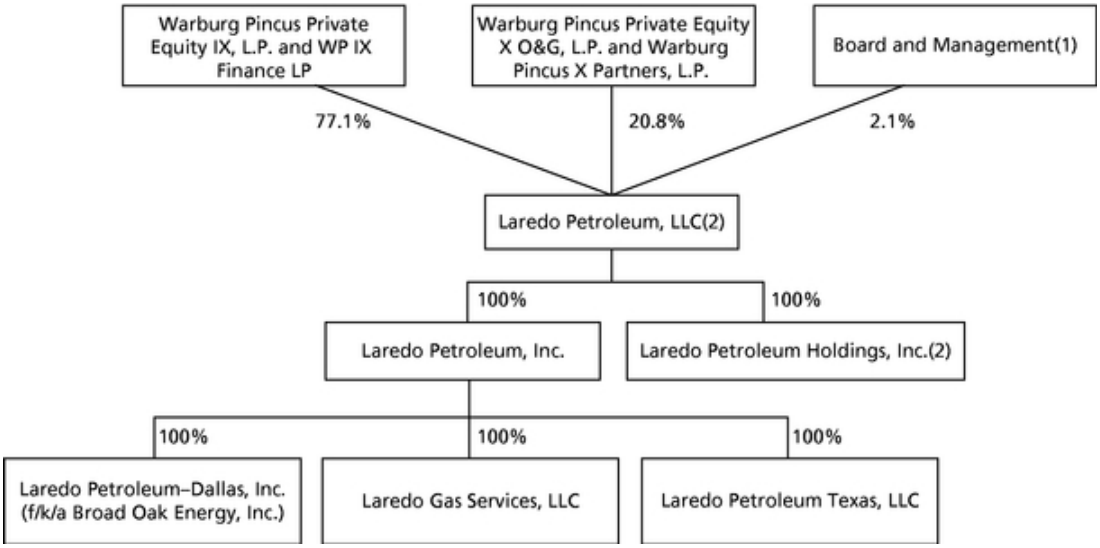
LPH, a recently formed Delaware corporation, is a wholly-owned subsidiary of Laredo LLC. LPH currently has no material assets or liabilities and is not currently a guarantor of the notes or a guarantor of the senior secured credit facility. LPH has recently filed a registration statement on Form S-1 with the SEC in connection with a proposed initial public offering of its common stock. The registration statement for the initial public offering is not an offer to sell or a solicitation of an offer to buy the new notes and is not incorporated by reference herein, and investors should not rely on the disclosure therein in connection with their participation in the exchange offer. The registration statement is subject to review and comment by the SEC and has not yet become effective and the disclosure related to us and our business may change as a result of such review and comments. Pursuant to the terms of a corporate reorganization that is currently proposed to occur concurrently with, or immediately prior to, the closing of the initial public offering of LPH's common stock, Laredo LLC will merge into LPH, with LPH being the surviving entity. LPH will issue common stock to the current owners of Laredo LLC in the corporate reorganization and to the public in the initial public offering. The issuer of the notes and the borrower under our senior secured credit facility will continue to be Laredo Inc. and LPH will become a guarantor of the notes and the senior secured credit facility immediately prior to the corporate reorganization. If the proposed initial public offering is consummated, ownership in LPH is expected to be approximately 80.5% by Warburg Pincus, 5.5% by our board of directors, management and employees and approximately 14.0% by the public stockholders assuming the midpoint of the offering price range set forth in the preliminary prospectus

dated November 28, 2011 filed by LPH for the proposed initial public offering. There can be no assurance that the initial public offering of LPH's common stock will be consummated or the corporate reorganization will be effected as proposed. This description does not constitute an offer to sell or the solicitation of an offer to buy common stock of LPH. Common stock of LPH may not be sold nor may offers be accepted prior to the time the registration statement on Form S-1 becomes effective.

Laredo Inc. has three wholly-owned subsidiaries: Laredo Petroleum Texas, LLC, a Texas limited liability company formed in March 2007; Laredo Gas Services, LLC, a Delaware limited liability company formed in November 2007; and Laredo Petroleum—Dallas, Inc., a Delaware corporation formed in May 2006, formerly known as Broad Oak Energy, Inc.

Laredo Inc. is the borrower under our senior secured credit facility as well as the issuer of our notes. Currently, Laredo LLC and all of its subsidiaries (other than Laredo Inc. and LPH) are guarantors of the obligations under our senior secured credit facility and the notes.

The following diagram indicates our current ownership structure.



(1) Including former Broad Oak management, directors and employees.

(2) If the potential corporate reorganization described herein is consummated, Laredo LLC will merge into LPH, with LPH being the surviving entity, and LPH will own 100% of Laredo Inc. See "Potential Corporate Reorganization."

Our Offices

Our executive offices are located at 15 W. Sixth Street, Suite 1800, Tulsa, Oklahoma 74119, and the phone number at this address is (918) 513-4570. Our website address is www.laredopetro.com. We expect to make our periodic reports and other information filed with or furnished to the SEC, available free of charge through our website as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into, and does not constitute a part of, this prospectus.

The Exchange Offer

On January 20, 2011, we completed a private offering of $350 million aggregate principal amount of the old notes. On October 19, 2011, we completed a private offering of $200 million aggregate principal amount of the old notes. We entered into registration rights agreements with the initial purchasers in connection with these offerings in which we agreed to deliver to you this prospectus and to use commercially reasonable efforts to complete the exchange offer within 365 days after the date of the initial issuance of the old notes issued on January 20, 2011.

Old Notes	On January 20, 2011 and October 19, 2011, we issued $350 million and $200 million, respectively, aggregate principal amount of $9^1/_2$% senior notes due 2019.
Exchange Offer	We are offering to exchange up to $550 million principal amount of the new notes for an equal amount of our old notes.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2012, unless we decide to extend it.
Conditions to the Exchange Offer	The registration rights agreements do not require us to accept old notes for exchange if the exchange offer, or the making of any exchange by a holder of the old notes, would violate any applicable law or interpretation of the staff of the SEC. The exchange offer is not conditioned on a minimum aggregate principal amount of old notes being tendered.
Procedures for Tendering Old Notes	To participate in the exchange offer, you must follow the procedures established by The Depository Trust Company, which we call "DTC," for tendering notes held in book-entry form. These procedures, which we call "ATOP," require that (i) the exchange agent receive, prior to the expiration date of the exchange offer, a computer generated message known as an "agent's message" that is transmitted through DTC's automated tender offer program, and (ii) DTC confirms that: • DTC has received your instructions to exchange your notes, and • You agree to be bound by the terms of the letter of transmittal. For more information on tendering your old notes, please refer to the sections in this prospectus entitled "Exchange Offer—Terms of the Exchange Offer," "Exchange Offer—Procedures for Tendering" and "Description of the Notes—Book Entry, Delivery and Form."
Guaranteed Delivery Procedures	None.
Withdrawal of Tenders	You may withdraw your tender of old notes at any time prior to the expiration date. To withdraw, you must submit a notice of withdrawal to the exchange agent using ATOP procedures before 5:00 p.m., New York City time, on the expiration date of the exchange offer. Please refer to the section in this prospectus entitled "Exchange Offer—Withdrawal of Tenders."

Acceptance of Old Notes and Delivery of New Notes	If you fulfill all conditions required for proper acceptance of old notes, we will accept any and all old notes that you properly tender in the exchange offer before 5:00 p.m., New York City time, on the expiration date. We will return any old notes that we do not accept for exchange to you without expense promptly after the expiration date and acceptance of the old notes for exchange. Please refer to the section in this prospectus entitled "Exchange Offer—Terms of the Exchange Offer."
Fees and Expenses	We will bear expenses related to the exchange offer. Please refer to the section in this prospectus entitled "Exchange Offer—Fees and Expenses."
Use of Proceeds	The issuance of the new notes will not provide us with any new proceeds. We are making this exchange offer solely to satisfy our obligations under our registration rights agreements.
Consequences of Failure to Exchange Old Notes	If you do not exchange your old notes in this exchange offer, you will no longer be able to require us to register the old notes under the Securities Act except in limited circumstances provided under the registration rights agreements. In addition, you will not be able to resell, offer to resell or otherwise transfer the old notes unless we have registered the old notes under the Securities Act, or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act.
U.S. Federal Income Tax Consequences	The exchange of new notes for old notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes. Please read "Material United States Federal Income Tax Consequences."

Exchange Agent

We have appointed Wells Fargo Bank, N.A. as exchange agent for the exchange offer. You should direct questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal to the exchange agent as follows:

By registered & certified mail:
WELLS FARGO BANK, N.A.
Corporate Trust Operations
MAC : N9303-121
P.O. Box 1517
Minneapolis, MN 55480

By regular mail or overnight courier:
WELLS FARGO BANK, N.A.
Corporate Trust Operations
MAC : N9303-121
6th St & Marquette Avenue
Minneapolis, MN 55479

In person by hand only:
WELLS FARGO BANK, N.A.
Corporate Trust Services
Northstar East Building—12th Floor
608 Second Avenue South
Minneapolis, MN 55402

Eligible institutions may make requests by facsimile at
(612) 667-6282 and may confirm facsimile delivery by calling (800) 344-5128.

Terms of the New Notes

The new notes will be identical to the old notes except that the new notes are registered under the Securities Act and will not have restrictions on transfer, registration rights or provisions for additional interest. The new notes will evidence the same debt as the old notes, and the same indenture will govern the new notes and the old notes.

The following summary contains basic information about the new notes and is not intended to be complete. It does not contain all information that may be important to you. For a more complete understanding of the new notes, please refer to the section entitled "Description of the Notes" in this prospectus.

Issuer	Laredo Inc., a direct wholly-owned subsidiary of the Parent Guarantor.
New Notes Offered	$550 million aggregate principal amount of 9 1/2% senior notes due 2019, registered under the Securities Act. The old notes and the new notes will be treated as a single class of securities under the indenture, including, without limitation, for purposes of waivers, amendments, redemptions and offers to purchase.
Maturity Date	February 15, 2019.
Interest	The new notes will bear interest at a rate of 9 1/2% per annum, payable semi-annually, in cash in arrears, on February 15 and August 15 of each year, commencing on the first such date next following the date on which the exchange offer is consummated.
Guarantees	Each of the Parent Guarantor and its existing subsidiaries (other than the issuer and (unless the corporate reorganization is consummated) LPH) will fully and unconditionally guarantee, jointly and severally, the new notes initially and (except for the Parent Guarantor) so long as such entity guarantees our senior secured credit facility or other debt in excess of $5 million. Not all of the Parent Guarantor's future subsidiaries will be required to become guarantors. If we cannot make payments on the new notes when they are due, the guarantors must make them instead. Please read "Description of the Notes—Guarantees."

Each guarantee will rank:

- equally in right of payment to all existing and future senior unsecured indebtedness of the guarantor;
- effectively subordinate in right of payment to all existing and future secured indebtedness of the guarantor, including its guarantee of indebtedness under our senior secured credit facility, to the extent of the value of the assets securing such indebtedness; and
- senior in right of payment to any future subordinated indebtedness of the guarantor.

As of September 30, 2011, on a pro forma basis as adjusted after giving effect to the offering of $200 million of old notes on October 19, 2011 and the application of the net proceeds therefrom, the guarantees of the notes would have been effectively subordinated to $325 million of secured indebtedness, with the issuer having approximately $325 million of borrowing capacity available under our senior secured credit facility (without giving effect to any increase in the current borrowing base), subject to compliance with financial covenants, the guarantees of which would be effectively senior to the guarantees of the notes (to the extent of the value of the assets securing such indebtedness).

Ranking

The new notes will be the issuer's unsecured senior obligations. Accordingly, they will rank:

- equally in right of payment to all of the issuer's existing and future senior indebtedness;
- effectively subordinate in right of payment to all of the issuer's existing and future secured indebtedness, including indebtedness under the issuer's senior secured credit facility, to the extent of the value of the assets securing such indebtedness;
- effectively subordinate to all indebtedness and other liabilities of any future non-guarantor subsidiaries; and
- senior in right of payment to all the issuer's existing and future subordinated indebtedness.

As of September 30, 2011, on a pro forma basis as adjusted after giving effect to the offering of $200 million of old notes on October 19, 2011 and the application of the net proceeds therefrom, the guarantees of the notes would have been effectively subordinated to $325 million of secured indebtedness, with the issuer having approximately $325 million of borrowing capacity available under our senior secured credit facility (without giving effect to any increase in the current borrowing base), subject to compliance with financial covenants, the guarantees of which would be effectively senior to the guarantees of the notes (to the extent of the value of the assets securing such indebtedness).

Optional Redemption	The issuer will have the option to redeem the new notes, in whole or in part, at any time on or after February 15, 2015, at the redemption prices described in this prospectus under the heading "Description of the Notes—Optional Redemption," together with any accrued and unpaid interest to, but not including, the date of redemption. In addition, before February 15, 2015, the issuer may redeem all or any part of the notes at the make-whole price set forth under "Description of the Notes—Optional Redemption." In addition, before February 15, 2014, the issuer may, at any time or from time to time, redeem up to 35% of the aggregate principal amount of the notes with the net proceeds of a public or private equity offering at a redemption price of 109.5% of the principal amount of the notes, plus any accrued and unpaid interest to the date of redemption, if at least 65% of the aggregate principal amount of the notes issued under the indenture governing the notes remains outstanding immediately after such redemption and the redemption occurs within 180 days of the closing date of such equity offering.
Change of Control	If a change of control event occurs, each holder of new notes may require the issuer to repurchase all or a portion of its new notes for cash at a price equal to 101% of the aggregate principal amount of such new notes, plus any accrued and unpaid interest to, but not including, the date of repurchase.
Certain Other Covenants	The indenture contains covenants that limit, among other things, the ability of the Parent Guarantor and some of its subsidiaries (including the issuer) to: • pay distributions or dividends on, or purchase, redeem or otherwise acquire, equity interests; • make certain investments; • incur additional indebtedness or liens; • sell certain assets or merge with or into other companies; • engage in transactions with affiliates; and • enter into sale and leaseback transactions. These covenants are subject to a number of important qualifications and limitations. In addition, substantially all of the covenants will be suspended before the new notes mature if both of two specified ratings agencies assign the new notes an investment grade rating in the future and no event of default exists under the indenture governing the new notes. See "Description of the Notes—Certain Covenants."

Transfer Restrictions, Absence of a Public Market for the New Notes	The new notes generally will be freely transferable, but will also be new securities for which there will not initially be a market. There can be no assurance as to the development of liquidity of any market for the new notes. We do not intend to apply for a listing of the new notes on any securities exchange or any automated dealer quotation system.
Risk Factors	Investing in the new notes involves risks. See "Risk Factors" beginning on page 16 for a discussion of certain factors you should consider in evaluating whether or not to tender your old notes.
Form of Exchange Notes	The new notes will be represented initially by one or more global notes. The global new notes will be deposited with the trustee, as custodian for DTC.
Trustee, Registrar and Exchange Agent	Wells Fargo Bank, National Association.
Governing Law	The new notes and the indenture governing the new notes will be governed by and construed in accordance with the laws of the State of New York.
Same-Day Settlement	The global new notes will be shown on, and transfers of the global new notes will be effected only through, records maintained in book entry form by DTC and its direct and indirect participants. The new notes are expected to trade in DTC's Same Day Funds Settlement System until maturity or redemption. Therefore, secondary market trading activity in the new notes will be settled in immediately available funds.

Ratio of Earnings to Fixed Charges

The following table sets forth our ratio of earnings to fixed charges for the periods presented:

	Nine months ended September 30,		For the year ended December 31,					
	Pro forma 2011	2011	Pro forma 2010	2010	2009	2008	2007	Inception to December 31, 2006
Ratio of earnings to fixed charges(1)	4.0x(2)	5.6x	1.4x(3)	4.2x	—(4)	—(4)	—(4)	—(4)

(1) For purposes of computing the ratio of earnings to fixed charges, "earnings" consists of pretax income (loss) plus fixed charges. "Fixed charges" represents interest incurred, amortization of deferred debt offering costs and that portion of rental expense on operating leases deemed to be the equivalent of interest.

(2) Because the net proceeds from the offerings of the old notes were used in part to repay indebtedness, the pro forma impact on the amount of fixed charges causes our earnings to cover fixed charges to change by 10% or more for the nine months ended September 30, 2011. At September 30, 2011, we had approximately $525.0 million of borrowings outstanding under our senior secured credit facility and $350.0 million in old notes. The weighted average interest rate paid on amounts outstanding under our senior secured credit facility for the nine months ended September 30, 2011 was 2.49% and under our old notes was 9.5%.

(3) Because the net proceeds from the offerings of the old notes were used in part to repay indebtedness, the pro forma impact on the amount of fixed charges causes our earnings to cover fixed charges to change by 10% or more for the year ended December 31, 2010. At December 31, 2010, we had approximately $177.5 million of borrowings outstanding under our senior secured credit facility and $100.0 million outstanding under our term loan facility. For the year ended December 31, 2010, the weighted average interest rates paid on amounts outstanding under our senior secured credit facility, the Broad Oak credit facility and our term loan were 4.40%, 4.27% and 9.25%, respectively.

(4) Due to our net operating losses for each of the years ended December 31, 2009, 2008 and 2007 and for the period from inception to December 31, 2006, the ratio of coverages were less than 1:1. To achieve the ratio coverage of 1:1, we would have needed additional earnings of approximately $258.5 million, $245.8 million, $7.5 million and $1.8 million, respectively.

Summary Financial Data

The following summary financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Selected Financial Data" and our unaudited consolidated financial statements and condensed notes thereto and our audited combined financial statements and notes thereto included elsewhere in this prospectus. We believe that the assumptions underlying the preparation of our financial statements are reasonable. The financial information included in this prospectus may not be indicative of our future results of operations, financial position and cash flows.

Prior to the acquisition of Broad Oak, the majority equity ownership of both Laredo LLC and Broad Oak was effectively controlled by a common owner. For this reason, both the unaudited and audited financial statements included in this prospectus consist of the historical audited combined balance sheets of Laredo LLC (and its historical subsidiaries) as well as Broad Oak, as of December 31, 2010 and 2009, and the related combined statements of operations, owners' equity and cash flows for each of the three years ended December 31, 2010, the unaudited consolidated balance sheet of Laredo LLC and its subsidiaries, as of September 30, 2011, and the related consolidated statements of operations, owners' equity and cash flows of Laredo LLC and its subsidiaries for the nine months ended September 30, 2011 and 2010. As a result, the financial statements included in this prospectus, and the financial and other data contained in this prospectus treat Broad Oak as having been a part of the historic consolidated group of Laredo LLC from inception. Such financial information is not necessarily indicative of the results that would have been obtained if Laredo LLC had owned and operated Broad Oak from its inception.

Presented below is our summary financial data for the periods and as of the dates indicated. The summary financial data for the years ended December 31, 2010, 2009 and 2008 and the balance sheets as of December 31, 2010 and 2009 are derived from our audited combined financial statements and the notes thereto included elsewhere in this prospectus. The summary consolidated financial data for the nine months ended September 30, 2011 and 2010 and the balance sheet as of September 30, 2011 are derived from our unaudited consolidated financial statements and the condensed notes thereto included elsewhere in this prospectus. The summary combined financial data for the year ended December 31, 2007 and for the period from our inception in May 2006 through December 31, 2006 and the balance sheet data as of December 31, 2008, 2007 and 2006 are derived from our unaudited combined financial statements not included in this prospectus.

(in thousands)	For the nine months ended September 30, 2011 (unaudited)	For the nine months ended September 30, 2010 (unaudited)	For the years ended December 31, 2010	2009	2008(2)	2007 (unaudited)	Inception to December 31, 2006 (unaudited)
Statement of operations data:							
Total operating revenues	$ 371,307	$ 157,061	$ 242,004	$ 96,892	$ 74,735	$ 9,650	$ —
Total operating costs and expenses(1)	209,071	110,652	169,022	350,421	351,201	17,273	2,029
Income (loss) from operations	162,236	46,409	72,982	(253,529)	(276,466)	(7,623)	(2,029)
Realized and unrealized gain (loss):							
Commodity derivative financial instruments, net	42,851	29,583	11,190	5,744	40,569	1,579	—
Interest rate derivatives, net	(1,317)	(5,890)	(5,375)	(3,394)	(6,274)	—	—
Interest expense	(35,062)	(11,869)	(18,482)	(7,464)	(4,410)	(2,046)	—
Other non-operating income (expense)	(6,141)	95	121	142	817	634	188
Net income (loss)	$ 103,988	$ 51,158	$ 86,248	$ (184,495)	$ (192,047)	$ (6,051)	$ (1,841)

(1) In 2009, we recognized a pre-tax non-cash full cost ceiling impairment charge of approximately $245.9 million on our proved properties and we reduced materials and supplies by approximately $0.8 million to reflect our materials and supplies at the lower of cost or market. In 2008, we recognized a pre-tax non-cash full cost ceiling impairment charge of approximately $282.6 million on our proved properties. For a discussion of our impairment expense, see Notes B.5, B.7 and B.19 in our audited combined financial statements included elsewhere in this prospectus.

(2) The year ended December 31, 2008 contains the results of operations for the acquisition of properties from Linn Energy beginning August 15, 2008, the closing date of the property acquisition. See Note C in our audited combined financial statements included elsewhere in this prospectus.

(in thousands)	As of September 30, 2011 (unaudited)	As of December 31, 2010	2009	2008	2007 (unaudited)	2006 (unaudited)
Balance sheet data:						
Cash and cash equivalents	$ 28,249	$ 31,235	$ 14,987	$ 13,512	$ 6,937	$ 6,345
Net property and equipment	1,216,057	809,893	396,100	350,702	137,852	7,539
Total assets	1,476,503	1,068,160	625,344	578,387	171,799	13,903
Current liabilities	152,874	150,243	79,265	101,864	16,809	550
Long-term debt	875,000	491,600	247,100	148,600	44,500	—
Owners' equity	438,211	411,099	289,107	318,364	109,707	13,316

(in thousands)	For the nine months ended September 30, 2011	2010	For the years ended December 31, 2010	2009	2008	2007	Inception to December 31, 2006
	(unaudited)					(unaudited)	(unaudited)
Other financial data:							
Net cash provided by (used in) operating activities	$ 233,673	$ 90,754	$ 157,043	$ 112,669	$ 25,332	$ 5,019	$ (1,231)
Net cash used in investing activities	(519,264)	(309,557)	(460,547)	(361,333)	(490,897)	(131,153)	(7,581)
Net cash provided by financing activities	282,605	229,040	319,752	250,139	472,140	126,726	15,157

(in thousands, unaudited)	For the nine months ended September 30, 2011	2010	For the years ended December 31, 2010	2009	2008	2007	Inception to December 31, 2006
Adjusted EBITDA(1)	$283,850	$123,519	$194,502	$104,908	$49,305	$(1,522)	$(1,798)

(1) Adjusted EBITDA is a non-GAAP financial measure. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income (loss) see "Selected Financial Data—Non-GAAP Financial Measures and Reconciliations."

Summary Historical Combined Reserve Data

Prior to the acquisition of Broad Oak, the majority equity ownership of both Laredo LLC and Broad Oak was effectively controlled by a common owner. For this reason, the information in this prospectus with respect to our estimated proved reserves for the periods stated have been prepared by our independent reserve engineers combining the reserves of Broad Oak with the reserves historically reported by Laredo LLC. These reserves were determined in accordance with the rules and regulations of the SEC applicable to fiscal years ending on and after December 31, 2009. Certain operational terms used in this prospectus are defined in "Annex B: Glossary of Oil and Natural Gas Terms."

The following table sets forth certain unaudited information concerning our proved oil and natural gas reserves as of June 30, 2011 based on a reserve report prepared by Ryder Scott, our independent reserve engineers.

	June 30, 2011			
	Reserve category			
	PDP	PDNP	PUD	Total
Proved Reserves:				
Oil (MBbls)	15,828	1,472	28,629	45,929
Natural gas (MMcf)	200,752	17,698	328,291	546,741
Oil equivalents(1) (MBOE)	49,286	4,422	83,344	137,052
% Oil	32%	33%	34%	34%
% Natural Gas	68%	67%	66%	66%

(1) MBbl equivalents ("MBOE") are calculated using a conversion rate of six MMcf per one MBbl.

RISK FACTORS

Investing in the notes involves risks. You should carefully consider the information in this prospectus, including the matters addressed under "Cautionary Statement Regarding Forward-Looking Statements" and the following risks before participating in the exchange offer.

We are subject to certain risks and hazards due to the nature of the business activities we conduct. The risks described below, any of which could materially and adversely affect our business, financial condition, cash flows and results of operations, are not the only risks we face. We may experience additional risks and uncertainties not currently known to us; or, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows and results of operations.

Risks Related to the Notes

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations, including the notes, depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes. As a result of concern about the stability of financial markets generally and the solvency of counterparties specifically, the cost of obtaining money from the credit markets has increased for certain companies as many lenders and institutional investors have increased interest rates, enacted tighter lending standards and reduced and, in some cases, ceased to provide funding to borrowers.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and the bank markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of our existing or future debt instruments and the indenture governing the notes may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. In the absence of sufficient cash flows and capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our senior secured credit facility and the indenture governing the notes currently restrict our ability to dispose of assets and use the proceeds from such disposition. We may not be able to consummate those dispositions, and the proceeds of any such disposition may not be adequate to meet any debt service obligations then due. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

Our borrowing base is scheduled for semi-annual redetermination on May 1 and November 1 of each year. On October 28, 2011, our lenders approved an increase of the borrowing base under our senior secured credit facility from $650.0 million to $712.5 million. As of November 25, 2011 we had $375 million outstanding under the facility. In the future, we may not be able to access adequate funding under our senior secured credit facility as a result of a decrease in our borrowing base due to the issuance of new indebtedness, the outcome of a subsequent semi-annual borrowing base redetermination or an unwillingness or inability on the part of our lending counterparties to meet their funding obligations and the inability of other lenders to provide additional funding to cover the

defaulting lender's portion. Declines in commodity prices could result in a determination to lower the borrowing base in the future and, in such a case, we could be required to repay any indebtedness in excess of the redetermined borrowing base. As a result, we may be unable to implement our drilling and development plan, make acquisitions or otherwise carry out our business plan, which would have a material adverse effect on our financial condition and results of operations and impair our ability to service the notes.

Despite our indebtedness level, we still may be able to incur significant additional amounts of debt.

As of September 30, 2011, on a pro forma basis as adjusted after giving effect to the offering of $200 million of old notes on October 19, 2011 and the application of the net proceeds therefrom, we would have had approximately $877 million of indebtedness outstanding, represented by $550 million aggregate principal amount of our old notes (plus the $2 million difference between the issue price and the principal amount of the notes) and $325 million in loans outstanding under our senior secured credit facility, as well as approximately $325 million of additional borrowing capacity available under our senior secured credit facility (without giving effect to any increase in the current borrowing base), subject to compliance with financial covenants. We may be able to incur substantial additional indebtedness, including secured indebtedness, in the future. The restrictions on the incurrence of additional indebtedness contained in the indenture governing the notes and our senior secured credit facility are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness, including secured indebtedness, that could be incurred in compliance with these restrictions could be substantial.

If new debt is added to our existing debt levels, the related risks that we face would increase and may make it more difficult to satisfy our existing financial obligations, including those relating to the notes. In addition, the indenture governing the notes will not prevent us from incurring obligations that do not constitute indebtedness under the indenture. See "Description of Other Indebtedness—Senior Secured Credit Facility" and "Description of the Notes."

If we incur any additional indebtedness or other obligations, including trade payables, that rank equally with the notes, the holders of those obligations will be entitled to share ratably with you in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of our company. This may have the effect of reducing the amount of proceeds paid to you.

Our debt agreements contain restrictions that will limit our flexibility in operating our business.

The indenture governing the notes and our senior secured credit facility each contain, and any future indebtedness we incur may contain, various covenants that limit our ability to engage in specified types of transactions. These covenants limit our ability to, among other things:

- incur additional indebtedness;
- pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments;
- make certain investments;
- sell certain assets;
- create liens;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and
- enter into certain transactions with our affiliates.

As a result of these covenants, we are limited in the manner in which we may conduct our business and we may be unable to engage in favorable business activities or finance future operations

or our capital needs. In addition, the covenants in our senior secured credit facility require us to maintain a minimum working capital ratio and minimum interest coverage ratio and also limit our capital expenditures. A breach of any of these covenants could result in a default under one or more of these agreements, including as a result of cross default provisions and, in the case of our senior secured credit facility, permit the lenders to cease making loans to us. Upon the occurrence of an event of default under our senior secured credit facility, the lenders could elect to declare all amounts outstanding under our senior secured credit facility to be immediately due and payable and terminate all commitments to extend further credit. Such actions by those lenders could cause cross defaults under our other indebtedness, including the notes. If we were unable to repay those amounts, the lenders under our senior secured credit facility could proceed against the collateral granted to them to secure that indebtedness. We pledged a significant portion of our assets as collateral under our senior secured credit facility. If the lenders under our senior secured credit facility accelerate the repayment of the borrowings thereunder, the proceeds from the sale or foreclosure upon such assets will first be used to repay debt under our senior secured credit facility, and we may not have sufficient assets to repay our unsecured indebtedness thereafter, including the notes.

If we are unable to comply with the restrictions and covenants in the agreements governing our notes and other indebtedness, there could be a default under the terms of these agreements, which could result in an acceleration of payment of funds that we have borrowed and could impair our ability to make principal and interest payments on the notes.

If we are unable to comply with the restrictions and covenants in the indenture governing the notes or in our senior secured credit facility, or in any future debt financing agreements, there could be a default under the terms of these agreements. Our ability to comply with these restrictions and covenants, including meeting financial ratios and tests, may be affected by events beyond our control. As a result, we cannot assure you that we will be able to comply with these restrictions and covenants or meet these tests. Any default under the agreements governing our indebtedness, including a default under our senior secured credit facility, that is not waived by the requisite number of lenders, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants in the instruments governing our indebtedness (including covenants in our senior secured credit facility), we could be in default under the terms of these agreements. In the event of such default:

- the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest;
- the lenders under our senior secured credit facility could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets; and
- we could be forced into bankruptcy or liquidation.

If our operating performance declines, we may in the future need to obtain waivers from the required lenders under our senior secured credit facility or any other indebtedness to avoid being in default. If we breach our covenants under our senior secured credit facility or any other indebtedness and seek a waiver, we may not be able to obtain a waiver from the required lenders on terms that are acceptable to us, if at all. If this occurs, we would be in default under our senior secured credit facility or any other indebtedness, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

The notes and the guarantees are unsecured and effectively subordinated to our secured indebtedness and to the debt of any non-guarantor subsidiaries.

The notes and the guarantees will be general unsecured senior obligations of Laredo Inc. and each guarantor and will rank effectively junior to all of Laredo Inc.'s and each guarantor's existing and future secured indebtedness, including indebtedness under our senior secured credit facility, to the extent of the value of the collateral securing such indebtedness. As of September 30, 2011, Laredo Inc. and the guarantors had approximately $525 million of secured indebtedness. As of September 30, 2011, on a pro forma basis as adjusted after giving effect to the offering of $200 million of old notes on October 19, 2011 and the application of the net proceeds therefrom, Laredo Inc. and the guarantors would have had approximately $325 million of secured indebtedness and an additional approximately $325 million of undrawn availability under our senior secured credit facility. The notes and the guarantees will also be effectively subordinated to any indebtedness of any future non-guarantor subsidiaries to the extent of the assets of those subsidiaries.

If we were unable to repay indebtedness under our senior secured credit facility, the lenders under that facility could foreclose on the pledged assets to the exclusion of holders of the notes, even if an event of default exists under the indenture governing the notes at such time. Furthermore, if the lenders foreclose and sell the pledged equity interests in any subsidiary guarantor in a transaction permitted under the terms of the indenture governing the notes, then such subsidiary guarantor will be released from its guarantee of the notes automatically and immediately upon such sale. In any such event, because the notes are not secured by any of such assets or by the equity interests in any such subsidiary guarantor, it is possible that there would be no assets from which your claims could be satisfied or, if any assets existed, they might be insufficient to satisfy your claims in full.

If Laredo Inc. or any guarantor is declared bankrupt, becomes insolvent or is liquidated, dissolved or reorganized, any of its secured indebtedness will be entitled to be paid in full from its assets or the assets of any guarantor securing that indebtedness before any payment may be made with respect to the notes or the affected guarantees, and creditors of any non-guarantor subsidiaries would be paid before you receive any amounts due under the notes to the extent of the value of our equity interests in such subsidiaries. Holders of the notes will participate ratably in the remaining assets of Laredo Inc. and the guarantors with all holders of any unsecured indebtedness of Laredo Inc. and the guarantors that do not rank junior in right of payment to the notes, based upon the respective amounts owed to each holder or creditor. In any of the foregoing events, there may not be sufficient assets to pay amounts due on the notes or the guarantees. As a result, holders of the notes would likely receive less, ratably, than holders of secured indebtedness and holders of debt of any future non-guarantor subsidiaries.

Repayment of our debt, including the notes, is partially dependent on cash flow generated by our subsidiaries.

Repayment of our indebtedness, including the notes, is partially dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the notes, our subsidiaries will not have any obligation to pay amounts due on the notes or to make funds available for that purpose. Future non-guarantor subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from future non-guarantor subsidiaries. While the indenture governing the notes will limit the ability of our non-guarantor subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from any future non-guarantor subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the notes.

A financial failure by the Parent Guarantor or its subsidiaries (including the issuer) may result in the assets of any or all of those entities becoming subject to the claims of all creditors of those entities.

A financial failure by the Parent Guarantor or its subsidiaries (including the issuer) could affect payment of the notes if a bankruptcy court were to substantively consolidate the Parent Guarantor and its subsidiaries (including the issuer). If a bankruptcy court substantively consolidated the Parent Guarantor and its subsidiaries (including the issuer), the assets of each entity would become subject to the claims of creditors of all entities. This would expose holders of notes not only to the usual impairments arising from bankruptcy, but also to potential dilution of the amount ultimately recoverable because of the larger creditor base. Furthermore, forced restructuring of the notes could occur through the "cram-down" provisions of the U.S. bankruptcy code. Under these provisions, the notes could be restructured over your objections as to their general terms, primarily interest rate and maturity.

We may not be able to repurchase the notes in certain circumstances.

Under the terms of the indenture governing the notes, you may require us to repurchase all or a portion of your notes if we sell certain assets or in the event of a change of control of the Parent Guarantor. We may not have enough funds to pay the repurchase price on a purchase date. Our existing credit facilities provide, and any future credit facilities or other debt agreements to which we become a party may provide, that our obligation to repurchase the notes would be an event of default under such agreement. As a result, we may be restricted or prohibited from repurchasing the notes. If we are prohibited from repurchasing the notes, we could seek the consent of our then-existing lenders to repurchase the notes, or we could attempt to refinance the borrowings that contain such prohibition. If we are unable to obtain any such consent or refinance such borrowings, we would not be able to repurchase the notes. Our failure to repurchase tendered notes would constitute a default under the indenture governing the notes and would constitute a default under the terms of our existing, or might constitute a default under the terms of our future, indebtedness.

The definition of "change of control" includes a phrase relating to the sale, assignment, conveyance, transfer, lease or other disposition, in one or a series of related transactions, of "all or substantially all" of the assets of Laredo Inc., the Parent Guarantor and their restricted subsidiaries, taken as a whole. Thus, only asset dispositions constituting a "series of related transactions" are aggregated in determining whether a "change of control" arising from the sale of "substantially all" of the assets has taken place. Moreover, although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, whether assets are disposed of in a single transaction or a series of related transactions, your ability to require us to repurchase your notes as a result of a sale, assignment, conveyance, transfer, lease or other disposition of less than all of the assets of Laredo Inc., the Parent Guarantor and their restricted subsidiaries to another person or group may be uncertain. In addition, a recent Delaware Chancery Court decision raised questions about the enforceability of provisions, which are similar to those in the indenture governing the notes, related to the change of control as a result of a change in the composition of our board of directors. Accordingly, your ability to require us to repurchase your notes as a result of a change in the composition of the directors on our board of directors may be uncertain.

The term "change of control" is limited to certain specified transactions and may not include other events that might adversely affect our financial condition. Our obligation to repurchase the notes upon a change of control would not necessarily afford holders of notes protection in the event of a highly leveraged transaction, reorganization, merger or similar transaction. In addition, holders of notes may not be entitled to require us to purchase their notes in certain circumstances involving a significant change in the composition of the Parent Guarantor's board of directors, including in connection with a proxy contest in which the Parent Guarantor's board of directors does not endorse or recommend a

dissident slate of directors but approves them as directors for purposes of the "change of control" definition in the indenture. See "Description of the Notes—Change of Control."

Federal and state fraudulent transfer laws may permit a court to void the notes and the guarantees, subordinate claims in respect of the notes and the guarantees and require noteholders to return payments received and, if that occurs, you may not receive any payments on the notes.

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the notes and the incurrence of any guarantees of the notes, including the guarantee by the guarantors entered into upon issuance of the notes and subsidiary guarantees (if any) that may be entered into thereafter under the terms of the indenture governing the notes. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the notes or guarantees could be voided as a fraudulent transfer or conveyance if the court found that (1) we or any of the guarantors, as applicable, issued the notes or incurred the guarantees with the intent of hindering, delaying or defrauding creditors or (2) we or any of the guarantors, as applicable, received less than the reasonably equivalent value or fair consideration in return for either issuing the notes or incurring the guarantees and, in the case of (2) only, one of the following is also true at the time thereof:

- we or any of the guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the notes or the incurrence of the guarantees;
- the issuance of the notes or the incurrence of the guarantees left us or any of the guarantors, as applicable, with an unreasonably small amount of capital to carry on the business;
- we or any of the guarantors intended to, or believed that we or such guarantor would, incur debts beyond our or such guarantor's ability to pay such debts as they mature; or
- we or any of the guarantors were a defendant in an action for money damages, or had a judgment for money damages docketed against us or such guarantor if, in either case, after final judgment, the judgment is unsatisfied.

A court would likely find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the notes or such guarantee if we or such guarantor did not substantially benefit directly or indirectly from the issuance of the notes or the applicable guarantee. As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied. A debtor will generally not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor.

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the guarantees would not be further subordinated to our or any of our guarantors' other debt. Generally, however, an entity would be considered insolvent at the time it incurred indebtedness if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

If a court were to find that the issuance of the notes or the incurrence of the guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or such guarantee or further subordinate the notes or such guarantee to presently existing and future indebtedness of ours or of the related guarantor, or require the holders of the notes to repay any amounts received with respect to such guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes.

Although each guarantee will contain a provision intended to limit that guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect those guarantees from being voided under fraudulent transfer law, or may reduce that guarantor's obligation to an amount that effectively makes its guarantee of limited value or worthless.

In a recent Florida bankruptcy case, this kind of provision was found to be unenforceable and, as a result, the subsidiary guarantees in that case were found to be fraudulent transfers. If a court were to rely on this case as precedent in litigation under the indenture, the risk that the guarantees will be found to be fraudulent transfers will be significantly increased.

Finally, as a court of equity, a bankruptcy court may subordinate the claims in respect of the notes and the guarantees to the claims of other creditors under the principle of equitable subordination if the court determines that: (1) the holder of the notes engaged in inequitable conduct to the detriment of other creditors; (2) such inequitable conduct resulted in injury to our or the applicable guarantor's other creditors or conferred an unfair advantage upon the holder of the notes; and (3) equitable subordination is not inconsistent with the provisions of applicable bankruptcy law.

Your ability to transfer the notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the notes.

We cannot assure you that, even following registration or exchange of the old notes for new notes, an active trading market for the notes will exist, and we will have no obligation to create such a market. At the time of the January 2011 and October 2011 offerings of the old notes, the initial purchasers advised us that they intended to make a market in the old notes and, if issued, the new notes. The initial purchasers are not obligated, however, to make a market in the old notes or the new notes and any market making may be discontinued at any time at their sole discretion. No assurance can be given as to the liquidity of or trading market for the old notes or the new notes.

The liquidity of any trading market for the notes and the market prices quoted for the notes depend upon the number of holders of the notes, the overall market for high yield securities, our financial performance or prospects or the prospects for companies in our industry generally, the interest of securities dealers in making a market in the notes and other factors.

The market value of the notes may be subject to substantial volatility.

Historically, the market for high-yield debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. We cannot assure you that the market, if any, for the notes or the new notes will be free from similar disruptions or that any such disruptions will not adversely affect the prices at which you may sell your notes. As has been evident in connection with the recent turmoil in global financial markets, the entire high-yield debt market can experience sudden and sharp price swings, which can be exacerbated by factors such as (1) large or sustained sales by major investors in high-yield debt, (2) a default by a high profile issuer or (3) a change in investors' psychology regarding high-yield debt. A real or perceived economic downturn or higher interest rates could cause a decline in the market value of the notes. Moreover, if one of the major rating agencies lowers its credit rating on us or the notes, the market value of such notes will

likely decline. Therefore, we cannot assure you that you will be able to sell your notes at a particular time or, in the event you are able to sell your notes, that the price that you receive will be favorable.

Many of the covenants contained in the indenture governing the notes will be suspended if the notes are rated investment grade by both Standard & Poor's Ratings Services and Moody's Investors Service, Inc.

Many of the covenants in the indenture governing the notes will be suspended for so long as the notes are rated investment grade by both Standard & Poor's Ratings Services and Moody's Investors Service, Inc., provided at such time no event of default under the indenture governing the notes has occurred and is continuing. These covenants will be reinstated if the rating assigned by either rating agency declines below investment grade. These covenants will restrict, among other things, our ability to pay dividends, to incur indebtedness and to enter into certain other transactions. There can be no assurance that the notes will ever be rated investment grade, or that if they are rated investment grade, that the notes will maintain such ratings. However, suspension of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force. See "Description of the Notes—Certain Covenants—Covenant Suspension."

The guarantee of the notes by the Parent Guarantor does not provide significant additional assurance of payment on the notes.

The notes are guaranteed by the Parent Guarantor. However, the Parent Guarantor is a holding company and has no operations separate from its investment in Laredo Inc. and Laredo Inc.'s subsidiaries. Therefore, if Laredo Inc. and the other guarantors should be unable to meet our payment obligations with respect to the notes, it is unlikely that the Parent Guarantor would be able to do so either.

Variable rate indebtedness subjects us to the risk of higher interest rates, which could cause our debt service obligations to increase significantly.

Certain of our current borrowings (including borrowings under our senior secured credit facility) are, and future borrowings may be, at variable rates of interest, and, therefore, expose us to the risk of increased interest rates. If interest rates increase, our debt service obligations on our variable rate indebtedness would increase even if our outstanding indebtedness remained the same, thereby causing our net income and cash available for servicing our indebtedness to be lower than it would have been had interest rates not increased.

Risks Related to the Exchange Offer

If you do not properly tender your old notes, you will continue to hold unregistered old notes and your ability to transfer old notes will remain restricted and may be adversely affected.

The issuer will only issue new notes in exchange for old notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the old notes and you should carefully follow the instructions on how to tender your old notes. Neither we nor the exchange agent is required to tell you of any defects or irregularities with respect to your tender of old notes.

If you do not exchange your old notes for new notes pursuant to the exchange offer, the old notes you hold will continue to be subject to the existing transfer restrictions. In general, you may not offer or sell the old notes except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register old notes under the Securities Act unless our registration rights agreements with the initial purchasers of the old notes requires us to do so. Further, if you continue to hold any old notes after the exchange offer is consummated, you may have trouble selling them because there will be fewer of the old notes outstanding.

The consummation of the exchange offer may not occur.

We are not obligated to complete the exchange offer under certain circumstances. See "Exchange Offer—Conditions to the Exchange Offer." Even if the exchange offer is completed, it may not be completed on the schedule described in this prospectus. Accordingly, holders participating in the exchange offer may have to wait longer than expected to receive their new notes, during which time those holders of old notes will not be able to effect transfers of their old notes tendered in the exchange offer.

You may be required to deliver prospectuses and comply with other requirements in connection with any resale of the new notes.

If you tender your old notes for the purpose of participating in a distribution of the new notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the new notes. In addition, if you are a broker-dealer that receives new notes for your own account in exchange for old notes that you acquired as a result of market-making activities or any other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale of such new notes.

Risks Related to Our Business

Oil and natural gas prices are volatile. A substantial or extended decline in oil and natural gas prices may adversely affect our business, financial condition or results of operations and our ability to meet our capital expenditure obligations and financial commitments.

The prices we receive for our oil and natural gas production heavily influence our revenue, profitability, access to capital and future rate of growth. Oil and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the market for oil and natural gas has been volatile. This market will likely continue to be volatile in the future. The prices we receive for our production, and the levels of our production, depend on numerous factors beyond our control. These factors include the following:

- worldwide and regional economic and financial conditions impacting the global supply and demand for oil and natural gas;
- the price and quantity of imports of foreign oil and natural gas, including liquefied natural gas;
- political conditions in or affecting other oil and natural gas-producing countries, including the current conflicts in the Middle East and conditions in South America and Russia;
- the level of global oil and natural gas exploration and production;
- our future cash flow, production and estimated reserves could be adversely affected by further regulatory changes, including any future restrictions on our ability to apply hydraulic fracturing to our wells;
- the level of global oil and natural gas inventories;
- prevailing prices on local oil and natural gas price indexes in the areas in which we operate;
- localized and global supply and demand fundamentals and transportation availability;
- weather conditions;
- technological advances affecting energy consumption;
- the price and availability of alternative fuels; and
- domestic, local and foreign governmental regulation and taxes.

Lower oil and natural gas prices will reduce our cash flows and borrowing ability. We may be unable to obtain needed capital or financing on satisfactory terms, which could lead to a decline in our oil and natural gas reserves as existing reserves are depleted. Substantial decreases in oil and natural gas prices would render uneconomic a significant portion of our exploration, development and exploitation projects. This may result in our having to make significant downward adjustments to our estimated proved reserves. As a result, a substantial or extended decline in oil and natural gas prices may materially and adversely affect our future business, financial condition, results of operations, liquidity or ability to finance planned capital expenditures.

Our business requires significant capital expenditures and we may be unable to obtain needed capital or financing on satisfactory terms or at all.

Our exploration, development and acquisition activities require substantial capital expenditures. Historically, we have funded our capital expenditures through a combination of cash flows from operations, capital contributions or borrowings under our senior secured credit facility or under our old notes. Future cash flows are subject to a number of variables, including the level of production from existing wells, prices of oil and natural gas and our success in developing and producing new reserves. If our cash flow from operations is not sufficient to fund our capital expenditure budget, we may have limited ability to obtain the additional capital necessary to sustain our operations at current levels. We may not be able to obtain debt or equity financing on terms favorable to us or at all. The failure to obtain additional financing could result in a curtailment of our operations relating to exploration and development of our prospects, which in turn could lead to a decline in our oil and natural gas production or reserves, and in some areas a loss of properties.

Drilling for and producing oil and natural gas are high risk activities with many uncertainties that could adversely affect our business, financial condition or results of operations.

Our future financial condition and results of operations will depend on the success of our exploitation, exploration, development and production activities. Our oil and natural gas exploration, exploitation, development and production activities are subject to numerous risks beyond our control, including the risk that drilling will not result in commercially viable oil and natural gas production. Our decisions to purchase, explore, develop or otherwise exploit locations or properties will depend in part on the evaluation of information obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. For a discussion of the uncertainty involved in these processes, see "—Estimating reserves and future net revenues involves uncertainties. Decreases in oil and natural gas prices, or negative revisions to reserve estimates or assumptions as to future oil and natural gas prices, may lead to decreased earnings, losses or impairment of oil and natural gas assets." In addition, our cost of drilling, completing and operating wells is often uncertain before drilling commences. Further, many factors may curtail, delay or cancel our scheduled drilling projects, including the following:

- delays imposed by or resulting from compliance with regulatory and contractual requirements and related lawsuits, which may include limitations on hydraulic fracturing or the discharge of greenhouse gases;
- pressure or irregularities in geological formations;
- shortages of or delays in obtaining equipment and qualified personnel;
- equipment failures or accidents;
- fires and blowouts;
- adverse weather conditions, such as hurricanes, blizzards and ice storms;

- declines in oil and natural gas prices;
- limited availability of financing at acceptable rates;
- title problems; and
- limitations in the market for oil and natural gas.

Federal and state legislation and regulatory initiatives relating to hydraulic fracturing could prohibit projects or result in materially increased costs and additional operating restrictions or delays because of the significance of hydraulic fracturing in our business.

Hydraulic fracturing is a practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations. The process involves the injection of water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production. Nearly all of our proved non-producing and proved undeveloped reserves associated with future drilling, recompletion and refracture stimulation projects, or approximately 61% of our total estimated proved reserves as of June 30, 2011, will require hydraulic fracturing. If we are unable to apply hydraulic fracturing to our wells or the process is prohibited or significantly regulated or restricted, we would lose the ability to (i) drill and complete the projects for such proved reserves and (ii) maintain the associated acreage, which would have a material adverse effect on our future business, financial condition, operating results and prospects.

The process is typically regulated by state oil and gas commissions. The U.S. Environmental Protection Agency (the "EPA"), however, recently asserted federal regulatory authority over hydraulic fracturing involving diesel additives under the federal Safe Drinking Water Act's ("SDWA") Underground Injection Control ("UIC") Program by posting a new requirement on its website that requires facilities to obtain permits to use diesel fuel in hydraulic fracturing operations. The U.S. Energy Policy Act of 2005, which exempts hydraulic fracturing from regulation under the SDWA, prohibits the use of diesel fuel in the fracturing process without a UIC permit. Industry groups have filed suit challenging the EPA's recent decisions as a "final agency action" and, thus, in violation of the notice-and-comment rulemaking procedures of the Administrative Procedure Act. At the same time, the EPA has commenced a study of the potential environmental impacts of hydraulic fracturing activities, with results of the study anticipated to be available by late 2012, and a committee of the House of Representatives is conducting an investigation of hydraulic fracturing practices. On November 3, 2011, the EPA released its Plan to Study the Potential Impacts of Hydraulic Fracturing on Drinking Water Resources. The study will include both analysis of existing data and investigative activities designed to generate future data. The EPA intends to release a first report on the results of this study in 2012 and an additional report in 2014 synthesizing the longer-term research projects. Furthermore, on August 23, 2011, the EPA published a proposed rule in the *Federal Register* to establish new emissions standards to reduce volatile organic compounds ("VOC") emissions from several types of processes and equipment used in the oil and gas industry, including a 95% reduction in VOCs emitted during the construction or modification of hydraulically-fractured wells. In addition, legislation is pending in Congress to repeal the hydraulic fracturing exemption from the SDWA, provide for federal regulation of hydraulic fracturing, and require public disclosure of the chemicals used in the fracturing process. Finally, on October 20, 2011, the EPA announced its plan to propose federal pre-treatment standards for wastewater generated during the hydraulic fracturing process. Hydraulic fracturing stimulation requires the use of a significant volume of water with some resulting "flowback," as well as "produced water." The EPA asserts that this water may contain radioactive materials and other pollutants and, therefore, may deteriorate drinking water quality if not properly treated before discharge. The Clean Water Act prohibits the discharge of wastewater into federal or state waters. Thus, "flowback" and "produced water" must either be injected into permitted disposal wells or transported to public or private treatment facilities for treatment. The EPA asserts that due to some

contaminants in hydraulic fracturing wastewater, most treatment facilities are unable to properly treat the wastewater before introducing it into public waters. If adopted, the new pre-treatment rules will require shale gas operations to pre-treat wastewater before transferring it to treatment facilities.

Further, certain members of Congress have called upon: (i) the U.S. Government Accountability Office to investigate how hydraulic fracturing might adversely affect water resources; (ii) the SEC to investigate the natural gas industry and any possible misleading of investors or the public regarding the economic feasibility of pursuing natural gas deposits in shales by means of hydraulic fracturing; and (iii) the U.S. Energy Information Administration to provide a better understanding of that agency's estimates regarding natural gas reserves, including reserves from shale formations, as well as uncertainties associated with those estimates. Finally, the Shale Gas Subcommittee of the Secretary of Energy Advisory Board released a report on August 11, 2011, proposing recommendations to reduce the potential environmental impacts from shale gas production. These ongoing or proposed studies, depending on their degree of pursuit and any meaningful results obtained, could spur initiatives to further regulate hydraulic fracturing under the SDWA or other regulatory mechanism.

Some states have adopted, and other states are considering adopting, regulations that could restrict hydraulic fracturing in certain circumstances or otherwise require the public disclosure of chemicals used in the hydraulic fracturing process. For example, pursuant to legislation adopted by the State of Texas in June 2011, the Railroad Commission of Texas (the "RRC") published a proposed rule on September 9, 2011 requiring disclosure to the RRC and the public of certain information regarding the components used in the hydraulic fracturing process. In addition to state law, local land use restrictions, such as city ordinances, may restrict or prohibit the performance of well drilling in general and/or hydraulic fracturing in particular.

If these or any other new laws or regulations that significantly restrict hydraulic fracturing are adopted, such laws could make it more difficult or costly for us to drill and produce from conventional or tight formations as well as make it easier for third parties opposing the hydraulic fracturing process to initiate legal proceedings. In addition, if hydraulic fracturing is regulated at the federal level, fracturing activities could become subject to additional permitting and financial assurance requirements, more stringent construction specifications, increased monitoring, reporting and recordkeeping obligations, plugging and abandonment requirements and also to attendant permitting delays and potential increases in costs. These developments, as well as new laws or regulations, could cause us to incur substantial compliance costs, and compliance or the consequences of failure to comply by us could have a material adverse effect on our financial condition and results of operations. At this time, it is not possible to estimate the potential impact on our business that may arise if federal or state legislation governing hydraulic fracturing is enacted into law.

Estimating reserves and future net revenues involves uncertainties. Decreases in oil and natural gas prices, or negative revisions to reserve estimates or assumptions as to future oil and natural gas prices, may lead to decreased earnings, losses or impairment of oil and natural gas assets.

The reserve data included in this prospectus represent estimates. Reserve estimation is a subjective process of evaluating underground accumulations of oil and natural gas that cannot be measured in an exact manner. Reserves that are "proved reserves" are those estimated quantities of crude oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty are recoverable in future years from known reservoirs under existing economic and operating conditions and that relate to projects for which the extraction of hydrocarbons must have commenced or the operator must be reasonably certain will commence within a reasonable time.

The estimation process relies on interpretations of available geological, geophysical, engineering and production data. There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of developmental expenditures,

including many factors beyond the control of the producer. In addition, the estimates of future net revenues from our proved reserves and the present value of such estimates are based upon certain assumptions about future production levels, prices and costs that may not prove to be correct.

Quantities of proved reserves are estimated based on economic conditions in existence during the period of assessment. Changes to oil and gas prices in the markets for such commodities may have the impact of shortening the economic lives of certain fields because it becomes uneconomic to produce all recoverable reserves on such fields, which reduces proved property reserve estimates.

If negative revisions in the estimated quantities of proved reserves were to occur, it would have the effect of increasing the rates of depreciation, depletion and amortization on the affected properties, which would decrease earnings or result in losses through higher depreciation, depletion and amortization expense. These revisions, as well as revisions in the assumptions of future cash flows of these reserves, may also trigger impairment losses on certain properties, which would result in a noncash charge to earnings.

Our estimates of proved reserves as of December 31, 2009, December 31, 2010 and June 30, 2011 have been prepared under current SEC rules that went into effect for fiscal years ending on or after December 31, 2009, which may make comparisons to prior periods difficult and could limit our ability to book additional proved undeveloped reserves in the future.

This prospectus presents estimates of our proved reserves as of December 31, 2009, December 31, 2010 and June 30, 2011, which have been prepared and presented under SEC rules that are effective for fiscal years ending on or after December 31, 2009, and require SEC reporting companies to prepare their reserve estimates using revised reserve definitions and revised pricing based on a 12-month unweighted arithmetic average of the first-day-of-the-month pricing. The previous rules required that reserve estimates be calculated using last-day-of-the-year pricing. The pricing that was used for estimates of our reserves as of June 30, 2011 was $86.60 per barrel for condensate and oil and $4.00 per MMBtu for gas without giving any effect to our commodity hedges. These prices are the unweighted arithmetic average of the first day of the month price for the 12 calendar months ending June 30, 2011 and were held constant for the life of each property. Product prices which were actually used for each property reflect all appropriate adjustments including gravity, quality, local conditions, fuel and shrinkage and/or distance to market. As a result of this change in pricing methodology, direct comparisons of reserve amounts reported for periods prior to 2009 may be more difficult.

Another impact of the current SEC rules is a general requirement that, subject to limited exceptions, proved undeveloped reserves may only be booked if they relate to wells scheduled to be drilled within five years after the date of booking. This new rule has limited and may continue to limit our potential to book additional proved undeveloped reserves as we pursue our drilling program. Moreover, we may be required to write down our proved undeveloped reserves if we do not drill those wells within the required five-year timeframe.

Our identified potential drilling locations are scheduled out over many years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling, which in certain instances could prevent production prior to the expiration date of leases for such locations. In addition, we may not be able to raise the substantial amount of capital that would be necessary to drill a substantial portion of our identified potential drilling locations.

Our management team has specifically identified and scheduled certain potential drilling locations as an estimation of our future multi-year drilling activities on our existing acreage. These potential drilling locations represent a significant part of our growth strategy. Our ability to drill and develop these potential drilling locations depends on a number of uncertainties, including oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services

and equipment, drilling results, lease expirations, gathering system, marketing and pipeline transportation constraints, regulatory approvals and other factors. Because of these uncertain factors, we do not know if the numerous potential drilling locations we have identified will ever be drilled or if we will be able to produce oil or natural gas from these or any other potential drilling locations. In addition, unless production is established within the spacing units covering the undeveloped acres on which some of the potential locations are obtained, the leases for such acreage will expire. As such, our actual drilling activities may materially differ from those presently identified.

If commodity prices decrease, we may be required to take write-downs of the carrying values of our properties.

Accounting rules require that we periodically review the carrying value of our properties for possible impairment. Based on prevailing commodity prices and specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of development plans, production data, economics and other factors, we may be required to write down the carrying value of our properties. A write-down constitutes a non-cash charge to earnings. We may incur impairment charges in the future, which could have a material adverse effect on our results of operations for the periods in which such charges are taken.

Unless we replace our oil and natural gas reserves, our reserves and production will decline, which would adversely affect our future cash flows and results of operations.

Producing oil and natural gas reservoirs generally are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Unless we conduct successful ongoing exploration, development and exploitation activities or continually acquire properties containing proved reserves, our proved reserves will decline as those reserves are produced. Our future oil and natural gas reserves and production, and therefore our future cash flow and results of operations, are highly dependent on our success in efficiently developing and exploiting our current reserves and economically finding or acquiring additional recoverable reserves. We may not be able to develop, exploit, find or acquire sufficient additional reserves to replace our current and future production. If we are unable to replace our current and future production, the value of our reserves will decrease, and our business, financial condition and results of operations would be adversely affected.

Currently, we receive significant incremental cash flows as a result of our hedging activity. To the extent we are unable to obtain future hedges at effective prices consistent with those we have received to date and oil and natural gas prices do not improve, our cash flows and financial condition may be adversely impacted.

To achieve more predictable cash flows and reduce our exposure to downward price fluctuations, as of November 25, 2011, we have entered into hedge contracts for approximately 5.3 million Bbls of our crude oil production and 36.2 million MMBtu of our natural gas production for settlement between November 2011 and December 2014. We are currently realizing a significant benefit from these hedge positions. If future oil and natural gas prices remain comparable to current prices, we expect that this benefit will decline materially over the life of the hedges, which cover decreasing volumes at declining prices through December 2014. If we are unable to enter into new hedge contracts in the future at favorable pricing and for a sufficient amount of our production, our financial condition and results of operations could be materially adversely affected. For additional information regarding our hedging activities, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Commodity derivative financial instruments."

Our derivative activities could result in financial losses or could reduce our earnings.

To achieve more predictable cash flows and reduce our exposure to adverse fluctuations in the prices of oil and natural gas, we enter into derivative instrument contracts for a portion of our oil and

natural gas production, including collars, puts and basis swaps. In accordance with applicable accounting principles, we are required to record our derivative financial instruments at fair market value and they are included on our balance sheets as assets or liabilities and in our statements of operation as realized or unrealized gains. Losses on derivatives are included in our cash flows from operating activities. Accordingly, our earnings may fluctuate significantly as a result of changes in fair value of our derivative instruments.

Derivative instruments also expose us to the risk of financial loss in some circumstances, including when:

- production is less than the volume covered by the derivative instruments;
- the counter-party to the derivative instrument defaults on its contractual obligations;
- there is an increase in the differential between the underlying price in the derivative instrument and actual prices received; or
- there are issues with regard to legal enforceability of such instruments.

In addition, derivative arrangements could limit the benefit we would receive from increases in the prices for oil and natural gas, which could also have a material adverse effect on our financial condition.

The inability of our significant customers to meet their obligations to us may materially adversely affect our financial results.

In addition to credit risk related to receivables from commodity derivative contracts, our principal exposure to credit risk is through net joint operations receivables (approximately $16.6 million at September 30, 2011) and the sale of our oil and natural gas production (approximately $41.3 million in receivables at September 30, 2011), which we market to energy marketing companies, refineries and affiliates. Joint interest receivables arise from billing entities who own partial interest in the wells we operate. These entities participate in our wells primarily based on their ownership in leases on which we wish to drill. We are generally unable to control which co-owners participate in our wells. We are also subject to credit risk due to the concentration of our oil and natural gas receivables with several significant customers. The largest purchaser of our oil and natural gas accounted for approximately 34.5% of our total oil and natural gas revenues for the nine months ended September 30, 2011. We do not require our customers to post collateral. The inability or failure of our significant customers or joint working interest owners to meet their obligations to us or their insolvency or liquidation may materially adversely affect our financial results.

We may incur substantial losses and be subject to substantial liability claims as a result of our operations. Additionally we may not be insured for, or our insurance may be inadequate to protect us against, these risks.

We are not insured against all risks. Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect our business, financial condition or results of operations. Our oil and natural gas exploration and production activities are subject to all of the operating risks associated with drilling for and producing oil and natural gas, including the possibility of:

- environmental hazards, such as uncontrollable flows of oil, natural gas, brine, well fluids, toxic gas or other pollution into the environment, including groundwater and shoreline contamination;
- abnormally pressured formations;
- mechanical difficulties, such as stuck oilfield drilling and service tools and casing collapse;
- fires, explosions and ruptures of pipelines;

- personal injuries and death;
- natural disasters; and
- terrorist attacks targeting oil and natural gas related facilities and infrastructure.

Any of these risks could adversely affect our ability to conduct operations or result in substantial losses to us as a result of:

- injury or loss of life;
- damage to and destruction of property, natural resources and equipment;
- pollution and other environmental damage and associated clean-up responsibilities;
- regulatory investigations, penalties or other sanctions;
- suspension of our operations; and
- repair and remediation costs.

We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition and results of operations.

Locations that we decide to drill may not yield oil or natural gas in commercially viable quantities.

Locations that we decide to drill that do not yield oil or natural gas in commercially viable quantities will adversely affect our results of operations and financial condition. In this prospectus, we describe some of our current drilling locations and our plans to explore those drilling locations. Our drilling locations are in various stages of evaluation, ranging from those that are ready to drill to those that will require substantial additional seismic data processing and interpretation before a decision can be made to proceed with the drilling of such locations. There is no way to predict in advance of drilling and testing whether any particular drilling location will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of seismic data and other technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in commercial quantities. We cannot assure you that the analogies we draw from available data from other wells, more fully explored locations or producing fields will result in successfully locating oil or natural gas in commercial quantities on our prospective acreage.

Our use of 2D and 3D seismic data is subject to interpretation and may not accurately identify the presence of oil and natural gas, which could adversely affect the results of our drilling operations.

Even when properly used and interpreted, 2D and 3D seismic data and visualization techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators and do not enable geoscientists to know whether hydrocarbons are, in fact, present in those structures or the amount of hydrocarbons. We employ 3D seismic technology with respect to certain of our projects. The implementation and practical use of 3D seismic technology is relatively new, unproven and unconventional, which can lessen its effectiveness, at least in the near term, and increase our costs. In addition, the use of 3D seismic and other advanced technologies requires greater pre-drilling expenditures than traditional drilling strategies, and we could incur greater drilling and exploration expenses as a result of such expenditures, which may result in a reduction in our returns. As a result, our drilling activities may not be successful or economical, and our overall drilling success rate or our drilling success rate for activities in a particular area could decline.

We often gather 3D seismic data over large areas. Our interpretation of seismic data delineates those portions of an area that we believe are desirable for drilling. Therefore, we may choose not to acquire option or lease rights prior to acquiring seismic data, and, in many cases, we may identify hydrocarbon indicators before seeking option or lease rights in the location. If we are not able to lease those locations on acceptable terms, we will have made substantial expenditures to acquire and analyze 3D data without having an opportunity to attempt to benefit from those expenditures.

Market conditions, the unavailability of satisfactory oil and natural gas gathering, processing or transportation arrangements or operational impediments may adversely affect our access to oil, natural gas and natural gas liquids markets or delay our production.

The availability of a ready market for our oil and natural gas production depends on a number of factors, including the demand for and supply of oil and natural gas and the proximity of reserves to pipelines, trucking and terminal facilities. Our ability to market our production depends in substantial part on the availability and capacity of gathering systems, pipelines, trucking and processing facilities owned and operated by third parties. Our failure to obtain such services on acceptable terms could materially harm our business. We may be required to shut in wells due to lack of a market or inadequacy or unavailability of oil and natural gas pipeline, trucking, gathering system or processing capacity. In addition, if oil or natural gas quality specifications for the third party oil or natural gas pipelines with which we connect change so as to restrict our ability to transport oil or natural gas, our access to oil and natural gas markets could be impeded. If our production becomes shut in for any of these or other reasons, we would be unable to realize revenue from those wells until other arrangements were made to deliver the products to market.

We are subject to complex federal, state, local and other laws and regulations that could adversely affect the cost, manner or feasibility of conducting our operations or expose us to significant liabilities.

Our oil and natural gas exploration, production and gathering operations are subject to complex and stringent laws and regulations. In order to conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. We may incur substantial costs in order to maintain compliance with these existing laws and regulations. In addition, our costs of compliance may increase if existing laws and regulations are revised or reinterpreted, or if new laws and regulations become applicable to our operations. Such costs could have a material adverse effect on our business, financial condition and results of operations. Failure to comply with laws and regulations applicable to our operations, including any evolving interpretation and enforcement by governmental authorities, could have a material adverse effect on our business, financial condition and results of operations.

See "Business—Regulation of the Oil and Natural Gas Industry" for a further description of the laws and regulations that affect us.

Our operations may be exposed to significant delays, costs and liabilities as a result of environmental, health and safety requirements applicable to our business activities.

We may incur significant delays, costs and liabilities as a result of federal, state and local environmental, health and safety requirements applicable to our exploration, development and production activities. These laws and regulations may require us to obtain a variety of permits or other authorizations governing our air emissions, water discharges, waste disposal or other environmental impacts associated with drilling, production and transporting product pipelines or other operations; regulate the sourcing and disposal of water used in the drilling, fracturing and completion processes; limit or prohibit drilling activities in certain areas and on certain lands lying within wilderness, wetlands, frontier and other protected areas; require remedial action to prevent or mitigate pollution from former operations such as plugging abandoned wells or closing earthen pits; and/or impose substantial liabilities for spills, pollution or failure to comply with regulatory filings. In addition, these laws and regulations may restrict the rate of oil or natural gas production. These laws and regulations are complex, change frequently and have tended to become increasingly stringent over time. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of cleanup and site restoration costs and liens, the suspension or revocation of necessary permits, licenses and authorizations, the requirement that additional pollution controls be installed and, in some instances, issuance of orders or injunctions limiting or requiring discontinuation of certain operations.

Under certain environmental laws that impose strict as well as joint and several liability, we may be required to remediate contaminated properties currently or formerly operated by us or facilities of third parties that received waste generated by our operations regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations. In addition, the risk of accidental spills or releases from our operations could expose us to significant liabilities under environmental laws. Moreover, public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the crude oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. To the extent laws are enacted or other governmental action is taken that restricts drilling or imposes more stringent and costly operating, waste handling, disposal and cleanup requirements, our business, prospects, financial condition or results of operations could be materially adversely affected.

See "Business—Regulation of Environmental and Occupational Health and Safety Matters" for a further description of the laws and regulations that affect us.

The unavailability or high cost of additional drilling rigs, equipment, supplies, personnel and oilfield services as well as fees for the cancellation of such services could adversely affect our ability to execute our exploration and development plans within our budget and on a timely basis.

The demand for and availability of qualified and experienced personnel to drill wells and conduct field operations, geologists, geophysicists, engineers and other professionals in the oil and natural gas industry can fluctuate significantly, often in correlation with oil and natural gas prices, causing periodic shortages. Historically, there have been shortages of drilling and workover rigs, pipe and other equipment as demand for rigs and equipment has increased along with the number of wells being drilled. In particular, the high level of drilling activity in the Permian Basin and Anadarko Granite Wash has resulted in equipment shortages in those areas. We committed to several short-term drilling contracts with various third parties in order to complete various drilling projects. An early termination clause in these contracts requires us to pay significant penalties to the third party should we cease drilling efforts. These penalties could significantly impact our financial statements upon contract

termination. As a result of these commitments, approximately $1.6 million in stacked rig fees were incurred in 2009. We cannot predict whether these conditions will exist in the future and, if so, what their timing and duration will be. The shortages as well as rig related fees could delay or cause us to incur significant expenditures that are not provided for in our capital budget, which could have a material adverse effect on our business, financial condition or results of operations.

A change in the jurisdictional characterization of some of our assets by federal, state or local regulatory agencies or a change in policy by those agencies may result in increased regulation of our assets, which may cause our revenues to decline and operating expenses to increase.

Section 1(b) of the Natural Gas Act of 1938 (the "NGA") exempts natural gas gathering facilities from regulation by the Federal Energy Regulatory Commission ("FERC"). We believe that the natural gas pipelines in our gathering systems meet the traditional tests FERC has used to establish whether a pipeline performs a gathering function and therefore is exempt from the FERC's jurisdiction under the NGA. However, the distinction between FERC-regulated transmission services and federally unregulated gathering services is a fact-based determination. The classification of facilities as unregulated gathering is the subject of ongoing litigation, so the classification and regulation of our gathering facilities are subject to change based on future determinations by FERC, the courts or Congress, which could cause our revenues to decline and operating expenses to increase and may materially adversely affect our business, financial condition or results of operations. In addition, FERC has adopted regulations that may subject certain of our otherwise non-FERC jurisdictional facilities to FERC annual reporting and daily scheduled flow and capacity posting requirements. Additional rules and legislation pertaining to those and other matters may be considered or adopted by FERC from time to time. Failure to comply with those regulations in the future could subject us to civil penalty liability, which could have a material adverse effect on our business, financial condition or results of operations.

The adoption of climate change legislation or regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for the oil and natural gas we produce.

Recent scientific studies have suggested that emissions of certain gases, commonly referred to as "greenhouse gases" ("GHGs"), including carbon dioxide and methane, may be contributing to warming of the earth's atmosphere and other climatic changes. In response to such studies, Congress has, from time to time, considered legislation to reduce emissions of GHGs. One bill approved by the House of Representatives in June 2009, known as the American Clean Energy and Security Act of 2009, would have required an 80% reduction in emissions of GHGs from sources within the U.S. between 2012 and 2050 but was not approved by the Senate in the 2009-2010 legislative session. Congress is likely to continue to consider similar bills. Moreover, almost half of the states have already taken legal measures to reduce emissions of GHGs, through the planned development of GHG emission inventories and/or regional GHG cap and trade programs or other mechanisms. Most cap and trade programs work by requiring major sources of emissions, such as electric power plants, or major producers of fuels, such as refineries and gas processing plants, to acquire and surrender emission allowances corresponding with their annual emissions of GHGs. The number of allowances available for purchase is reduced each year until the overall GHG emission reduction goal is achieved. As the number of GHG emission allowances declines each year, the cost or value of allowances is expected to escalate significantly. Some states have enacted renewable portfolio standards, which require utilities to purchase a certain percentage of their energy from renewable fuel sources.

In addition, in December 2009, the EPA determined that emissions of carbon dioxide, methane and other GHGs present an endangerment to human health and the environment, because emissions of such gases are, according to the EPA, contributing to warming of the earth's atmosphere and other climatic changes. These findings by the EPA allow the agency to proceed with the adoption and implementation of regulations that would restrict emissions of GHGs under existing provisions of the

federal Clean Air Act. In response to its endangerment finding, the EPA recently adopted two sets of rules regarding possible future regulation of GHG emissions under the Clean Air Act, one of which purports to regulate emissions of GHGs from motor vehicles and the other of which would regulate emissions of GHGs from large stationary sources of emissions such as power plants or industrial facilities. The motor vehicle rule was finalized in April 2010 and became effective in January 2011 but it does not require immediate reductions in GHG emissions. The stationary source rule was adopted in May 2010 and also became effective January 2011 and is the subject of several pending lawsuits filed by industry groups and Congress is considering legislation to limit or strip the EPA's authority to regulate GHGs. Additionally, in September 2009, the EPA issued a final rule requiring the reporting of GHG emissions from specified large GHG emission sources in the U.S., including natural gas liquids fractionators and local natural gas/distribution companies, beginning in 2011 for emissions occurring in 2010. The EPA also plans to implement GHG emissions standards for power plants in May 2012 and for refineries in November 2012.

The adoption of legislation or regulatory programs to reduce GHG emissions could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or comply with new regulatory requirements. Any GHG emissions legislation or regulatory programs applicable to power plants or refineries could also increase the cost of consuming, and thereby reduce demand for, the oil and natural gas we produce. Consequently, legislation and regulatory programs to reduce GHG emissions could have an adverse effect on our business, financial condition and results of operations.

The derivatives reform legislation adopted by Congress could have a material adverse impact on our ability to hedge risks associated with our business.

On July 21, 2010, The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") was signed into law by the U.S. President. Title VII of Dodd-Frank ("Title VII") imposes comprehensive regulation on the over-the-counter ("OTC") derivatives marketplace and could affect the use of derivatives in hedging transactions. Among other things, Title VII subjects swap dealers and major swap participants to substantial supervision and regulation, including capital standards, margin requirements, business conduct standards, and recordkeeping and reporting requirements. Title VII also requires central clearing for many transactions entered into between swap dealers, major swap participants and other entities. All swaps subject to the clearing requirement must be executed on a regulated exchange or a swap execution facility ("SEF"), unless no exchange or SEF makes it available for trading. For these purposes, although not yet defined by the Commodity Futures Trading Commission (the "CFTC"), it is expected that a major swap participant generally will be someone other than a dealer (i) who maintains a "substantial" net position in outstanding swaps, excluding swaps used for commercial hedging or for reducing or mitigating commercial risk, or (ii) whose positions create substantial net counterparty exposure that could have serious adverse effects on the financial stability of the U.S. banking system or financial markets. In addition, Title VII provides the CFTC with express authority to impose aggregate position limits on derivatives related to energy commodities, including contracts traded on exchanges, SEFs, non-U.S. boards of trade and swaps that are not centrally cleared. The CFTC has proposed a large number of rules to implement Title VII in multiple rulemaking proceedings and has finalized a number of such rules, including a rule imposing position limits (the "Position Limit Rule"). Under Dodd-Frank, the CFTC was generally given until July 16, 2011 to adopt final rules under Title VII, though some rules were required to be completed sooner. However, most of the contemplated rules were not adopted by such date. Since certain provisions of Dodd-Frank reference terms that require further definition or repeal provisions of current law, such provisions will not be effective until there is a final rulemaking with respect thereto. To address the consequences of this regulatory backlog and avoid "undue disruption" to current practices during the transition to the new regulatory regime, the CFTC issued a final order, effective July 14, 2011, which (i) delays the effectiveness of provisions which reference certain terms that require further

definition until the earlier of the effective date of the final rule defining the referenced term or December 31, 2011 and (ii) exempts transactions in exempt and excluded commodities which comply with Part 35 of the CFTC's regulations from the regulation under the Commodity Exchange Act, as amended by Dodd-Frank. Part 35 provides a safe harbor from CFTC regulation for certain transactions between "eligible swap participants", such as Laredo, until the earlier of the repeal, withdrawal or replacement of Part 35 or December 31, 2011. The CFTC continues to propose and finalize rules to implement Title VII in multiple rulemaking proceedings. It is not possible at this time to predict the outcome of these proceedings or, in the case of final rules, the impact that such rules will have on the new regulatory regime and the OTC derivatives marketplace. The International Swaps and Derivatives Association, Inc. and the Securities Industry and Financial Markets Association, two industry associations, have filed a suit in federal court in the District of Columbia against the CFTC challenging the Position Limit Rule. To the extent that such challenge to the Position Limit Rule is unsuccessful, the Position Limit Rule, and in any event, any other laws or regulations that may be adopted that subject us or our counterparties to additional capital or margin requirements relating to, or to additional restrictions on, trading and commodity positions could have a material adverse effect on our ability to hedge risks associated with our business or on the cost of our hedging activity.

Many of the anticipated benefits of acquiring Broad Oak may not be realized.

We acquired Broad Oak with the expectation that the acquisition would result in various benefits, including, among other things, incremental scale and significant additional exposure to attractive vertical and horizontal oil and liquids-rich natural gas opportunities. However, to realize these anticipated benefits, we must successfully integrate Broad Oak into Laredo. If we are not able to achieve these objectives, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer to realize than expected. It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees or the disruption of our ongoing businesses or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, which could adversely affect our ability to achieve the anticipated benefits of the acquisition. Our results of operations could also be adversely affected by any issues attributable to either company's operations that arise or are based on events or actions that occurred prior to the closing of the acquisition. We may have difficulty addressing possible differences in corporate cultures and management philosophies. Integration efforts will also divert management attention and resources. These integration activities could have an adverse effect on our business during the transition period. The integration process is subject to a number of uncertainties and no assurance can be given regarding when, or even if, the anticipated benefits will be realized. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect Laredo's future business, financial condition, operating results and prospects.

Competition in the oil and natural gas industry is intense, making it more difficult for us to acquire properties, market oil and natural gas and secure trained personnel.

Our ability to acquire additional locations and to find and develop reserves in the future will depend on our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment for acquiring properties, marketing oil and natural gas and securing trained personnel. Also, there is substantial competition for capital available for investment in the oil and natural gas industry, especially in our focus areas. Many of our competitors possess and employ financial, technical and personnel resources substantially greater than ours. Those companies may be able to pay more for productive oil and natural gas properties and exploratory locations and to evaluate, bid for and purchase a greater number of properties and locations than our financial or personnel resources permit. In addition, other companies may be able to offer better compensation packages to attract and retain qualified personnel than we are able to offer. The cost to attract and retain qualified personnel has increased due to competition and may increase substantially in the

future. We may not be able to compete successfully in the future in acquiring prospective reserves, developing reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital, which could have a material adverse effect on our business.

The loss of senior management or technical personnel could materially adversely affect operations.

We depend on the services of our senior management and technical personnel. The loss of the services of our senior management or technical personnel, including Randy A. Foutch, our Chairman and Chief Executive Officer, could have a material adverse effect on our operations. We do not maintain, nor do we plan to obtain, any insurance against the loss of any of these individuals.

A significant reduction by Warburg Pincus of its ownership interest in us could adversely affect us.

Warburg Pincus is our largest investor and two members of our board of directors are affiliates of Warburg Pincus. We believe that Warburg Pincus' substantial ownership interest in us provides them with an economic incentive to assist us to be successful. Following the 180th day after the closing of the potential initial public offering of LPH's common stock, however, Warburg Pincus will not be subject to any obligation to maintain their ownership interest in us and may elect at any time thereafter to sell all or a substantial portion of or otherwise reduce its ownership interest in us. If Warburg Pincus sells all or a substantial portion of its ownership interest in us, Warburg Pincus may have less incentive to assist in our success and its affiliates that are members of our board of directors may resign. Such actions could adversely affect our ability to successfully implement our business strategies which could adversely affect our cash flows or results of operations.

We have limited control over activities on properties we do not operate, which could materially reduce our production and revenues.

A portion of our business activities is conducted through joint operating agreements under which we own partial interests in oil and natural gas properties. If we do not operate the properties in which we own an interest, we do not have control over normal operating procedures, expenditures or future development of the underlying properties. The failure of an operator of our wells to adequately perform operations or an operator's breach of the applicable agreements could materially reduce our production and revenues. The success and timing of our drilling and development activities on properties operated by others, therefore, depends upon a number of factors outside of our control, including the operator's timing and amount of capital expenditures, expertise and financial resources, inclusion of other participants in drilling wells and use of technology. Because we do not have a majority interest in most wells that we do not operate, we may not be in a position to remove the operator in the event of poor performance.

Seasonal weather conditions and lease stipulations adversely affect our ability to conduct drilling activities in some of the areas where we operate.

Oil and natural gas operations in our operating areas can be adversely affected by seasonal weather conditions and lease stipulations designed to protect various wildlife. This limits our ability to operate in those areas and can intensify competition during those months for drilling rigs, oilfield equipment, services, supplies and qualified personnel, which may lead to periodic shortages. These constraints and the resulting shortages or high costs could delay our operations and materially increase our operating and capital costs.

Increases in interest rates could adversely affect our business.

Our business and operating results can be harmed by factors such as the availability, terms of and cost of capital, increases in interest rates or a reduction in credit rating. These changes could cause our cost of doing business to increase, limit our ability to pursue acquisition opportunities, reduce our cash

flow available for drilling and place us at a competitive disadvantage. For example, as of November 25, 2011, we have approximately $337.5 million of additional borrowing capacity under our senior secured credit facility, subject to compliance with financial covenants. The impact of a 1.0% increase in interest rates on an assumed borrowing of the full $712.5 million available under our senior secured credit facility would result in increased annual interest expense of approximately $7.1 million and a corresponding decrease in our net income before the effects of increased interest rates on the value of our interest rate contracts. Recent and continuing disruptions and volatility in the global financial markets may lead to a contraction in credit availability impacting our ability to finance our operations. We require continued access to capital. A significant reduction in our cash flows from operations or the availability of credit could materially and adversely affect our ability to achieve our planned growth and operating results.

We may be subject to risks in connection with acquisitions of properties.

The successful acquisition of producing properties requires an assessment of several factors, including:

- recoverable reserves;
- future oil and natural gas prices and their applicable differentials;
- operating costs; and
- potential environmental and other liabilities.

The accuracy of these assessments is inherently uncertain. Our assessment will not reveal all existing or potential problems nor will it permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. Inspections may not always be performed on every well, and environmental problems are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of the problems. We often are not entitled to contractual indemnification for environmental liabilities and acquire properties on an "as is" basis. Even in those circumstances in which we have contractual indemnification rights for pre-closing liabilities, it remains possible that the seller will not be able to fulfill its contractual obligations. Problems with properties we acquire could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to make attractive acquisitions or successfully integrate acquired businesses, and any inability to do so may disrupt our business and hinder our ability to grow.

In the future we may make acquisitions of businesses that complement or expand our current business. We may not be able to identify attractive acquisition opportunities. Even if we do identify attractive acquisition opportunities, we may not be able to complete the acquisition or do so on commercially acceptable terms.

The success of any completed acquisition will depend on our ability to integrate effectively the acquired business into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. No assurance can be given that we will be able to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to achieve consolidation savings, to incorporate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our financial condition and results of operations.

We have incurred losses from operations for various periods since our inception and may do so in the future.

We incurred net losses from our inception to the year ended December 31, 2006 of approximately $1.8 million and for each of the years ended December 31, 2007, 2008 and 2009 of approximately $6.1 million, $192.0 million and $184.5 million, respectively. Our financial statements include deferred tax assets, which require management's judgment when evaluating whether they will be realized. Our development of and participation in an increasingly larger number of locations has required and will continue to require substantial capital expenditures. The uncertainty and factors described throughout this section may impede our ability to economically find, develop, exploit and acquire oil and natural gas reserves and realize our deferred tax assets. As a result, we may not be able to achieve or sustain profitability or positive cash flows from operating activities in the future. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates."

The inability of one or more of our customers to meet their obligations may adversely affect our financial results.

Substantially all of our accounts receivable result from oil and natural gas sales or joint interest billings to third parties in the energy industry. At September 30, 2011, three customers accounted for more than 10% of our oil and gas sales receivables: Enterprise Products Partners, LP 35%, Targa Resources Partners, LP 16% and PVR Midstream, LLC 13%. This concentration of customers and joint interest owners may impact our overall credit risk in that these entities may be similarly affected by changes in economic and other conditions. In addition, our oil and natural gas hedging arrangements expose us to credit risk in the event of nonperformance by counterparties. Current economic circumstances and the increased bankruptcies may further increase these risks.

We may incur more taxes and certain of our projects may become uneconomic if certain federal income tax deductions currently available with respect to oil and natural gas exploration and development are eliminated as a result of future legislation.

The President's proposed budget for fiscal year 2012 contains a proposal to eliminate certain key U.S. federal income tax preferences currently available to oil and natural gas exploration and production companies. These changes include, but are not limited to (i) the repeal of the percentage depletion allowance for oil and natural gas properties, (ii) the elimination of current deductions for intangible drilling and development costs, (iii) the elimination of the deduction for certain U.S. production activities and (iv) an extension of the amortization period for certain geological and geophysical expenditures. It is unclear whether any of the foregoing changes will actually be enacted or how soon any such changes could become effective. The passage of any legislation as a result of the budget proposal or any other similar change in U.S. federal income tax law could eliminate certain tax deductions that are currently available with respect to oil and natural gas exploration and development. Any such change could materially adversely affect our financial condition and results of operations by increasing the costs we incur which would in turn make it uneconomic to drill some locations if commodity prices are not sufficiently high, resulting in lower revenues and decreases in production and reserves.

Loss of our information and computer systems could adversely affect our business.

We are heavily dependent on our information systems and computer based programs, including our well operations information, seismic data, electronic data processing and accounting data. If any of such programs or systems were to fail or create erroneous information in our hardware or software network infrastructure, possible consequences include our loss of communication links, inability to find, produce, process and sell oil and natural gas and inability to automatically process commercial transactions or engage in similar automated or computerized business activities. Any such consequence could have a material adverse effect on our business.

EXCHANGE OFFER

Purpose and Effect of the Exchange Offer

At each closing of the offerings of the old notes, we entered into a registration rights agreement with the initial purchasers pursuant to which we agreed, for the benefit of the holders of the old notes, at our cost, to do the following:

- file an exchange offer registration statement with the SEC with respect to the exchange offer for the new notes, and
- use commercially reasonable efforts to have the exchange offer completed by the 365th day following the date of the initial issuance of the notes issued on January 20, 2011.

We agreed to offer the new notes in exchange for surrender of the old notes upon the SEC's declaring the exchange offer registration statement effective. We agreed to use commercially reasonable efforts to cause the exchange offer registration statement to be effective continuously, and to keep the exchange offer open for a period of not less than 20 business days after the date we mail notice of the exchange offer to the holders of the old notes.

For each old note surrendered to us pursuant to the exchange offer, the holder of such old note will receive a new note having a principal amount equal to that of the surrendered old note. Interest on each new note will accrue from the last interest payment date on which interest was paid on the surrendered old note or, if no interest has been paid on such old note, from , 2011. The registration rights agreements also contain agreements to include in the prospectus for the exchange offer certain information necessary to allow a broker-dealer who holds old notes that were acquired for its own account as a result of market-making activities or other trading activities (other than old notes acquired directly from us) to exchange such old notes pursuant to the exchange offer and to satisfy the prospectus delivery requirements in connection with resales of new notes received by such broker-dealer in the exchange offer. We agreed to use commercially reasonable efforts to maintain the effectiveness of the exchange offer registration statement for these purposes for a period of 180 days after the completion of the exchange offer, which period may be extended under certain circumstances.

The preceding agreement is needed because any broker-dealer who acquires old notes for its own account as a result of market-making activities or other trading activities is required to deliver a prospectus meeting the requirements of the Securities Act. This prospectus covers the offer and sale of the new notes pursuant to the exchange offer and the resale of new notes received in the exchange offer by any broker-dealer who held old notes acquired for its own account as a result of market-making activities or other trading activities other than old notes acquired directly from us or one of our affiliates.

Based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties, we believe that the new notes issued pursuant to the exchange offer would in general be freely tradable after the exchange offer without further registration under the Securities Act. However, any purchaser of old notes who is an "affiliate" of ours or who intends to participate in the exchange offer for the purpose of distributing the related new notes:

- will not be able to rely on the interpretation of the staff of the SEC,
- will not be able to tender its new notes in the exchange offer, and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the old notes unless such sale or transfer is made pursuant to an exemption from such requirements.

Each holder of the old notes (other than certain specified holders) who desires to exchange old notes for the new notes in the exchange offer will be required to make the representations described below under "—Procedures for Tendering—Your Representations to Us."

We further agreed to file with the SEC a shelf registration statement to register for public resale old notes held by any holder who provides us with certain information for inclusion in the shelf registration statement if:

- the exchange offer is not permitted by applicable law or SEC policy,
- the exchange offer is not for any reason completed by the 365th day following the date of the initial issuance of the notes issued on January 20, 2011, or
- prior to the completion of the exchange offer, (a) with respect to a holder of old notes that is not our or one of the guarantors' affiliates, such holder notifies us that (i) it is prohibited by applicable law or SEC policy from participating in the exchange offer, (ii) it may not resell the new notes acquired by it in the exchange offer to the public without delivering a prospectus and that the prospectus forming part of this registration statement is not appropriate or available for such resales, or (iii) it is a broker-dealer and holds old notes acquired directly from us, or (b) in the case of an initial purchaser, such initial purchaser notifies us that it will not receive freely tradable new notes in exchange for old notes constituting any portion of such initial purchaser's unsold allotment.

We have agreed to use commercially reasonable efforts to keep the shelf registration statement continuously effective until the earlier of one year following its effective date and such time as all notes covered by the shelf registration statement have been sold. We refer to this period as the "shelf effectiveness period."

The registration rights agreements provide that if the exchange offer is not completed (or, if required, the shelf registration statement is not declared effective or does not automatically become effective when required) on or before the 365th day following the date of the initial issuance of the notes issued on January 20, 2011 (or the date the shelf registration statement is required to be declared effective or automatically becomes effective, as the case may be) then additional interest shall accrue on the principal amount of the old notes at a rate of 0.25% per annum for the first 90-day period immediately following such date and by an additional 0.25% per annum with respect to each subsequent 90-day period, up to a maximum additional rate of 1.00% per annum thereafter, until the exchange offer is completed, the shelf registration statement is declared effective or, if such shelf registration statement ceased to be effective (subject to certain exceptions), again becomes effective or until the second anniversary of the issue date of the old notes, unless such period is extended, as described in the registration rights agreements.

Holders of the old notes will be required to make certain representations to us (as described in the registration rights agreements) in order to participate in the exchange offer and will be required to deliver information to be used in connection with the shelf registration statement and to provide comments on the shelf registration statement within the time periods set forth in the registration rights agreements in order to have their old notes included in the shelf registration statement.

If we effect the registered exchange offer, we will be entitled to close the registered exchange offer 20 business days after its commencement as long as we have accepted all old notes validly tendered in accordance with the terms of the exchange offer and no brokers or dealers continue to hold any old notes.

This summary of the material provisions of the registration rights agreements does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the

registration rights agreements, copies of which are filed as exhibits to the registration statement which includes this prospectus.

Except as set forth above, after consummation of the exchange offer, holders of old notes which are the subject of the exchange offer have no registration or exchange rights under the registration rights agreements. See "—Consequences of Failure to Exchange."

Terms of the Exchange Offer

Subject to the terms and conditions described in this prospectus and in the letter of transmittal, we will accept for exchange any old notes properly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. We will issue new notes in principal amount equal to the principal amount of old notes surrendered in the exchange offer. Old notes may be tendered only for new notes and only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The exchange offer is not conditioned upon any minimum aggregate principal amount of old notes being tendered for exchange.

As of the date of this prospectus, $550,000,000 in aggregate principal amount of the old notes is outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of old notes. There will be no fixed record date for determining registered holders of old notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreements, the applicable requirements of the Securities Act and the Exchange Act and the rules and regulations of the SEC. Old notes that the holders thereof do not tender for exchange in the exchange offer will remain outstanding and continue to accrue interest. These old notes will continue to be entitled to the rights and benefits such holders have under the indenture relating to the notes.

We will be deemed to have accepted for exchange properly tendered old notes when we have given oral or written notice of the acceptance to the exchange agent and complied with the applicable provisions of the registration rights agreements. The exchange agent will act as agent for the tendering holders for the purposes of receiving the new notes from us.

If you tender old notes in the exchange offer, you will not be required to pay brokerage commissions or fees or, subject to the letter of transmittal, transfer taxes with respect to the exchange of old notes. We will pay all charges and expenses, other than certain applicable taxes described below, in connection with the exchange offer. It is important that you read the section labeled "—Fees and Expenses" for more details regarding fees and expenses incurred in the exchange offer.

We will return any old notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on , 2012, unless, in our sole discretion, we extend it.

Extensions, Delays in Acceptance, Termination or Amendment

We expressly reserve the right, at any time or various times, to extend the period of time during which the exchange offer is open. We may delay acceptance of any old notes by giving oral or written notice of such extension to their holders. During any such extensions, all old notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange.

If we extend the exchange offer, we will notify the exchange agent orally or in writing of any extension. We will notify the registered holders of old notes of any such extension no later than 9:00 a.m., New York City time, on the first business day following the previously scheduled expiration date.

If any of the conditions described below under "—Conditions to the Exchange Offer" have not been satisfied, we reserve the right, in our sole discretion:

- to extend the exchange offer, or
- to terminate the exchange offer,

by giving oral or written notice of such delay, extension or termination to the exchange agent. Subject to the terms of the registration rights agreements, we also reserve the right to amend the terms of the exchange offer in any manner.

Any extension, termination or amendment will be followed promptly by oral or written notice thereof to the registered holders of old notes. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose such amendment by means of a prospectus supplement. The supplement will be distributed to the registered holders of the old notes. Depending upon the significance of the amendment and the manner of disclosure to the registered holders, we may extend the exchange offer. In the event of a material change in the exchange offer, including the waiver by us of a material condition, we will extend the exchange offer period if necessary so that at least five business days remain in the exchange offer following notice of the material change.

Conditions to the Exchange Offer

We will not be required to accept for exchange, or exchange any new notes for, any old notes if the exchange offer, or the making of any exchange by a holder of old notes, would violate applicable law or any applicable interpretation of the staff of the SEC. Similarly, we may terminate the exchange offer as provided in this prospectus before accepting old notes for exchange in the event of such a potential violation.

In addition, we will not be obligated to accept for exchange the old notes of any holder that has not made to us the representations described under "—Purpose and Effect of the Exchange Offer," "—Procedures for Tendering" and "Plan of Distribution" and such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to allow us to use an appropriate form to register the new notes under the Securities Act.

We expressly reserve the right to amend or terminate the exchange offer, and to reject for exchange any old notes not previously accepted for exchange, upon the occurrence of any of the conditions to the exchange offer specified above. We will give prompt oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the old notes as promptly as practicable.

These conditions are for our sole benefit, and we may assert them or waive them in whole or in part at any time or at various times in our sole discretion. If we fail at any time to exercise any of these rights, this failure will not mean that we have waived our rights. Each such right will be deemed an ongoing right that we may assert at any time or at various times.

In addition, we will not accept for exchange any old notes tendered, and will not issue new notes in exchange for any such old notes, if at such time any stop order has been threatened or is in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture relating to the notes under the Trust Indenture Act of 1939.

Procedures for Tendering

In order to participate in the exchange offer, you must properly tender your old notes to the exchange agent as described below. It is your responsibility to properly tender your old notes. We have the right to waive any defects. However, we are not required to waive defects and are not required to notify you of defects in your tender.

If you have any questions or need help in exchanging your notes, please call the exchange agent, whose contact information is set forth in "Prospectus Summary—The Exchange Offer—Exchange Agent."

All of the old notes were issued in book-entry form, and all of the old notes are currently represented by global certificates held for the account of DTC. We have confirmed with DTC that the old notes may be tendered using the Automated Tender Offer Program ("ATOP") instituted by DTC. The exchange agent will establish an account with DTC for purposes of the exchange offer promptly after the commencement of the exchange offer and DTC participants may electronically transmit their acceptance of the exchange offer by causing DTC to transfer their old notes to the exchange agent using the ATOP procedures. In connection with the transfer, DTC will send an "agent's message" to the exchange agent. The agent's message will state that DTC has received instructions from the participant to tender old notes and that the participant agrees to be bound by the terms of the letter of transmittal.

By using the ATOP procedures to exchange old notes, you will not be required to deliver a letter of transmittal to the exchange agent. However, you will be bound by its terms just as if you had signed it.

There is no procedure for guaranteed late delivery of the notes.

Determinations Under the Exchange Offer

We will determine in our sole discretion all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered old notes and withdrawal of tendered old notes. Our determination will be final and binding. We reserve the absolute right to reject any old notes not properly tendered or any old notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defect, irregularities or conditions of tender as to particular old notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of old notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of old notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tenders of old notes will not be deemed made until such defects or irregularities have been cured or waived. Any old notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder, unless otherwise provided in the letter of transmittal, promptly following the expiration date.

When We Will Issue New Notes

In all cases, we will issue new notes for old notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

- a book-entry confirmation of such old notes into the exchange agent's account at DTC; and
- a properly transmitted agent's message.

Return of Old Notes Not Accepted or Exchanged

If we do not accept any tendered old notes for exchange or if old notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged old notes will be returned without expense to their tendering holder. Such non-exchanged old notes will be credited to an account maintained with DTC. These actions will occur promptly after the expiration or termination of the exchange offer.

Your Representations to Us

By agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

- any new notes that you receive will be acquired in the ordinary course of your business;
- you have no arrangement or understanding with any person or entity to participate in the distribution of the new notes;
- you are not our "affiliate," as defined in Rule 405 of the Securities Act; and
- if you are a broker-dealer that will receive new notes for your own account in exchange for old notes, you acquired those notes as a result of market-making activities or other trading activities and you will deliver a prospectus (or to the extent permitted by law, make available a prospectus) in connection with any resale of such new notes.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw your tender at any time prior to 5:00 p.m., New York City time, on the expiration date. For a withdrawal to be effective you must comply with the appropriate procedures of DTC's ATOP system. Any notice of withdrawal must specify the name and number of the account at DTC to be credited with withdrawn old notes and otherwise comply with the procedures of DTC.

We will determine all questions as to the validity, form, eligibility and time of receipt of notice of withdrawal. Our determination shall be final and binding on all parties. We will deem any old notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any old notes that have been tendered for exchange but are not exchanged for any reason will be credited to an account maintained with DTC for the old notes. This crediting will take place as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn old notes by following the procedures described under "—Procedures for Tendering" above at any time prior to 5:00 p.m., New York City time, on the expiration date.

Fees and Expenses

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail; however, we may make additional solicitation by facsimile, telephone, electronic mail or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses.

We will pay the cash expenses to be incurred in connection with the exchange offer. They include:

- all registration and filing fees and expenses;
- all fees and expenses of compliance with federal securities and state "blue sky" or securities laws;
- accounting fees, legal fees incurred by us, disbursements and printing, messenger and delivery services, and telephone costs; and
- related fees and expenses.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of old notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if a transfer tax is imposed for any reason other than the exchange of old notes under the exchange offer.

Consequences of Failure to Exchange

If you do not exchange new notes for your old notes under the exchange offer, you will remain subject to the existing restrictions on transfer of the old notes. In general, you may not offer or sell the old notes unless the offer or sale is either registered under the Securities Act or exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreements, we do not intend to register resales of the old notes under the Securities Act.

Accounting Treatment

We will record the new notes in our accounting records at the same carrying value as the old notes. This carrying value is the aggregate principal amount of the old notes less any bond discount or plus any bond premium, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer.

Other

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We may in the future seek to acquire untendered old notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any old notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered old notes.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods presented:

	Nine months ended September 30		For the years ended December 31,					
	Pro forma 2011	2011	Pro forma 2010	2010	2009	2008	2007	Inception to December 31, 2006
Ratio of earnings to fixed charges(1)	4.0x(2)	5.6x	1.4x(3)	4.2x	—(4)	—(4)	—(4)	—(4)

(1) For purposes of computing the ratio of earnings to fixed charges, "earnings" consists of pretax income (loss) plus fixed charges. "Fixed charges" represents interest incurred, amortization of deferred debt offering costs and that portion of rental expense on operating leases deemed to be the equivalent of interest.

(2) Because the net proceeds from the offerings of the old notes were used in part to repay indebtedness, the pro forma impact on the amount of fixed charges causes our earnings to cover fixed charges to change by 10% or more for the nine months ended September 30, 2011. At September 30, 2011, we had approximately $525.0 million of borrowings outstanding under our senior secured credit facility and $350.0 million in old notes. The weighted average interest rate paid on amounts outstanding under our senior secured credit facility for the nine months ended September 30, 2011 was 2.49% and under our old notes was 9.5%.

(3) Because the net proceeds from the offerings of the old notes were used in part to repay indebtedness, the pro forma impact on the amount of fixed charges causes our earnings to cover fixed charges to change by 10% or more for the year ended December 31, 2010. At December 31, 2010, we had approximately $177.5 million of borrowings outstanding under our senior secured credit facility and $100.0 million outstanding under our term loan facility. For the year ended December 31, 2010, the weighted average interest rates paid on amounts outstanding under our senior secured credit facility, the Broad Oak credit facility and our term loan were 4.40%, 4.27% and 9.25%, respectively.

(4) Due to our net operating losses for each of the years ended December 31, 2009, 2008 and 2007 and for the period from inception to December 31, 2006, the respective ratios of coverage were less than 1:1. To achieve the ratio coverage of 1:1, we would have needed additional earnings of approximately $258.5 million, $245.8 million, $7.5 million and $1.8 million, respectively.

USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreements. We will not receive any proceeds from the issuance of the new notes in the exchange offer. In consideration for issuing the new notes as contemplated by this prospectus, we will receive old notes in a like principal amount. The form and terms of the new notes are identical in all respects to the form and terms of the old notes, except the new notes will be registered under the Securities Act and will not contain restrictions on transfer, registration rights or provisions for additional interest. Old notes surrendered in exchange for the new notes will be retired and cancelled and will not be reissued. Accordingly, the issuance of the new notes will not result in any change in our outstanding indebtedness.

SELECTED FINANCIAL DATA

The following financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited consolidated financial statements and condensed notes thereto and our audited combined financial statements and notes thereto included elsewhere in this prospectus. We believe that the assumptions underlying the preparation of our financial statements are reasonable. The financial information included in this prospectus may not be indicative of our future results of operations, financial position and cash flows.

Prior to the acquisition of Broad Oak, the majority equity ownership of both Laredo LLC and Broad Oak was effectively controlled by a common owner. For this reason, both the unaudited and audited financial statements included in this prospectus consist of the historical audited combined balance sheets of Laredo LLC (and its historical subsidiaries) as well as Broad Oak, as of December 31, 2010 and 2009, and the related combined statements of operations, owners' equity and cash flows for each of the three years ended December 31, 2010, the unaudited consolidated balance sheet of Laredo LLC and its subsidiaries, as of September 30, 2011, and the related consolidated statements of operations, owners' equity and cash flows of Laredo LLC and its subsidiaries for the nine months ended September 30, 2011 and 2010. As a result, the financial statements included in this prospectus, and the financial and other data contained in this prospectus treat Broad Oak as having been a part of the historical consolidated group of Laredo LLC from inception. Such financial information is not necessarily indicative of the results that would have been obtained if Laredo LLC had owned and operated Broad Oak from its inception.

Presented below is our financial data for the periods and as of the dates indicated. The combined financial data for the years ended December 31, 2010, 2009 and 2008 and the balance sheets as of December 31, 2010 and 2009 are derived from our audited combined financial statements and the notes thereto included elsewhere in this prospectus. The consolidated financial data for the nine months ended September 30, 2011 and 2010 and the balance sheet data as of September 30, 2011 are derived from our unaudited consolidated financial statements and the condensed notes thereto included elsewhere in this prospectus. The combined financial data for the year ended December 31, 2007 and for the period from our inception in May 2006 through December 31, 2006 and the balance sheet data

as of December 31, 2008, 2007 and 2006, are derived from our unaudited combined financial statements not included in this prospectus.

(in thousands)	For the nine months ended September 30,		For the years ended December 31,				Inception to December 31,
	2011	2010	2010	2009	2008(2)	2007(3)	2006
	(unaudited)					(unaudited)	(unaudited)
Statement of operations data:							
Revenues:							
Oil and gas sales	$368,059	$155,422	$239,783	$ 94,347	$ 73,883	$ 9,541	$ —
Natural gas transportation and treating	3,239	1,636	2,217	2,227	304	87	—
Drilling and production	9	3	4	318	548	22	—
Total revenues	371,307	157,061	242,004	96,892	74,735	9,650	—
Costs and expenses:							
Lease operating expenses	29,258	14,916	21,684	12,531	6,436	2,739	—
Production and ad valorem taxes	23,330	10,104	15,699	6,129	5,481	718	—
Natural gas transportation and treating	1,167	2,058	2,501	1,416	154	—	—
Drilling rig fees	—	—	—	1,606	—	—	—
Drilling and production	1,407	166	344	1,076	23	—	—
General and administrative	38,234	22,705	30,908	22,492	23,248	8,828	1,986
Bad debt expense	—	—	—	91	—	—	—
Accretion of asset retirement obligations	456	340	475	406	170	2	—
Depreciation, depletion and amortization	114,976	60,363	97,411	58,005	33,102	4,986	43
Impairment expense(1)	243	—	—	246,669	282,587	—	—
Total costs and expenses	209,071	110,652	169,022	350,421	351,201	17,273	2,029
Operating income (loss)	162,236	46,409	72,982	(253,529)	(276,466)	(7,623)	(2,029)
Non-operating income (expense):							
Realized and unrealized gain (loss):							
Commodity derivative financial instruments, net	42,851	29,583	11,190	5,744	40,569	1,579	—
Interest rate derivatives, net	(1,317)	(5,890)	(5,375)	(3,394)	(6,274)	—	—
Interest expense	(35,062)	(11,869)	(18,482)	(7,464)	(4,410)	(2,046)	—
Interest income	83	125	150	223	781	633	188
Write-off of deferred loan costs	(6,195)	—	—	—	—	—	—
Loss on disposal of assets	(35)	(30)	(30)	(85)	(2)	—	—
Other	6	—	1	4	38	1	—
Non-operating income (expense), net	331	11,919	(12,546)	(4,972)	30,702	167	188
Income (loss) before income taxes	162,567	58,328	60,436	(258,501)	(245,764)	(7,456)	(1,841)
Income tax (expense) benefit:							
Current	—	—	—	—	(12)	—	—
Deferred	(58,579)	(7,170)	25,812	74,006	53,729	1,405	—
Total income tax (expense) benefit, net	(58,579)	(7,170)	25,812	74,006	53,717	1,405	—
Net income (loss)	$103,988	$ 51,158	$ 86,248	$(184,495)	$(192,047)	$ (6,051)	$ (1,841)

(1) In 2009, we recognized a pre-tax non-cash full cost ceiling impairment charge of approximately $245.9 million on our proved properties and we reduced materials and supplies by approximately $0.8 million to reflect our materials and supplies at the lower of cost or market. In 2008, we recognized a pre-tax non-cash full cost ceiling impairment charge of approximately $282.6 million on our proved properties. For a discussion of our impairment expense, see Notes, B.5, B.7 and B.19 in our audited combined financial statements included elsewhere in this prospectus.

(2) The year ended December 31, 2008 contains the results of operations for the acquisition of properties from Linn Energy beginning August 15, 2008, the closing date of the property acquisition. See Note C in our audited combined financial statements included elsewhere in this prospectus.

(3) The year ended December 31, 2007 contains the results of operations for the acquisition of properties from Jones Energy beginning June 5, 2007, the closing date of the property acquisition.

(in thousands)	As of September 30, 2011	As of December 31, 2010	2009	2008	2007	2006
	(unaudited)				(unaudited)	(unaudited)
Balance sheet data:						
Cash and cash equivalents	$ 28,249	$ 31,235	$ 14,987	$ 13,512	$ 6,937	$ 6,345
Net property and equipment	1,216,057	809,893	396,100	350,702	137,852	7,539
Total assets	1,476,503	1,068,160	625,344	578,387	171,799	13,903
Current liabilities	152,874	150,243	79,265	101,864	16,809	550
Long-term debt	875,000	491,600	247,100	148,600	44,500	—
Owners' equity	438,211	411,099	289,107	318,364	109,707	13,316

(in thousands)	For the nine months ended September 30, 2011	2010	For the years ended December 31, 2010	2009	2008	2007	Inception to December 31, 2006
	(unaudited)					(unaudited)	(unaudited)
Other financial data:							
Net cash provided by (used in) operating activities	$ 233,673	$ 90,754	$ 157,043	$ 112,669	$ 25,332	$ 5,019	$ (1,231)
Net cash used in investing activities	(519,264)	(309,557)	(460,547)	(361,333)	(490,897)	(131,153)	(7,581)
Net cash provided by financing activities	282,605	229,040	319,752	250,139	472,140	126,726	15,157

(in thousands, unaudited)	For the nine months ended September 30, 2011	2010	For the years ended December 31, 2010	2009	2008	2007	Inception to December 31, 2006
Adjusted EBITDA(1)	$ 283,850	$ 123,519	$ 194,502	$ 104,908	$ 49,305	$ (1,522)	$ (1,798)

(1) Adjusted EBITDA is a non-GAAP financial measure. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income (loss) see "—Non-GAAP Financial Measures and Reconciliations" below.

The historical financial data for January 1, 2007 to June 4, 2007 has been derived from the historical accounting records of Jones Energy, the accounting predecessor to Laredo LLC. The historical financial data for the year ended December 31, 2006 has been derived from the audited statement of revenues and direct operating expenses for the properties acquired from Jones Energy. The statements do not reflect depreciation, depletion and amortization, general and administrative expenses, income taxes or interest expense.

(in thousands, unaudited)	Period from January 1, 2007 to June 4, 2007	Year ended December 31, 2006
Statement of operations data:		
Oil and gas revenues	$ 6,565	$ 19,722
Direct operating expenses	2,280	5,661
Excess of revenues over direct operating expenses	$ 4,285	$ 14,061

Non-GAAP Financial Measures and Reconciliations

Adjusted EBITDA is a non-GAAP financial measure that we define as net income or loss plus adjustments for interest expense, depreciation, depletion and amortization, impairment of long-lived assets, write-off of deferred financing fees and other, gains or losses on sale of assets, unrealized gains or losses on derivative financial instruments, realized losses on interest rate derivatives, realized gains

or losses on canceled derivative financial instruments, non-cash equity-based compensation and income tax expense or benefit. Adjusted EBITDA, as used and defined by us, may not be comparable to similarly titled measures employed by other companies and is not a measure of performance calculated in accordance with GAAP. Adjusted EBITDA should not be considered in isolation or as a substitute for operating income or loss, net income or loss, cash flows provided by operating activities, used in investing activities and provided by financing activities, or statement of operations or statement of cash flow data prepared in accordance with GAAP. Adjusted EBITDA provides no information regarding a company's capital structure, borrowings, interest costs, capital expenditures, working capital increases, working capital decreases or its tax position. Adjusted EBITDA does not represent funds available for discretionary use, because those funds are required for debt service, capital expenditures and working capital, income taxes, franchise taxes and other commitments and obligations. However, our management team believes Adjusted EBITDA is useful to an investor in evaluating our operating performance because this measure:

- is widely used by investors in the oil and natural gas industry to measure a company's operating performance without regard to items excluded from the calculation of such term, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors;

- helps investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure from our operating structure; and

- is used by our management team for various purposes, including as a measure of operating performance, in presentations to our board of directors, and as a basis for strategic planning and forecasting.

There are significant limitations to the use of Adjusted EBITDA as a measure of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss, the lack of comparability of results of operations to different companies, and the methods of calculating Adjusted EBITDA and our measurements of Adjusted EBITDA for financial reporting and compliance under our debt agreements differ.

The following presents a reconciliation of net income (loss) to Adjusted EBITDA:

(in thousands, unaudited)	For the nine months ended September 30, 2011	For the nine months ended September 30, 2010	For the years ended December 31, 2010	2009	2008	2007	Inception to December 31, 2006
Net income (loss)	$ 103,988	$ 51,158	$ 86,248	$ (184,495)	$ (192,047)	$ (6,051)	$ (1,841)
Plus:							
Interest expense	35,062	11,869	18,482	7,464	4,410	2,046	—
Depreciation, depletion and amortization	114,976	60,363	97,411	58,005	33,102	4,986	43
Impairment of long-lived assets	243	—	—	246,669	282,587	—	—
Write-off of deferred loan costs	6,195	—	—	—	—	—	—
Loss on disposal of assets	35	30	30	85	2	—	—
Unrealized losses (gains) on derivative financial instruments	(44,047)	(12,023)	11,648	46,003	(27,174)	(1,098)	—
Realized losses (gains) on interest rate derivatives	3,732	3,929	5,238	3,764	278	—	—
Non-cash equity-based compensation	5,087	1,023	1,257	1,419	1,864	—	—
Income tax expense (benefit)	58,579	7,170	(25,812)	(74,006)	(53,717)	(1,405)	—
Adjusted EBITDA	$ 283,850	$ 123,519	$ 194,502	$ 104,908	$ 49,305	$ (1,522)	$ (1,798)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our combined financial statements and notes thereto appearing elsewhere in this prospectus. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expected performance. We caution that assumptions, expectations, projections, intentions or beliefs about future events may, and often do, vary from actual results and the differences can be material. Some of the key factors which could cause actual results to vary from our expectations include changes in oil and gas prices, the timing of planned capital expenditures, availability of acquisitions, uncertainties in estimating proved reserves and forecasting production results, potential failure to achieve production from development projects, operational factors affecting the commencement or maintenance of producing wells, the condition of the capital markets generally, as well as our ability to access them, the proximity to and capacity of transportation facilities, and uncertainties regarding environmental regulations or litigation and other legal or regulatory developments affecting our business, as well as those factors discussed below and elsewhere in this prospectus, all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. See "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors."

Overview

We are an independent energy company focused on the exploration, development and acquisition of oil and natural gas properties in the Permian and Mid-Continent regions of the United States. Laredo Inc. was founded in October 2006 to explore, develop and operate oil and natural gas properties and has grown rapidly through its drilling program and by making strategic acquisitions and joint ventures. On July 1, 2011, we completed the acquisition of Broad Oak whereby Broad Oak became a wholly-owned subsidiary of Laredo Inc.

Our financial and operating performance for the nine months ended September 30, 2011 included the following:

- Oil and natural gas sales of approximately $368.1 million, compared to approximately $155.4 million for the nine months ended September 30, 2010; and
- Average daily production of 22,842 BOE/D, compared to 12,982 BOE/D for the nine months ended September 30, 2010.

Mergers and Acquisitions

Our use of capital for development and acquisitions allows us to direct our capital resources toward what we believe to be the most attractive opportunities as market conditions evolve. We have historically developed properties that we believe will meet or exceed our rate of return criteria. For acquisitions of properties with additional development and exploration potential, we have focused on acquiring properties that we expect to operate so that we can control the timing and implementation of capital spending. We also make acquisitions in core, mature areas where management can leverage knowledge and experience to identify upsides in assets.

On May 30, 2008 and August 6, 2008, we entered into purchase and sale agreements with Linn Energy to acquire ownership interests in oil and gas properties located in the Verden area in Caddo, Grady and Comanche Counties, Oklahoma, for a total purchase price of $185.0 million, subject to certain adjustments. The first purchase and sale agreement had an effective date of July 1, 2008, and was closed on August 15, 2008. The second purchase and sale agreement completed the acquisition of the remaining property, had an effective date of July 1, 2008 and was closed on August 7, 2008. For additional discussion of completed acquisitions in 2008, refer to Note C in our audited combined

financial statements included elsewhere in this prospectus. There were no significant acquisitions during 2009 and 2010.

As noted above, on July 1, 2011, we consummated the acquisition of Broad Oak for consideration consisting of (i) cash payments totaling $82.0 million to certain members of management and employees, (ii) equity issuances of 86.5 million preferred Laredo LLC units to Warburg Pincus, (iii) equity issuances of 2.4 million preferred Laredo LLC units to certain directors and management of Broad Oak and (iv) repayment of the $265.4 million of outstanding debt under the Broad Oak credit facility. Immediately following the consummation of such transaction, Laredo LLC assigned 100% of its ownership interest in Broad Oak to Laredo Inc. as a contribution to capital. Refer to Note O in our audited combined financial statements included elsewhere in this prospectus for further discussion of the Broad Oak acquisition.

Core Areas of Operations

Our activities are primarily focused in the Wolfberry and deeper horizons of the Permian Basin in West Texas and the Anadarko Granite Wash in the Texas Panhandle and Western Oklahoma. Both of these plays are characterized by high oil and liquids-rich content, multiple target horizons, extensive production histories, long-lived reserves, high drilling success rates and significant initial production rates. As of September 30, 2011, we had an interest in 1,078 gross producing wells and, based on a report by Ryder Scott as of June 30, 2011, operated wells that represent approximately 98% of the value of our proved developed oil and natural gas reserves.

Additionally, as of September 30, 2011, we have accumulated 324,135 net acres with over 6,100 gross identified potential drilling locations on our existing acreage. We intend to develop this large acreage position to increase our cash flow, production and reserves through continued vertical and horizontal drilling programs.

Reserves and Pricing

In December 2008, the SEC released the final rule for Modernization of Oil and Gas Reporting. Among other changes, the final rule requires us to report oil and gas reserves and calculate the full cost ceiling value using the unweighted arithmetic average first-day-of-the-month oil and gas prices during the 12-month period ending in the reporting period. The prior SEC rule required using prices at period end. The requirements of this standard became effective for the year ended December 31, 2009. These revisions and requirements affect the comparability between reporting periods prior to and after the year ended December 31, 2009 for reserve volume and value estimates, full cost pool write-down calculations and the calculations of depletion of oil and gas assets.

Ryder Scott, our independent reserve engineers, estimated 100% of our combined proved reserves at December 31, 2010 and June 30, 2011. Ryder Scott also estimated the proved reserves for the legacy Laredo properties as of December 31, 2009 and December 31, 2008. Ryder Scott did not perform evaluations of the Broad Oak properties on these dates. Our estimates of the combined proved reserves at December 31, 2009 and December 31, 2008 are a combination of the Ryder Scott reports on the legacy Laredo properties and Laredo's internal proved reserve estimates of the Broad Oak properties. Based upon such reserve estimates we calculated for Broad Oak, we believe the legacy Laredo properties represented 92% and 96% of such combined proved reserves at year end 2009 and 2008, respectively. As of June 30, 2011, we had 137,052 MBOE of estimated net proved reserves as compared to 136,560 MBOE of estimated net proved reserves at December 31, 2010, 52,519 MBOE of estimated net proved reserves at December 31, 2009 and 44,183 MBOE at December 31, 2008. The unweighted arithmetic average first-day-of-the-month index prices for the prior 12 months were $91.00 per Bbl for oil and $4.02 per MMBtu for natural gas at September 30, 2011, $75.96 per Bbl for oil and $4.15 per MMBtu for natural gas at December 31, 2010, and $57.04 per Bbl for oil and $3.15 per

MMBtu for natural gas at December 31, 2009. The period end index prices used at December 31, 2008 were $44.60 per Bbl for oil and $4.68 per MMBtu for natural gas. The prices used to estimate proved reserves for all periods did not give effect to derivative transactions, were held constant throughout the life of the properties and have been adjusted for quality, transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the wellhead.

Prices for oil and natural gas can fluctuate widely in response to relatively minor changes in the global and regional supply of and demand for oil and natural gas, market uncertainty, economic conditions and a variety of additional factors. Since the inception of our oil and natural gas activities, commodity prices have experienced significant fluctuations, and additional changes in commodity prices may significantly affect the economic viability of drilling projects, as well as the economic valuation and economic recovery of oil and gas reserves. We have entered into a number of commodity derivatives, which have allowed us to offset a portion of the changes caused by price fluctuations on our oil and gas production as discussed in "—Sources of Our Revenue" below.

Sources of Our Revenue

Our revenues are derived from the sale of oil and natural gas within the continental United States and do not include the effects of derivatives. For the nine months ended September 30, 2011, our revenues are comprised of sales of approximately, 59% oil, 40% gas and 1% for transportation, gathering, drilling and production. Our revenues may vary significantly from period to period as a result of changes in volumes of production sold or changes in commodity prices. Oil and natural gas prices have historically been volatile. In 2008, prices peaked at over $133.00 per Bbl and $10.00 per MMBtu with subsequent declines to approximately $39.00 per Bbl and $3.00 per MMBtu in 2009. In the first nine months of 2011, West Texas Intermediate Light Sweet Crude Oil prices have been in a range between $85.00 and $110.00 per Bbl and wellhead natural gas market prices have been in a range between $3.90 and $4.27 per MMBtu.

Hedging

Due to the inherent volatility in oil and gas prices, we use commodity derivative instruments, such as collars, swaps, puts and basis swaps to hedge price risk associated with a significant portion of our anticipated oil and gas production. By removing a majority of the price volatility associated with future production, we expect to reduce, but not eliminate, the potential effects of variability in cash flow from operations due to fluctuations in commodity prices. We have not elected hedge accounting on these derivatives and, therefore, the unrealized gains and losses on open positions are reflected currently in earnings. At each period end, we estimate the fair value of our commodity derivatives and recognize an unrealized gain or loss. During the nine months ended September 30, 2011 and 2010, we recognized unrealized gains on commodity derivatives. During the years ended December 31, 2010 and 2009, we recognized unrealized losses as market prices generally increased during these periods. During the year ended December 31, 2008, we recognized significant unrealized gains on our commodity derivatives as market prices generally decreased during this period.

Our open positions as of September 30, 2011 are as follows:

	Remaining year 2011	Year 2012	Year 2013	Year 2014
Oil positions(1):				
Puts:				
Hedged volume (Bbls)	87,000	672,000	1,080,000	—
Weighted average price ($/Bbl)	$ 62.52	$ 65.79	$ 65.00	$ —
Swaps:				
Hedged volume (Bbls)	218,575	732,000	600,000	—
Weighted average price ($/Bbl)	$ 86.80	$ 93.52	$ 96.32	$ —
Collars:				
Hedged volume (Bbls)	180,000	498,000	216,000	264,000
Weighted average floor price ($/Bbl)	$ 78.25	$ 75.06	$ 73.89	$ 80.00
Weighted average ceiling price ($/Bbl)	$ 113.58	$ 107.17	$ 120.56	$ 125.00
Natural gas positions(2):				
Puts:				
Hedged volume (MMBtu)	90,000	4,320,000	6,600,000	—
Weighted average price ($/MMBtu)	$ 3.50	$ 5.38	$ 4.00	$ —
Swaps:				
Hedged volume (MMBtu)	389,108	1,680,000	—	—
Weighted average price ($/MMBtu)	$ 5.65	$ 6.14	$ —	$ —
Collars:				
Hedged volume (MMBtu)	2,850,000	7,800,000	6,600,000	3,480,000
Weighted average floor price ($/MMBtu)	$ 4.82	$ 4.12	$ 4.00	$ 4.00
Weighted average ceiling price ($/MMBtu)	$ 7.98	$ 5.79	$ 7.05	$ 7.05
Basis Swaps:				
Hedged volume (MMBtu)	1,260,000	2,880,000	1,200,000	—
Weighted average price ($/MMBtu)	$ 0.29	$ 0.31	$ 0.33	$ —

(1) The oil derivatives are settled based on the month's average daily NYMEX price of West Texas Intermediate Light Sweet Crude Oil.

(2) The natural gas derivatives are settled based on NYMEX gas futures, the Northern Natural Gas Co. demarcation price or the Panhandle Eastern Pipe Line spot price of natural gas for the calculation period. The basis swap derivatives are settled based on the differential between the NYMEX gas futures and the West Texas WAHA index gas price.

Principal Components of Our Cost Structure

Lease operating and natural gas transportation and treating expenses. These are daily costs incurred to bring oil and gas out of the ground and to the market, together with the daily costs incurred to maintain our producing properties. Such costs also include maintenance, repairs and workover expenses related to our oil and gas properties.

Production and ad valorem taxes. Production taxes are paid on produced oil and gas based on a percentage of revenues from products sold at market prices or at fixed rates established by federal, state or local taxing authorities. We take full advantage of all credits and exemptions in our various taxing jurisdictions. In general, the production taxes we pay correlate to the changes in oil and gas revenues. Ad valorem taxes are property taxes assessed based on a flat rate per oil or natural gas equivalent produced on our properties located in Texas.

Drilling rig fees. These are costs incurred under short-term drilling contracts for fees paid to various third parties if we terminate our drilling or cease efforts, including for stacked drilling rigs in lieu of drilling.

Drilling and production. These are costs incurred to maintain facilities that support our drilling activities.

General and administrative. These are costs incurred for overhead, including payroll and benefits for our corporate staff, costs of maintaining our headquarters, costs of managing our production and development operations, franchise taxes, audit and other fees for professional services and legal compliance.

Depreciation, depletion and amortization. Under the full cost accounting method, we capitalize costs within a cost center and then systematically expense those costs on a units of production basis based on proved oil and natural gas reserve quantities. We calculate depletion on the following types of costs: (i) all capitalized costs, other than the cost of investments in unproved properties and major development projects for which proved reserves cannot yet be assigned, less accumulated amortization; (ii) the estimated future expenditures to be incurred in developing proved reserves; and (iii) the estimated dismantlement and abandonment costs, net of estimated salvage values. We calculate depreciation on the cost of fixed assets related to our pipelines and other fixed assets.

Impairment expense. This is the cost to reduce proved oil and gas properties to the calculated full cost ceiling value and the write-downs of our materials and supplies inventory, consisting of pipe and well equipment, to the lower of cost or market value at the end of the respective period.

Other Income (Expense)

Realized and unrealized gain (loss) on commodity derivative financial instruments. We utilize commodity derivative financial instruments to reduce our exposure to fluctuations in the price of crude oil and natural gas. This amount represents (i) the recognition of unrealized gains and losses associated with our open derivative contracts as commodity prices change and commodity derivative contracts expire or new ones are entered into, and (ii) our realized gains and losses on the settlement of these commodity derivative instruments. We classify these gains and losses as operating activities in our statements of cash flows.

Realized and unrealized gain (loss) on interest rate derivative instruments. We utilize interest rate swaps and caps to reduce our exposure to fluctuations in interest rates on our outstanding debt. This amount represents (i) the recognition of unrealized gains and losses associated with our open interest rate derivative contracts as interest rates change and interest rate contracts expire or new ones are entered into, and (ii) our realized gains and losses on the settlement of these interest rate contracts. We classify these gains and losses as operating activities in our statements of cash flows.

Interest expense. We finance a portion of our working capital requirements, capital expenditures and acquisitions with borrowings under our senior secured credit facility, our old notes and, prior to its termination on July 1, 2011, the Broad Oak credit facility. As a result, we incur interest expense that is affected by both fluctuations in interest rates and our financing decisions. We have entered into various interest rate derivative contracts to mitigate the effects of interest rate changes. We do not designate these derivative contracts as hedges and therefore hedge accounting treatment is not applicable. Realized and unrealized gains or losses on these interest rate contracts are included in non-operating income (expense) as discussed above. We reflect interest paid to the lenders and bondholders in interest expense. In addition, we include the amortization of deferred financing costs (including origination and amendment fees), commitment fees and annual agency fees in interest expense.

Interest income. This represents the interest received on our cash and cash equivalents.

Income tax expense. Income taxes in our financial statements are generally presented on a "consolidated" basis. However, in light of the historic ownership structure of Laredo, U.S. tax laws do not allow tax losses of one entity to offset income and losses of another entity until after the consummation of the Broad Oak acquisition on July 1, 2011. As such, the financial accounting for the income tax consequences of each taxable entity is calculated separately for all periods prior to July 1, 2011.

Laredo LLC is a limited liability company treated as a partnership for federal and state income tax purposes. The taxable income of Laredo LLC is passed through to its members. As such, no recognition of federal or state income taxes for Laredo LLC has been provided for in the accompanying combined financial statements. Laredo LLC's subsidiaries and Broad Oak are separate taxable corporations and these corporations along with subsidiaries that are organized as limited liability companies, are subject to federal and state corporate income taxes. These income taxes are accounted for under the asset and liability method pursuant to Accounting Standards Codification 740, *Income Taxes.* Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating losses and tax credit carry-forwards. Under this method, deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. On a quarterly basis, management evaluates the need for and adequacy of valuation allowances based on the expected realization of the deferred tax assets and adjusts the amount of such allowances, if necessary.

Results of Operations

Nine months ended September 30, 2011 as compared to nine months ended September 30, 2010

The following table sets forth selected operating data for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010:

(in thousands except for production data and average sales prices)	Nine months ended September 30, 2011	2010
	(unaudited)	
Operating results:		
Revenues		
Oil	$ 221,031	$ 76,830
Natural gas	147,028	78,592
Natural gas transportation and treating	3,239	1,636
Drilling and production	9	3
Total revenues	371,307	157,061
Costs and expenses		
Lease operating expenses	29,258	14,916
Production and ad valorem taxes	23,330	10,104
Natural gas transportation and treating	1,167	2,058
Drilling and production	1,407	166
General and administrative	38,234	22,705
Accretion of asset retirement obligations	456	340
Depreciation, depletion and amortization	114,976	60,363
Impairment expense	243	—
Total costs and expenses	209,071	110,652
Non-operating income (expense):		
Realized and unrealized gain (loss):		
Commodity derivative financial instruments, net	42,851	29,583
Interest rate derivatives, net	(1,317)	(5,890)
Interest expense	(35,062)	(11,869)
Interest income	83	125
Write-off of deferred loan costs	(6,195)	—
Loss on disposal of assets	(35)	(30)
Other	6	—
Non-operating income, net	331	11,919
Income tax expense	(58,579)	(7,170)
Net income	$ 103,988	$ 51,158
Production data:		
Oil (MBbls)	2,419	1,038
Natural gas (MMcf)	22,904	15,041
Barrels of oil equivalent(1) (MBOE)	6,236	3,545
Average daily production (BOE/D)	22,842	12,982
Average sales prices:		
Oil, realized ($/Bbl)	$ 91.37	$ 74.02
Oil, hedged(2) ($/Bbl)	$ 88.79	$ 74.93
Natural gas, realized ($/Mcf)	$ 6.42	$ 5.23
Natural gas, hedged(2) ($/Mcf)	$ 6.75	$ 6.20

(1) MBbl equivalents ("MBOE") are calculated using a conversion rate of six MMcf per one MBbl.

(2) Hedged prices reflect the after-effect of our commodity hedging transactions on our average sales prices. Our calculation of such after-effect includes realized gains or losses on cash settlements for commodity derivatives, which do not qualify for hedge accounting.

Oil and gas revenues. Our oil and gas revenues increased by approximately $212.6 million, or 137%, to $368.1 million during the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. Our revenues are a function of oil and gas production volumes sold and average sales prices received for those volumes. Average daily production sold increased by 9,860 BOE/D during the nine months ended September 30, 2011 as compared to the same period in 2010. The total increase in revenue of approximately $212.6 million is largely attributable to higher oil and gas production volumes as well as an increase in oil prices being realized for the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. Production increased by 1,381 MBbls for oil and 7,863 MMcf for gas for the first nine months of 2011 as compared to the first nine months of 2010. The net dollar effect of the increase in prices of approximately $69.2 million (calculated as the change in year-to-year average prices times current year production volumes for oil and gas) and the net dollar effect of the change in production of approximately $143.4 million (calculated as the increase in year-to-year volumes for oil and gas times the prior year average prices) are shown below.

	Change in prices(1)	Production volumes at September 30, 2011(2)	Total net dollar effect of change (in thousands)
Effect of changes in price:			
Oil	$ 17.35	2,419	$ 41,970
Natural gas	$ 1.19	22,904	$ 27,256
Total revenues due to change in price			$ 69,226

	Change in production volumes(2)	Prices at September 30, 2010(1)	Total net dollar effect of change (in thousands)
Effect of changes in volumes:			
Oil	1,381	$ 74.02	$ 102,222
Natural gas	7,863	$ 5.23	$ 41,123
Total revenues due to change in volumes			$ 143,345
Rounding differences			$ 66
Total change in revenues			$ 212,637

(1) Prices shown are realized, unhedged $/Bbl for oil and are realized, unhedged $/Mcf for natural gas.

(2) Production volumes are presented in MBbls for oil and in MMcf for natural gas.

Natural gas transportation and treating. Our revenues related to natural gas transportation and treating increased by $1.6 million during the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. This increase was due to the sale of oil condensate from our pipeline assets during the first nine months of 2011, which occurs on an infrequent basis.

Lease operating expenses. Lease operating expenses, which include workover expenses, increased to $29.3 million for the nine months ended September 30, 2011 from $14.9 million for the nine months ended September 30, 2010, an increase of 97%. The increase was primarily due to an increase in drilling activity, which resulted in additional producing wells for the first nine months of 2011 compared to the first nine months of 2010. On a per-BOE basis, lease operating expenses increased in total to $4.69 per BOE at September 30, 2011 from $4.21 per BOE at September 30, 2010. The majority of the increase is due to approximately $1.3 million in additional workover expenses incurred during the first

nine months of 2011 as compared to the same period in 2010 as market conditions for oil and gas became more favorable.

Production and ad valorem taxes. Production and ad valorem taxes increased to approximately $23.3 million for the nine months ended September 30, 2011 from $10.1 million for the nine months ended September 30, 2010, an increase of $13.2 million, or 131%, primarily due to the increase in market prices (not including the effects of hedging), as well as a significant increase in production for the first nine months of 2011 as compared to the same period in 2010. The average realized prices excluding derivatives for the nine months ended September 30, 2011 were $91.37 per Bbl for oil and $6.42 per Mcf for gas as compared to $74.02 per Bbl for oil and $5.23 per Mcf for gas for the nine months ended September 30, 2010.

Drilling and production. Drilling and production costs increased to approximately $1.4 million for the nine months ended September 30, 2011 from $0.2 million for the nine months ended September 30, 2010 as a result of increased maintenance costs.

General and administrative ("G&A"). G&A expense increased to approximately $38.2 million at September 30, 2011 from $22.7 million at September 30, 2010, an increase of $15.5 million, or 68%. Increases in professional fees incurred as a result of the issuance of our old notes, the Broad Oak acquisition, the initial filing of a registration statement relating to our old notes with the SEC and other matters accounted for $6.7 million, or 43%, of the change in G&A. The remainder of the majority of the increase in G&A consisted of additional equity-based compensation of $4.1 million attributed largely to new series of units issued in conjunction with the Broad Oak acquisition in the third quarter of 2011, as well as approximately $3.9 million in additional salary and benefits expenditures due to the Broad Oak acquisition and the growth of our business and employee base. On a per-BOE basis, G&A expense decreased to $6.13 per BOE during the nine months ended September 30, 2011 from $6.40 per BOE at September 30, 2010. This decrease was a result of a significant increase in production during the nine months ended September 30, 2011 as compared to the nine months ended September 30, 2010. Additionally, on a per-BOE basis, excluding the costs of the Broad Oak acquisition and the increase in equity-based compensation, G&A expense was approximately $4.15 per BOE.

Depreciation, depletion and amortization ("DD&A"). DD&A increased to approximately $115.0 million at September 30, 2011 from $60.4 million at September 30, 2010, an increase of $54.6 million, or 90%.

Depletion related to oil and gas properties was approximately $111.5 million and $57.7 million for the nine months ended September 30, 2011 and 2010, respectively. Depletion was $17.87 per BOE and $16.29 per BOE for the nine months ended September 30, 2011 and 2010, respectively. This depletion rate change resulted primarily from (i) increased net book value on new reserves added, (ii) higher total production levels, (iii) increased capitalized costs for new wells completed in 2011 and (iv) a corresponding offset caused by the increase in oil and natural gas prices between periods used to calculate proved reserves.

Depreciation for pipeline and gas gathering assets was approximately $1.8 million and $1.5 million for the nine months ended September 30, 2011 and 2010, respectively. The increase in depreciation for pipeline and gas gathering assets was primarily due to the expansion of our gas gathering system.

Depreciation for other fixed assets was approximately $1.7 million and $1.2 million for the nine months ended September 30, 2011 and 2010, respectively. The increase in depreciation for other fixed assets was primarily due to an increase in fixed asset additions as we continued to grow our business.

Impairment expense. Impairment expense increased to $0.2 million for the nine months ended September 30, 2011 from zero for the nine months ended September 30, 2010. This increase is due to a

write-down of our materials and supplies inventory to reflect the balance at the lower of cost or market value calculated as of September 30, 2011. It was determined at September 30, 2010 that a lower of cost or market adjustment was not needed for materials and supplies.

We evaluate the impairment of our oil and gas properties on a quarterly basis according to the full cost method prescribed by the SEC. If the carrying amount exceeds the calculated full cost ceiling, we reduce the carrying amount of the oil and gas properties to the calculated full cost ceiling amount, which is determined to be their estimated fair value. For the nine months ended September 30, 2011 and 2010, it was determined that our oil and gas properties were not impaired.

Commodity derivative financial instruments. Due to the inherent volatility in oil and gas prices, we use commodity derivative instruments, including puts, swaps, collars and basis swaps to hedge price risk associated with a significant portion of our anticipated oil and gas production. At each period end, we estimate the fair value of our commodity derivatives and recognize an unrealized gain or loss. We have not elected hedge accounting on these derivatives, and therefore, the unrealized gains and losses on open positions are reflected in current earnings. For the nine months ended September 30, 2011 and 2010, our commodity derivatives resulted in realized gains of $1.2 million and $15.6 million, respectively. For the nine months ended September 30, 2011 and 2010, our commodity derivatives resulted in unrealized gains of $41.6 million and $14.0 million, respectively. During the fourth quarter of 2010 and the first nine months of 2011, we entered into a number of new commodity derivatives of which eight had associated deferred premiums totaling approximately $14.9 million. The estimated fair value of our total deferred premiums was approximately $14.1 million at September 30, 2011. The fair market value of these premiums is deducted from our unrealized gains at September 30, 2011. The overall gain at September 30, 2011 is largely due to the decrease in market prices to levels lower than those specified in our fixed price commodity derivative contracts during the third quarter of 2011.

Interest expense and realized and unrealized gains and losses on interest rate swaps. Interest expense increased to $35.1 million for the nine months ended September 30, 2011 from $11.9 million for the nine months ended September 30, 2010, due to a higher weighted average interest rate and a higher weighted average outstanding debt balance during the first nine months of 2011 as compared to the same period in 2010. We incurred a weighted average interest rate of 7.66% on weighted average outstanding principal on our senior secured credit facility and old notes of $528.2 million for the nine months ended September 30, 2011 as compared to a weighted average interest rate of 3.97% on weighted average outstanding principal of $211.6 million for the nine months ended September 30, 2010. The increase in our weighted average interest rate and debt balance was largely due to the addition of our old notes at an interest rate of 9.5% on principal of $350 million in January 2011 as well as net draw-downs on our senior secured credit facility totaling $525.0 million for operations and to complete the Broad Oak acquisition.

During 2010, we entered into certain variable-to-fixed interest rate swaps that hedge our exposure to interest rate variations on our variable interest rate debt. At September 30, 2011, we had interest rate swaps outstanding for a notional amount of $260.0 million with fixed pay rates ranging from 1.11% to 3.41% and terms expiring through September 2013. At September 30, 2010, we had interest rate swaps outstanding for a notional amount of $250.0 million with fixed pay rates ranging from 1.11% to 3.41% and terms expiring in September 2013. We realized losses on interest rate swaps of $3.7 million and $3.9 million for the nine months ended September 30, 2011 and 2010, respectively. Additionally, we recorded an unrealized gain on interest rate swaps of $2.4 million as of September 30, 2011 compared to an unrealized loss of $2.0 million at September 30, 2010. At September 30, 2011, the estimated fair value of our interest rate swaps was in a net liability position of $3.1 million compared to $5.5 million at December 31, 2010.

Write-off of deferred loan costs. In January 2011, we used a portion of the net proceeds of the issuance of our old notes to pay in full and retire our term loan. Additionally, concurrent with the

issuance of our old notes, the borrowing base on our senior secured credit facility was lowered from $220.0 million to $200.0 million. As a result, we took a charge to expense for the debt issuance costs attributable to our term loan and a proportionate percentage of the costs incurred for our senior secured credit facility, which totaled $2.9 million and $0.3 million, respectively. On July 1, 2011, in conjunction with the Broad Oak acquisition, the Broad Oak credit facility was paid in full and terminated and the related debt issuance costs of $2.9 million were charged to expense.

Income tax expense. We prepared separate tax returns for Laredo LLC, Laredo Inc. and Broad Oak for the period prior to July 1, 2011. We recorded a deferred income tax expense of $58.6 million for the nine months ended September 30, 2011, compared to a deferred income tax expense of $7.2 million for the nine months ended September 30, 2010. The estimated annual effective tax rate was 36% for the quarters ended September 30, 2011 and 2010; however, during the first nine months of 2010, Broad Oak had a valuation allowance against their net deferred federal tax asset which decreased our deferred income tax expense for the nine months ended September 30, 2010. Our effective tax rate is based on our estimated annual permanent tax differences and estimated annual pre-tax book income. Our estimates involve assumptions we believe to be reasonable at the time of the estimation.

Year ended December 31, 2010 as compared to year ended December 31, 2009

The following table sets forth selected operating data for the year ended December 31, 2010 compared to the year ended December 31, 2009:

(in thousands except for production data and average sales prices)	Years ended December 31, 2010	2009
Operating results:		
Revenues		
Oil	$ 126,891	$ 29,946
Natural gas	112,892	64,401
Natural gas transportation and treating	2,217	2,227
Drilling and production	4	318
Total revenues	242,004	96,892
Costs and expenses		
Lease operating expenses	21,684	12,531
Production and ad valorem taxes	15,699	6,129
Natural gas transportation and treating	2,501	1,416
Drilling rig fees	—	1,606
Drilling and production	344	1,076
General and administrative	30,908	22,492
Bad debt expense	—	91
Accretion of asset retirement obligations	475	406
Depreciation, depletion and amortization	97,411	58,005
Impairment expense	—	246,669
Total costs and expenses	169,022	350,421
Non-operating income (expense):		
Realized and unrealized gain (loss):		
Commodity derivative financial instruments, net	11,190	5,744
Interest rate derivatives, net	(5,375)	(3,394)
Interest expense	(18,482)	(7,464)
Interest income	150	223
Loss on disposal of assets	(30)	(85)
Other	1	4
Non-operating expense, net	(12,546)	(4,972)
Income tax benefit	25,812	74,006
Net income (loss)	$ 86,248	$ (184,495)
Production data:		
Oil (MBbls)	1,648	513
Natural gas (MMcf)	21,381	18,302
Barrels of oil equivalent(1) (MBOE)	5,212	3,563
Average daily production (BOE/D)	14,278	9,762
Average sales prices:		
Oil, realized ($/Bbl)	$ 77.00	$ 58.37
Oil, hedged(2) ($/Bbl)	$ 77.26	$ 65.42
Natural gas, realized ($/Mcf)	$ 5.28	$ 3.52
Natural gas, hedged(2) ($/Mcf)	$ 6.32	$ 6.17

(1) MBbl equivalents ("MBOE") are calculated using a conversion rate of six MMcf per one MBbl.

(2) Hedged prices reflect the after-effect of our commodity hedging transactions on our average sales prices. Our calculation of such after-effect includes realized gains or losses on cash settlements for commodity derivatives, which do not qualify for hedge accounting.

Oil and gas revenues. Our oil and gas revenues increased by approximately $145.4 million, or 154%, to approximately $239.8 million during the year ended December 31, 2010 as compared to the year ended December 31, 2009. Our revenues are a function of oil and gas production volumes sold and average sales prices received for those volumes. Average daily production increased by 4,516 BOE/D during the year ended December 31, 2010 as compared to the year ended December 31, 2009. The total increase in revenue of approximately $145.4 million is largely attributable to an increase in oil and gas production volumes as well as an increase in oil and gas prices realized for the year ended December 31, 2010 as compared to the year ended December 31, 2009. Production increased by 1,135 MBbls for oil and by 3,079 MMcf for gas during 2010 as compared to 2009. The net dollar effect of the increase in prices of approximately $68.3 million (calculated as the change in year-to-year average prices times current year production volumes for oil and gas) and the net dollar effect of the change in production of approximately $77.1 million (calculated as the change in year-to-year volumes for oil and gas times the prior year average prices) are shown below.

	Change in prices(1)	Production volumes at December 31, 2010(2)	Total net dollar effect of change (in thousands)
Effect of changes in price:			
Oil	$ 18.63	1,648	$ 30,702
Natural gas	$ 1.76	21,381	$ 37,631
Total revenues due to change in price			$ 68,333

	Change in production volumes(2)	Prices at December 31, 2009(1)	Total net dollar effect of change (in thousands)
Effect of changes in volumes:			
Oil	1,135	$ 58.37	$ 66,250
Natural gas	3,079	$ 3.52	$ 10,838
Total revenues due to change in volumes			$ 77,088
Rounding differences			$ 15
Total change in revenues			$ 145,436

(1) Prices shown are realized, unhedged $/Bbl for oil and are realized, unhedged $/Mcf for gas.

(2) Production volumes are presented in MBbls for oil and in MMcf for natural gas.

Natural gas transportation and treating. Our revenues related to natural gas transportation and treating did not change significantly during the year ended December 31, 2010 as compared to the year ended December 31, 2009.

Lease operating expenses. Lease operating expenses increased to approximately $21.7 million for the year ended December 31, 2010 from $12.5 million for the year ended December 31, 2009, an increase of 74%, primarily due to the increase in the number of owned properties during 2010 as compared to 2009. On a per-BOE basis, lease operating expenses increased in total to $4.16 per BOE at December 31, 2010 from $3.52 per BOE at December 31, 2009. This increase was largely a result of lower production for the first nine months of 2010 as we scaled back our drilling program in response to lower oil and gas prices, while continuing to incur lease operating expenses on properties with normal declining production.

Production and ad valorem taxes. Production and ad valorem taxes increased to approximately $15.7 million for the year ended December 31, 2010 from $6.1 million for the year ended December 31, 2009, an increase of $9.6 million, or 157%, primarily due to the increase in market prices (not including the effects of hedging) for 2010 as compared to 2009. The average realized prices excluding derivatives for the year ended December 31, 2010 were $77.00 per Bbl for oil and $5.28 per Mcf for natural gas as compared to $58.37 per Bbl for oil and $3.52 per Mcf for natural gas for the year ended December 31, 2009.

Drilling rig fees. We have committed to several short-term drilling contracts with various third parties to complete our drilling projects. The contracts contain an early termination clause that requires us to pay significant penalties to the third parties if we cease drilling efforts. For the year ended December 31, 2009, we incurred approximately $1.6 million in stacked rig fees. In 2010, we did not incur any stacked rig fees related to our drilling rig contracts.

Drilling and production. Drilling and production costs decreased to approximately $0.3 million at December 31, 2010 from $1.1 million at December 31, 2009 as a result of improved cost control measures related to our activities.

General and administrative ("G&A"). G&A expense increased to approximately $30.9 million at December 31, 2010 from $22.5 million at December 31, 2009, an increase of $8.4 million, or 37%. Increases in salaries, benefits and bonus expense (net of capitalized salary and benefits) accounted for approximately $5.4 million, or 64%, of the change in G&A expense as we continued to grow our employee base during 2010. The remainder of the increase largely consisted of additional expenditures for technology, travel costs and professional fees. On a per-BOE basis, G&A expense decreased to $5.93 per BOE during the year ended December 31, 2010 from $6.31 per BOE at December 31, 2009. This decrease was a result of a larger overall increase in production volumes between the two periods.

Depreciation, depletion and amortization ("DD&A"). DD&A increased to approximately $97.4 million at December 31, 2010 from $58.0 million at December 31, 2009, an increase of $39.4 million, or 68%, due largely to the increase in production noted above. Depletion related to oil and gas properties was approximately $93.8 million and $55.4 million for the years ended December 31, 2010 and 2009, respectively. Depletion was $18.36 per BOE and $16.56 per BOE for the years ended December 31, 2010 and 2009, respectively.

Depreciation for pipeline and gas gathering assets was approximately $2.0 million and $1.5 million for the years ended December 31, 2010 and 2009, respectively. The increase in depreciation for pipeline and gas gathering assets was primarily due to the expansion of our gas gathering system.

Depreciation for other fixed assets was approximately $1.6 million and $1.1 million for the years ended December 31, 2010 and 2009, respectively. The increase in depreciation for other fixed assets was primarily due to an increase in fixed asset additions as we grew the company.

Impairment expense. We evaluate the impairment of our oil and gas properties on a quarterly basis according to the full cost method prescribed by the SEC. If the carrying amount exceeds the calculated full cost ceiling, we reduce the carrying amount of the oil and gas properties to the calculated full cost ceiling amount, which is determined to be their estimated fair value.

Impairment expense at December 31, 2009 reflects the impairment of our oil and gas properties of approximately $245.9 million due to declining market prices for oil and gas, and the write-down to lower of cost of market of materials and supplies of approximately $0.8 million, consisting of pipe and well equipment, due to declining market prices. For oil and natural gas assets, the full cost ceiling calculation was computed using the unweighted arithmetic average first-day-of-the-month prices for the 12-months ended December 31, 2009 of $57.04 per Bbl for oil and $3.15 per MMBtu for natural gas, adjusted for energy content, transportation fees and regional price differentials. It was determined that

oil and natural gas properties were not impaired for the year ended December 31, 2010 as their carrying amount did not exceed the calculated full cost ceiling. Additionally, a write-down of our materials and supplies was not necessary at December 31, 2010 based on our lower of cost or market analysis.

Commodity derivative financial instruments. Due to the inherent volatility in oil and gas prices, we use commodity derivative instruments including puts, swaps, collars, and basis swaps to hedge future price risk associated with a significant portion of our anticipated oil and gas production. At each period end, we estimate the fair value of our commodity derivatives and recognize an unrealized gain or loss. We have not elected hedge accounting on these derivatives and, therefore, the unrealized gains and losses on open positions are reflected in current earnings. For the years ended December 31, 2010 and 2009, our hedges resulted in realized gains of approximately $22.7 million and $52.1 million, respectively. For the years ended December 31, 2010 and 2009, our hedges resulted in unrealized losses of approximately $11.5 million and $46.4 million, respectively. During 2009, some of our hedge contracts matured and commodity prices began to recover, creating an unrealized loss at December 31, 2009. During 2010, we entered into a number of new commodity derivatives of which seven had associated deferred premiums totaling approximately $13.4 million. The estimated fair value of our total deferred premiums was approximately $12.5 million at December 31, 2010. The fair market value of these premiums is deducted from our unrealized gains and losses and largely accounts for the overall unrealized loss on commodity derivatives at December 31, 2010.

Interest expense and realized and unrealized gains and losses on interest rate derivatives. Interest expense increased to approximately $18.5 million for the year ended December 31, 2010 from $7.5 million for the year ended December 31, 2009, due to a higher weighted average interest rate and a higher weighted average outstanding debt balance during the year ended December 31, 2010. We incurred a weighted average interest rate of 4.40% on weighted average outstanding principal of $225.2 million on our senior secured credit facility and term loan for the year ended December 31, 2010 as compared to a weighted average interest rate of 3.67% on weighted average outstanding principal of $154.0 million for year ended December 31, 2009. We also incurred a weighted average interest rate of 4.27% on weighted average outstanding principal of $123.8 million on the Broad Oak credit facility for the year ended December 31, 2010 as compared to 4.65% on weighted average outstanding principal of $27.7 million for the year ended December 31, 2009. The overall increase in our interest expense was largely due to the addition of our term loan facility at an interest rate of 9.25% on principal of $100.0 million in July 2010 as well as additional borrowings on our senior secured credit facility and the Broad Oak credit facility.

During 2010 and 2009, we entered into certain variable-to-fixed interest rate derivatives that hedge our exposure to interest rate variations on our variable interest rate debt. At December 31, 2010, we had interest rate swaps and caps outstanding for a notional amount of $300.0 million with fixed pay rates ranging from 1.11% to 3.41% and terms expiring from June 2011 to September 2013 compared to outstanding swaps for a notional amount of $180.0 million with fixed pay rates ranging from 1.60% to 3.41% and terms expiring from June 2011 to June 2012 at December 31, 2009. During the year ended December 31, 2010, we realized a loss on interest rate derivatives of approximately $5.2 million compared to a realized loss of $3.8 million for the year ended December 31, 2009. Additionally, we recorded an unrealized loss on interest rate derivatives of approximately $0.1 million as of December 31, 2010 compared to an unrealized gain of $0.4 million at December 31, 2009. At December 31, 2010, the estimated fair value of our interest rate derivatives was in a net liability position of approximately $5.5 million compared to $5.6 million at December 31, 2009.

Income tax expense. We recorded a combined deferred income tax benefit of approximately $25.8 million for the year ended December 31, 2010, compared to a combined deferred income tax benefit of approximately $74.0 million for the year ended December 31, 2009. At December 31, 2009,

we recognized a combined deferred income tax benefit for the impairment of our oil and gas properties of approximately $86.1 million.

Additionally, for Laredo, we recorded a valuation allowance of approximately $0.7 million against our Texas deferred tax asset at December 31, 2010, as we believe it is more likely than not that we will not realize a future benefit for the full amount of our Texas deferred tax asset. The estimated annual effective tax rate was 37% for the year ended December 31, 2010 and 35% for the year ended December 31, 2009. Our annual effective tax rate is based on our estimated annual permanent tax differences and estimated annual pre-tax book income. Our estimates involve assumptions we believe to be reasonable at the time of the estimation.

During the fourth quarter of 2010, we determined that it was more likely than not that the remaining federal net operating loss carry-forwards and net federal deferred assets would be realized. Consideration given included estimated future net cash flows from oil and gas reserves (including the timing of those cash flows) and the future tax effect of the deferred tax assets and liabilities recorded at December 31, 2010. As a result of this determination, the valuation allowance was released against the deferred tax assets, resulting in a decrease of the valuation allowance by approximately $47.9 million.

For the year ended December 31, 2009, we increased the valuation allowance against Broad Oak's net federal deferred tax asset by approximately $16.5 million and decreased the valuation allowance against Broad Oak's Louisiana deferred tax by approximately $0.1 million. We believed it was more likely than not that we would not realize a future benefit for the full amount of our federal and Louisiana net deferred tax asset as of December 31, 2009.

Year ended December 31, 2009 as compared to year ended December 31, 2008

The following table sets forth selected operating data for the year ended December 31, 2009 compared to the year ended December 31, 2008:

(in thousands except for production data and average sales prices)	Years Ended December 31, 2009	2008
Operating results:		
Revenues		
Oil	$ 29,946	$ 16,544
Natural gas	64,401	57,339
Natural gas transportation and treating	2,227	304
Drilling and production	318	548
Total revenues	96,892	74,735
Costs and expenses		
Lease operating expenses	12,531	6,436
Production and ad valorem taxes	6,129	5,481
Natural gas transportation and treating	1,416	154
Drilling rig fees	1,606	—
Drilling and production	1,076	23
General and administrative	22,492	23,248
Bad debt expense	91	—
Accretion of asset retirement obligations	406	170
Depreciation, depletion and amortization	58,005	33,102
Impairment expense	246,669	282,587
Total costs and expenses	350,421	351,201
Non-operating income (expense):		
Realized and unrealized gain (loss):		
Commodity derivative financial instruments, net	5,744	40,569
Interest rate derivatives, net	(3,394)	(6,274)
Interest expense	(7,464)	(4,410)
Interest income	223	781
Loss on disposal of assets	(85)	(2)
Other	4	38
Non-operating income (expense), net	(4,972)	30,702
Income tax benefit	74,006	53,717
Net loss	$ (184,495)	$ (192,047)
Production data:		
Oil (MBbls)	513	192
Natural gas (MMcf)	18,302	8,124
Barrels of oil equivalents(1) (MBOE)	3,563	1,546
Average daily production (BOE/D)	9,762	4,226
Average sales prices:		
Oil, realized ($/Bbl)	$ 58.37	$ 86.17
Oil, hedged(2) ($/Bbl)	$ 65.42	$ 91.93
Natural gas, realized ($/Mcf)	$ 3.52	$ 7.06
Natural gas, hedged(2) ($/Mcf)	$ 6.17	$ 7.83

(1) MBbl equivalents ("MBOE") are calculated using a conversion rate of six MMcf per one MBbl.

(2) Hedged prices reflect the after-effect of our commodity hedging transactions on our average sales prices. Our calculation of such after-effect includes realized gains or losses on cash settlements for commodity derivatives, which do not qualify for hedge accounting.

Oil and gas revenues. Our oil and gas sales revenues increased by approximately $20.5 million, or 28%, to approximately $94.3 million during the year ended December 31, 2009 as compared to the year ended December 31, 2008. Our revenues are a function of oil and gas production volumes sold and average sales prices received for those volumes. Average daily production sold increased by 5,536 BOE/D during the year ended December 31, 2009 as compared to the year ended December 31, 2008. The net increase in revenues resulted from the net dollar effect of commodity price decreases of approximately $79.1 million (calculated as the decrease in year-to-year average prices times current year production volumes for oil and gas) offset by increased production of approximately $99.5 million (calculated as the increase in year-to-year volumes for oil and gas times the prior year average prices) as shown in the calculation below. The increase in production was largely attributed to a full year of production in 2009 on the properties acquired in August 2008 as well as successful drilling efforts.

	Change in prices(1)	Production volumes at December 31, 2009(2)	Total net dollar effect of change (in thousands)
Effect of changes in price:			
Oil	$ (27.80)	513	$ (14,261)
Natural gas	$ (3.54)	18,302	$ (64,789)
Total revenues due to change in price			$ (79,050)

	Change in production volumes(2)	Prices at December 31, 2008(1)	Total net dollar effect of change (in thousands)
Effect of changes in volumes:			
Oil	321	$ 86.17	$ 27,661
Natural gas	10,178	$ 7.06	$ 71,857
Total revenues due to change in volumes			$ 99,518
Rounding differences			$ (4)
Total change in revenues			$ 20,464

(1) Prices shown are realized, unhedged $/Bbl for oil and are realized, unhedged $/Mcf for gas.

(2) Production volumes are presented in Bbls for oil and in MMcf for natural gas.

Natural gas transportation and treating. Our revenues related to natural gas transportation and treating increased by approximately $1.9 million, or 633%, during the year ended December 31, 2009 as compared to the year ended December 31, 2008. This increase was due to higher natural gas volumes being transported on behalf of third parties on our gas gathering system, which also caused natural gas transportation and treating expenses to increase.

Lease operating expenses. Lease operating expenses increased to approximately $12.5 million for the year ended December 31, 2009 from $6.4 million for the year ended December 31, 2008, an increase of 95%, primarily as a result of a full year of operations in 2009 for the properties acquired in 2008, as well as increased drilling and production. On a per-BOE basis, lease operating expenses decreased in total to $3.52 per BOE at December 31, 2009 from $4.16 per BOE at December 31, 2008 due to improved cost control measures and an improved mix of properties with lower operating costs.

Production and ad valorem taxes. Production and ad valorem taxes increased to approximately $6.1 million for the year ended December 31, 2009 from $5.5 million for the year ended December 31, 2008, an increase of $0.6 million, or 11%, primarily due to the increase in revenues noted above.

Drilling rig fees. We have committed to several long-term drilling contracts with various third parties to complete our drilling projects. The contracts contain an early termination clause that requires us to pay significant penalties to the third parties if we cease drilling efforts. For the year ended December 31, 2009, we incurred approximately $1.6 million in stacked rig fees. We did not incur any stacked rig fees for the year ended December 31, 2008.

Drilling and production. Drilling and production costs increased to approximately $1.1 million at December 31, 2009 from $0.02 million at December 31, 2008 as a result of increased costs incurred related to frac pits in 2009 as compared to 2008.

General and administrative ("G&A"). G&A expense decreased to approximately $22.5 million for the year ended December 31, 2009 from $23.2 million for the year ended December 31, 2008, a decrease of $0.7 million, or 3%. The decrease is primarily due to a reduction in the bonus accrual for 2009 as compared to 2008 because of the economic downturn which lead to lower oil and gas prices. On a per-BOE basis, G&A expense decreased to $6.31 per BOE for the year ended December 31, 2009 from $15.04 per BOE for 2008.

Depreciation, depletion and amortization ("DD&A"). DD&A increased to approximately $58.0 million at December 31, 2009 from $33.1 million at December 31, 2008, an increase of $24.9 million, or 75%. Depletion related to oil and gas properties was approximately $55.4 million and $31.9 million at December 31, 2009 and 2008, respectively, and increased primarily as a result of a 130% increase in production during 2009 as compared to 2008. Production increased largely as a result of a full year of operations for the properties acquired in August 2008, as well as successful drilling efforts during 2009. The depletion rate for oil and gas properties was $16.56 per BOE for the year ended December 31, 2009 as compared to $20.69 per BOE for the year ended December 31, 2008.

Depreciation for pipeline and gas gathering assets was approximately $1.5 million and $0.5 million for the years ended December 31, 2009 and 2008, respectively. The increase was primarily due to the expansion of our gas gathering system.

Depreciation for other fixed assets was approximately $1.1 million and $0.6 million for the years ended December 31, 2009 and 2008, respectively. The increase was primarily due to an increase in fixed asset additions as we grew the company.

Impairment expense. Impairment expense decreased to approximately $246.7 million for the year ended December 31, 2009 from $282.6 million for the year ended December 31, 2008, a decrease of $35.9 million, or 13%, primarily due to the decrease in prices for oil and gas. Our impairment expense of approximately $246.7 million at December 31, 2009 reflects the impairment of our oil and gas assets of $245.9 million and the write-down of $0.8 million of our materials and supplies inventory, consisting of pipe and well equipment, to the lower-of-cost-or-market. For oil and gas assets, the full cost ceiling calculation was computed using the unweighted arithmetic average first-day-of-the-month prices of the 12-months ended December 31, 2009 of $57.04 per barrel for oil and $3.15 per MMBtu for natural gas, adjusted for energy content, transportation fees and regional price differentials. Impairment expense for 2008 related entirely to the write-down of our oil and gas properties to the full cost ceiling value and was calculated using the December 31, 2008 index price of $44.60 per barrel for oil and $4.68 per MMBtu for natural gas, adjusted for energy content, transportation fees and regional price differentials.

Commodity derivative financial instruments. For the years ended December 31, 2009 and 2008, our hedges resulted in realized gains of approximately $52.1 million and $7.4 million, respectively. For the years ended December 31, 2009 and 2008, our hedges resulted in unrealized losses of approximately

$46.4 million and unrealized gains of $33.2 million, respectively. Unrealized gains in 2008 occurred as commodity prices began to fall below our fixed price derivatives as a result of the weakening U.S. and global economies. During 2009, we realized part of these gains as our 2009 hedge contracts matured and prices began to recover, therefore, partially reversing the unrealized gains recorded in 2008.

Interest expense and realized and unrealized gains and losses on interest rate derivatives. Interest expense increased to approximately $7.5 million for the year ended December 31, 2009 from $4.4 million for the year ended December 31, 2008, primarily due to a higher weighted average outstanding debt balance during the year ended December 31, 2009. We incurred a weighted average interest rate on our senior secured credit facility of 3.67% on weighted average outstanding principal of $154.0 million for the year ended December 31, 2009 as compared to a weighted average interest rate of 5.40% on weighted average outstanding principal of $75.9 million for the year ended December 31, 2008. We also incurred a weighted average interest rate on the Broad Oak credit facility of 4.65% on weighted average outstanding principal of $27.7 million for the year ended December 31, 2009 as compared to a weighted average interest rate of 4.43% on weighted average outstanding principal of $6.3 million.

During 2008, we entered into various variable-to-fixed interest rate derivatives to hedge our exposure to interest rate variations on our variable interest rate debt. At December 31, 2009, we had interest rate swaps outstanding for a notional amount of $180.0 million with fixed pay rates ranging from 1.60% to 3.41% and terms expiring from June 2011 to June 2012 as compared to swaps outstanding for a notional amount of $125.0 million with fixed pay rates ranging from 3.02% to 3.63% and terms expiring from March 2011 to August 2011 at December 31, 2008. For the year ended December 31, 2009, we realized a loss on interest rate swaps of approximately $3.8 million compared to a realized loss of $0.3 million for the year ended December 31, 2008. Additionally, we recorded an unrealized gain on interest rate swaps of approximately $0.4 million as of December 31, 2009 compared to an unrealized loss of $6.0 million at December 31, 2008. At December 31, 2009, the estimated fair value of our interest rate swap agreements was a liability of approximately $5.6 million compared to $6.0 million at December 31, 2008.

Income tax benefit. We recorded a combined deferred income tax benefit of approximately $74.0 million for the year ended December 31, 2009 as compared to a combined deferred income tax benefit of approximately $53.7 million for the year ended December 31, 2008 due largely to the full cost ceiling impairments taken on our oil and gas properties during 2009 and 2008.

Liquidity and Capital Resources

Our primary sources of liquidity have been capital contributions from Warburg Pincus, certain members of our management and board of directors, borrowings under our senior secured credit facility, our old notes, borrowings under the prior Broad Oak credit facility, borrowings under our prior term loan facility and cash flows from operations. Our primary use of capital has been for the exploration, development and acquisition of oil and gas properties. As we pursue reserves and production growth, we continually consider which capital resources, including equity and debt financings, are available to meet our future financial obligations, planned capital expenditure activities and liquidity requirements. Our future ability to grow proved reserves and production will be highly dependent on the capital resources available to us. We continually monitor market conditions and are pursuing a potential initial public offering of LPH's common stock, as well as considering taking on additional debt, which may be in the form of bank debt, debt securities or other sources of financing. We cannot assure you that the initial public offering of LPH's common stock will be consummated or that we will take on any such debt or what the terms of such debt would be.

At September 30, 2011, a total of $710 million of equity has been invested in us by Warburg Pincus, certain members of management and our independent directors.

At September 30, 2011, we had approximately $525.0 million in debt outstanding and approximately $0.03 million of outstanding letters of credit under our senior secured credit facility and $350.0 million in old notes. On October 19, 2011, we completed an offering of $200 million of additional old notes. We used the net proceeds from such offering to pay down amounts outstanding under our senior secured credit facility. As of November 25, 2011 we had $375 million in debt outstanding under our senior secured credit facility. We believe availability under our senior secured credit facility, cash flow from operations and cash on hand, as well as access to capital resources, provide us with the ability to implement our planned exploration and development activities.

LPH, a recently formed Delaware corporation and wholly-owned subsidiary of Laredo LLC, has recently filed a registration statement on Form S-1 with the SEC in connection with a proposed initial public offering of its common stock, proceeds of which will be applied to reduce amounts outstanding under our senior secured credit facility. LPH currently has no material assets or liabilities and is not currently a guarantor of the notes or a guarantor of the senior secured credit facility. The registration statement for the initial public offering is not an offer to sell or a solicitation of an offer to buy the new notes and is not incorporated by reference herein, and investors should not rely on the disclosure therein in connection with their participation in the exchange offer. The registration statement is subject to review and comments by the SEC and has not yet become effective and the disclosure related to us and our business may change as a result of such review and comments. Pursuant to the terms of a corporate reorganization that is currently proposed to occur concurrently with, or immediately prior to, the closing of the initial public offering of LPH's common stock, Laredo LLC will merge into LPH, with LPH being the surviving entity. LPH will issue common stock to the current owners of Laredo LLC in the corporate reorganization and to the public in the initial public offering. The issuer of the notes and the borrower under our senior secured credit facility will continue to be Laredo Inc. and LPH will become a guarantor of the notes and the senior secured credit facility immediately prior to the corporate reorganization. There can be no assurance that the initial public offering of LPH's common stock will be consummated or the corporate reorganization will be effected as proposed. This description does not constitute an offer to sell or the solicitation of an offer to buy common stock of LPH. Common stock of LPH may not be sold nor may offers be accepted prior to the time the registration statement on Form S-1 becomes effective, if at all.

We expect that, in the future, our commodity derivative positions will help us stabilize a portion of our expected cash flows from operations despite potential declines in the price of oil and gas. Please see "—Quantitative and Qualitative Disclosures About Market Risk" below.

Cash Flows

Our cash flows for the nine months ended September 30, 2011 and 2010 and for the years ended December 31, 2010, 2009 and 2008 are as follows:

	Nine months ended September 30,		Years ended December 31,		
(in thousands)	2011	2010	2010	2009	2008
	(unaudited)				
Net cash provided by operating activities	$ 233,673	$ 90,754	$ 157,043	$ 112,669	$ 25,332
Net cash used in investing activities	(519,264)	(309,557)	(460,547)	(361,333)	(490,897)
Net cash provided by financing activities	282,605	229,040	319,752	250,139	472,140
Net increase (decrease) in cash	$ (2,986)	$ 10,237	$ 16,248	$ 1,475	$ 6,575

Cash flows provided by operating activities

Net cash provided by operating activities was $233.7 million and $90.8 million for the nine months ended September 30, 2011 and 2010, respectively. The increase of $142.9 million was largely due to

significant increases in revenue due to our successful drilling program in the fourth quarter of 2010 and the first nine months of 2011, as well as an increase in the market price for oil.

Net cash provided by operating activities was approximately $157.0 million, $112.7 million and $25.3 million for the years ended December 31, 2010, 2009 and 2008, respectively. The increase in cash flows from 2008 to 2009 and from 2009 to 2010 was largely due to increased sales and production from our successful drilling program and acquisitions of properties as well as higher prices for oil and natural gas.

Our operating cash flows are sensitive to a number of variables. The most significant of which are production levels and the volatility of oil and gas prices. Regional and worldwide economic activity, weather, infrastructure, capacity to reach markets, costs of operations and other variable factors significantly impact the prices of these commodities. These factors are not within our control and are difficult to predict. For additional information on the impact of changing prices on our financial position, see "—Quantitative and Qualitative Disclosures About Market Risk" below.

Cash flows used in investing activities

We had cash flows used in investing activities of approximately $519.3 million and $309.6 million for the nine months ended September 30, 2011 and 2010, respectively. The increase of $209.7 million is due to increasing our drilling efforts in our Permian Basin and Anadarko Granite Wash areas in order to take advantage of strategic vertical and horizontal drilling and improving commodity prices.

We had cash flows used in investing activities of approximately $460.5 million, $361.3 million and $490.9 million for the years ended December 31, 2010, 2009 and 2008, respectively. Cash flows used in investing activities declined in total from 2008 to 2009 as no acquisitions were completed during 2009, however, drilling activity, land and seismic activity and pipeline activity all increased.

Our cash used in investing activities for acquisitions and capital expenditures for the nine months ended September 30, 2011 and 2010 and the years ended December 31, 2010, 2009 and 2008 is summarized in the table below.

	Nine months ended September 30,		Years ended December 31,		
(in thousands)	2011	2010	2010	2009	2008
	(unaudited)				
Acquisition of oil and gas properties	$ —	$ —	$ —	$ —	$ (179,141)
Restricted cash	—	—	—	2,201	(2,201)
Capital expenditures:					
Oil and gas properties	(503,921)	(306,003)	(454,161)	(340,636)	(288,555)
Pipeline and gathering assets	(9,717)	(2,080)	(4,277)	(19,995)	(17,548)
Other fixed assets	(5,647)	(1,543)	(2,198)	(3,071)	(3,474)
Proceeds from other asset disposals	21	69	89	168	22
Net cash used in investing activities	$ (519,264)	$ (309,557)	$ (460,547)	$ (361,333)	$ (490,897)

Capital expenditure budget

Concurrent with the Broad Oak acquisition, our board of directors has approved a revised capital expenditure budget of approximately $188 million for the fourth quarter of 2011. On November 9, 2011, our board of directors approved a budget of $757 million for calendar year 2012, excluding additional acquisitions. We do not have a specific acquisition budget since the timing and size of acquisitions cannot be accurately forecasted.

The amount, timing and allocation of capital expenditures are largely discretionary and within management's control. If oil and gas prices decline to levels below our acceptable levels, or costs increase to levels above our acceptable levels, we may choose to defer a portion of our budgeted capital expenditures until later periods in order to achieve the desired balance between sources and uses of liquidity and prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flow. We may also increase our capital expenditures significantly to take advantage of opportunities we consider to be attractive. We consistently monitor and adjust our projected capital expenditures in response to success or lack of success in drilling activities, changes in prices, availability of financing, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs, contractual obligations, internally generated cash flow and other factors both within and outside our control.

Cash flows provided by financing activities

We had cash flows provided by financing activities of $282.6 million and $229.0 million for the nine months ended September 30, 2011 and 2010, respectively. Net cash provided by financing activities for the nine months ended September 30, 2011 was primarily the result of proceeds from the issuance of our old notes on January 20, 2011, net borrowings on our senior secured credit facility and former Broad Oak credit facility totaling $133.4 million, the payment of $100.0 million to pay in full and terminate our term loan and payments of $18.8 million for loan costs. Additionally, we incurred approximately $82.0 million in debt to facilitate the Broad Oak acquisition. For the nine months ended September 30, 2010, net cash from financing activities was the result of net borrowings on our senior secured credit facility and former Broad Oak credit facility totaling $76.8 million, borrowings on our term loan of $100.0 million and capital contributions of $61.7 million, all of which were offset by payments of $9.2 million for loan costs. On October 19, 2011, we completed an offering of $200 million of additional old notes. We used the net proceeds from such offering to pay down amounts outstanding under our senior secured credit facility.

We had cash flows provided by financing activities of approximately $319.8 million, $250.1 million and $472.1 million for the years ended December 31, 2010, 2009 and 2008, respectively. Net cash provided by financing activities in 2010 was primarily the result of capital contributions from Warburg Pincus, certain members of our management and our independent directors of approximately $85.0 million, borrowings on our senior secured credit facility of $75.0 million and borrowings on our prior term loan facility of $100.0 million, which were subsequently used to pay down the outstanding balance on our senior secured credit facility. Additionally, we incurred net borrowings on the Broad Oak credit facility of approximately $169.5 million as of December 31, 2010.

In 2009, net cash from financing activities was primarily the result of capital contributions from Warburg Pincus, certain members of our management and our independent directors of approximately $154.6 million, borrowings on our senior secured credit facility of $75.0 million and net borrowings of approximately $23.5 million on the Broad Oak credit facility.

In 2008, net cash from financing activities was primarily the result of capital contributions from Warburg Pincus, certain members of our management and our independent directors of approximately $368.8 million, borrowings on our senior secured credit facility of $83.0 million and net borrowings on the Broad Oak credit facility of approximately $21.1 million.

Debt

At September 30, 2011, we were a party to our senior secured credit facility. The Broad Oak credit facility was terminated on July 1, 2011 in conjunction with the Broad Oak acquisition. Our term loan facility was paid in full and retired in conjunction with the closing of the January 2011 offering of our old notes.

Senior secured credit facility. Laredo Inc. is the borrower under our senior secured credit facility, which was amended and restated as of July 29, 2008, amended in December 2008, May 2009 and November 2009, amended and restated as of July 7, 2010, amended as of January 20, 2011, amended and restated as of July 1, 2011 and amended as of October 11, 2011. We used the net proceeds from our January 2011 offering of our old notes, among other things, to pay down all loan amounts outstanding under the senior secured credit facility, which were approximately $177.5 million at December 31, 2010. Refer to Note O of our audited combined financial statements included elsewhere in this prospectus for further discussion of the January 2011 offering of our old notes and use of proceeds.

On July 1, 2011, in conjunction with the Broad Oak acquisition, we entered into an amendment and restatement of our senior secured credit facility that provided for (i) the replacement of Bank of America, N.A. as the administrative agent by Wells Fargo Bank, N.A., (ii) the rearranging of debt under this senior secured credit facility to repay amounts outstanding under and terminate the Broad Oak credit facility under the senior secured credit facility, (iii) an extension of the maturity date of the senior secured credit facility by one year to July 1, 2016, (iv) an increase in the facility capacity to $1.0 billion and an increase in the borrowing base of the senior secured credit facility to $650.0 million and (v) a reduction in the applicable margins for Eurodollar Tranches to between 1.75% and 2.75% and for Adjusted Base Rate Tranches to between 0.75% and 1.75% based on the ratio of outstanding revolving credit to the conforming borrowing base. The borrowing base was subsequently increased to $712.5 million on October 28, 2011. Refer to Note O of our audited combined financial statements included elsewhere in this prospectus for further discussion of the Broad Oak acquisition and the amendment and restatement of our senior secured credit facility. The amendment entered into on October 11, 2011 allowed for the issuance of an additional $200.0 million of old notes discussed below. Refer to Note N of our unaudited consolidated financial statements presented elsewhere in this prospectus for further discussion of this amendment.

Principal amounts borrowed under the senior secured credit facility are payable on the final maturity date with such borrowings bearing interest that is payable, at our election, either on the last day of each fiscal quarter at an Adjusted Base Rate or at the end of one-, two-, three-, six- or, to the extent available, twelve-month interest periods (and in the case of six- and twelve-month interest periods, every three months prior to the end of such interest period) at an Adjusted London Interbank Offered Rate ("LIBOR"), in each case, plus an applicable margin based on the ratio of outstanding senior secured credit to the borrowing base. At September 30, 2011, the applicable margin rates were 1.50% for the adjusted base rate advances and 2.50% for the Eurodollar advances. The amount of the senior secured credit facility outstanding at September 30, 2011 was subject to an interest rate of approximately 2.75%. We are also required to pay an annual commitment fee on the unused portion of the bank's commitment of 0.5%.

As of September 30, 2011 and 2010, borrowings outstanding under our senior secured credit facility totaled $525.0 million and $252.5 million, respectively.

As of December 31, 2010, 2009 and 2008, borrowings outstanding under our senior secured credit facility totaled $177.5 million, $202.5 million and $127.5 million, respectively. As of November 25, 2011, our outstanding balance under the senior secured credit facility was $375 million.

Our senior secured credit facility is secured by a first priority lien on our assets and stock, including oil and natural gas properties constituting at least 80% of the present value of our proved reserves owned now or in the future. At September 30, 2011, we were subject to the following financial and non-financial ratios on a consolidated basis:

- a current ratio at the end of each fiscal quarter, as defined by the agreement, that is not permitted to be less than 1.00 to 1.00; and

- at the end of each fiscal quarter, the ratio of earnings before interest, taxes, depreciation, depletion, amortization and exploration expenses and other non-cash charges ("EBITDAX") for the four fiscal quarters ending on the relevant date to the sum of net interest expense plus letter of credit fees, in each case for such period, is not permitted to be less than 2.50 to 1.00.

Our senior secured credit facility contains both financial and non-financial covenants. We were in compliance with these covenants at September 30, 2011, September 30, 2010, December 31, 2010, December 31, 2009 and December 31, 2008. At September 30, 2009, we were in violation of our current ratio covenant. A covenant waiver was included in the fourth amended senior secured credit facility agreement dated November 5, 2009.

Our senior secured credit facility contains various covenants that limit our ability to:

- incur indebtedness;
- pay dividends and repay certain indebtedness;
- grant certain liens;
- merge or consolidate;
- engage in certain asset dispositions;
- use proceeds for any purpose other than to finance the acquisition, exploration and development of mineral interests and for working capital and general corporate purposes;
- make certain investments;
- enter into transactions with affiliates;
- engage in certain transactions that violate ERISA or the Internal Revenue Code or enter into certain employee benefit plans and transactions;
- enter into certain swap agreements or hedge transactions;
- incur, become or remain liable under any operating lease which would cause rentals payable to be greater than $10.0 million in a fiscal year;
- acquire all or substantially all of the assets or capital stock of any person, other than assets consisting of oil and natural gas properties and certain other oil and natural gas related acquisitions and investments; and
- repay or redeem our notes, or amend, modify or make any other change to any of the terms in our notes that would change the term, life, principal, rate or recurring fee, add call or pre-payment premiums, or shorten any interest periods.

As of September 30, 2011, we were in compliance with the terms of our senior secured credit facility. If an event of default exists under the senior secured credit facility, the lenders will be able to accelerate the maturity of the senior secured credit facility and exercise other rights and remedies. As of September 30, 2011, each of the following will be an event of default:

- failure to pay any principal of any note or any reimbursement obligation under any letter of credit when due or any interest, fees or other amount within certain grace periods;
- failure to perform or otherwise comply with the covenants in the senior secured credit facility and other loan documents, subject, in certain instances, to certain grace periods;
- a representation, warranty, certification or statement is proved to be incorrect in any material respect when made;

- failure to make any payment in respect of any other indebtedness in excess of $25.0 million, any event occurs that permits or causes the acceleration of any such indebtedness or any event of default or termination event under a hedge agreement occurs in which the net hedging obligation owed is greater than $25.0 million;

- voluntary or involuntary bankruptcy or insolvency events involving us or our subsidiaries and in the case of an involuntary proceeding, such proceeding remains undismissed and unstayed for the applicable grace period;

- one or more adverse judgments in excess of $25.0 million to the extent not covered by acceptable third party insurers, are rendered and are not satisfied, stayed or paid for the applicable grace period;

- incurring environmental liabilities which exceed $25.0 million to the extent not covered by acceptable third party insurers;

- the loan agreement or any other loan paper ceases to be in full force and effect, or is declared null and void, or is contested or challenged, or any lien ceases to be a valid, first priority, perfected lien;

- failure to cure any borrowing base deficiency in accordance with the senior secured credit facility;

- a change of control, as defined in our senior secured credit facility; and

- notification if an "event of default" shall occur under the indenture governing our notes.

Additionally, our senior secured credit facility provides for the issuance of letters of credit, limited in the aggregate to the lesser of $20.0 million and the total availability under the facility. At September 30, 2011, we had one letter of credit outstanding totaling approximately $0.03 million under the senior secured credit facility.

On November 23, 2011, we entered into an amendment to our senior secured credit facility to allow for the corporate reorganization that is proposed to be completed concurrently with, or prior to, the consummation of the potential initial public offering of LPH's common stock. For more information on the reorganization, see "Potential Corporate Reorganization."

Termination of the Broad Oak credit facility. At June 30, 2011, Broad Oak had a $600.0 million revolving credit facility under its seventh amendment executed on February 1, 2011 between Broad Oak and certain financial institutions. Under the seventh amendment, the borrowing base was redetermined at $375.0 million. The borrowing base was subject to a semi-annual redetermination. The Broad Oak credit facility term extended to April 11, 2013, at which time the outstanding balance would have been due. As defined in the Broad Oak credit facility, the Adjusted Base Rate Advances and Eurodollar Advances under the facilities bore interest payable quarterly at an Adjusted Base Rate or Adjusted LIBOR plus an applicable margin based on the ratio of outstanding revolving credit to the conforming borrowing base. At June 30, 2011, the applicable margin rates were 1.50% for the Adjusted Base Rate advances and 2.50% for the Eurodollar advances. Additionally, we were also required to pay a quarterly commitment fee of 0.5% on the unused portion of the bank's commitment.

The Broad Oak credit facility was secured by a first priority lien on Broad Oak's oil and gas properties.

Concurrently with the Broad Oak acquisition on July 1, 2011, the Broad Oak credit facility was paid in full and terminated. Refer to Note O of our audited combined financial statements included elsewhere in this prospectus for further discussion of the Broad Oak transaction.

As of December 31, 2010, 2009 and 2008, borrowings outstanding under the Broad Oak credit facility totaled approximately $214.1 million, $44.6 million and $21.1 million, respectively.

Obligations and Commitments

We had the following significant contractual obligations and commitments that will require capital resources at December 31, 2010:

	Payments due				
(in thousands)	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
Senior secured credit facility(1)	$ —	$ —	$ 177,500	$ —	$ 177,500
Term loan facility(1)	—	—	100,000	—	100,000
Broad Oak credit facility(1)	—	—	214,100	—	214,100
Drilling rig commitments(2)	7,379	—	—	—	7,379
Derivative financial instruments(3)	85	13,356	—	—	13,441
Asset retirement obligations(4)	731	1,224	283	6,040	8,278
Office and equipment leases(5)	1,265	2,248	1,059	89	4,661
Total	$ 9,460	$ 16,828	$ 492,942	$ 6,129	$ 525,359

(1) Includes outstanding principal amount at December 31, 2010. This table does not include future commitment fees, interest expense or other fees on these facilities because they are floating rate instruments and we cannot determine with accuracy the timing of future loan advances, repayments or future interest rates to be charged. As of December 31, 2010, the principal on our senior secured credit facility was due on July 7, 2014 and the principal on our term loan facility was due on January 7, 2015. The senior secured credit facility and the term loan facility were paid in full and the term loan facility was retired with the proceeds of our $350 million old notes offering on January 20, 2011. As of September 30, 2011, the principal due on our senior secured credit facility was $525.0 million. The Broad Oak credit facility was paid in full and terminated as of July 1, 2011. Additionally, with the completion of our January 2011 offering of old notes, we have incurred an additional obligation of $599.4 million in total principal and remaining interest payments as of September 30, 2011. Refer to Note O of our audited combined financial statements included elsewhere in this prospectus for further discussion of the January 2011 offering of our old notes and use of proceeds. Refer to Note N of our unaudited consolidated financial statements included elsewhere in this prospectus for further discussion of our offering of an additional $200 million of old notes.

(2) At December 31, 2010, we had several drilling rigs under term contracts which expire during 2011. Any other rig performing work for us is doing so on a well-by-well basis and therefore can be released without penalty at the conclusion of drilling on the current well. Therefore, drilling obligations on well-by-well rigs have not been included in the table above. The value in the table represents the gross amount that we are committed to pay. However, we will record our proportionate share based on our working interest in our audited combined financial statements as incurred. At September 30, 2011, our drilling rig commitments totaled approximately $16.9 million.

(3) Represents payments due for deferred premiums on our commodity hedging contracts. We entered into one new derivative contract in the third quarter of 2011 that had an associated deferred premium of approximately $1.5 million. The fair value of our total deferred premiums due was approximately $14.1 million at September 30, 2011.

(4) Amounts represent our estimate of future asset retirement obligations. Because these costs typically extend many years into the future, estimating these future costs requires management to make estimates and judgments that are subject to future revisions based upon numerous factors, including the rate of inflation, changing technology and the political and regulatory environment. See Note B to our audited combined financial statements included elsewhere in this prospectus. Our total asset retirement obligation has increased to approximately $9.1 million as of September 30, 2011.

(5) See Note K to our audited combined financial statements included elsewhere in this prospectus for a description of lease obligations and drilling contract commitments. Our total office and equipment leases obligation has increased to approximately $5.3 million as a result of entering into a new lease for office space for Laredo Petroleum-Dallas, Inc. as of September 30, 2011.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our financial statements. We believe these accounting policies reflect our more significant estimates and assumptions used in preparation of our financial statements. See Note B to our combined financial statements included elsewhere in this prospectus for a discussion of additional accounting policies and estimates made by management.

Method of accounting for oil and natural gas properties

The accounting for our business is subject to special accounting rules that are unique to the oil and gas industry. There are two allowable methods of accounting for oil and gas business activities: the successful efforts method and the full cost method. We follow the full cost method of accounting under which all costs associated with property acquisition, exploration and development activities are capitalized. We also capitalize internal costs that can be directly identified with our acquisition, exploration and development activities and do not include any costs related to production, general corporate overhead or similar activities.

Under the full cost method, capitalized costs are amortized on a composite unit of production method based on proved oil and gas reserves. If we maintain the same level of production year over year, the depreciation, depletion and amortization expense may be significantly different if our estimate of remaining reserves or future development costs changes significantly. Proceeds from the sale of properties are accounted for as reductions of capitalized costs unless such sales involve a significant change in the relationship between costs and proved reserves, in which case a gain or loss is recognized. The costs of unproved properties are excluded from amortization until the properties are

evaluated. We review all of our unevaluated properties quarterly to determine whether or not and to what extent proved reserves have been assigned to the properties, and otherwise if impairment has occurred.

Oil and natural gas reserve quantities and standardized measure of future net revenue

Our independent reserve engineers prepare the estimates of oil and gas reserves and associated future net cash flows. The SEC has defined proved reserves as the estimated quantities of oil and gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. The process of estimating oil and gas reserves is complex, requiring significant decisions in the evaluation of available geological, geophysical, engineering and economic data. The data for a given property may also change substantially over time as a result of numerous factors, including additional development activity, evolving production history and a continual reassessment of the viability of production under changing economic conditions. As a result, material revisions to existing reserve estimates occur from time to time. Although every reasonable effort is made to ensure that reserve estimates reported represent the most accurate assessments possible, the subjective decisions and variances in available data for various properties increase the likelihood of significant changes in these estimates. If such changes are material, they could significantly affect future amortization of capitalized costs and result in impairment of assets that may be material.

Revenue recognition

Revenue from our interests in producing wells is recognized when the product is delivered, at which time the customer has taken title and assumed the risks and rewards of ownership and collectability is reasonably assured. The sales prices for oil and natural gas are adjusted for transportation and other related deductions. These deductions are based on contractual or historical data and do not require significant judgment. Subsequently, these revenue deductions are adjusted to reflect actual charges based on third party documents. Since there is a ready market for oil and natural gas, we sell the majority of production soon after it is produced at various locations.

Impairment

We review the carrying value of our oil and gas properties under the full cost accounting rules of the SEC on a quarterly basis. This quarterly review is referred to as a ceiling test. Under the ceiling test, capitalized costs, less accumulated amortization and related deferred income taxes, may not exceed an amount equal to the sum of the present value of estimated future net revenues less estimated future expenditures to be incurred in developing and producing the proved reserves, less any related income tax effects. For the years ended December 31, 2009 and 2008, capitalized costs of oil and gas properties exceeded the estimated present value of future net revenues from our proved reserves, net of related income tax considerations, resulting in a write-down in the carrying value of oil and gas properties of $245.9 million and $282.6 million, respectively. For the nine months ended September 30, 2011 and 2010 and the year ended December 31, 2010, the result of the ceiling test concluded that the carrying amount of our oil and natural gas properties was significantly below the calculated ceiling test value and as such a write-down was not required. In calculating future net revenues, effective December 31, 2009, current prices are calculated as the average oil and gas prices during the preceding 12-month period prior to the end of the current reporting period, determined as the unweighted arithmetic average first-day-of-the-month prices for the prior 12-month period and costs used are those as of the end of the appropriate quarterly period. Prior to December 31, 2009, prices were calculated as posted prices on the last day of the appropriate period, adjusted by lease for energy content, transportation fees and regional price differentials for natural gas and as the posted price per barrel adjusted by lease for quality, transportation fees and regional price differentials for oil.

Asset retirement obligations

In accordance with the Financial Accounting Standard Board's (the "FASB") authoritative guidance on asset retirement obligations ("ARO"), we record the fair value of a liability for a legal obligation to retire an asset in the period in which the liability is incurred with the corresponding cost capitalized by increasing the carrying amount of the related long-lived asset. For oil and gas properties, this is the period in which the well is drilled or acquired. The ARO represents the estimated amount we will incur to plug, abandon and remediate the properties at the end of their productive lives, in accordance with applicable state laws. The liability is accreted to its present value each period and the capitalized cost is depreciated on the unit of production method. The accretion expense is recorded as a component of depreciation, depletion and amortization in our statements of operations.

We determine the ARO by calculating the present value of estimated cash flows related to the liability. Estimating the future ARO requires management to make estimates and judgments regarding timing and existence of a liability, as well as what constitutes adequate restoration. Included in the fair value calculation are assumptions and judgments including the ultimate costs, inflation factors, credit adjusted discount rates, timing of settlement and changes in the legal, regulatory, environmental and political environments. To the extent future revisions to these assumptions impact the fair value of the existing ARO liability, a corresponding adjustment is made to the related asset.

Derivatives

We record all derivative instruments on the balance sheet as either assets or liabilities measured at their estimated fair value. We have not designated any derivative instruments as hedges for accounting purposes and we do not enter into such instruments for speculative trading purposes. Realized gains and realized losses from the settlement of commodity derivative instruments and unrealized gains and unrealized losses from valuation changes in the remaining unsettled commodity derivative instruments are reported under Other Income (Expense) in our statements of operations.

Income taxes

At September 30, 2011 and December 31, 2010 and 2009, we had deferred tax assets of $104.1 million, $155.0 million and $129.1 million, respectively. At December 31, 2009, our deferred tax asset included a valuation allowance of approximately $48.6 million, of which $47.9 million was subsequently reversed in the fourth quarter of 2010.

As part of the process of preparing the consolidated financial statements, we are required to estimate the federal and state income taxes in each of the jurisdictions in which we operate. This process involves estimating the actual current tax exposure together with assessing temporary differences resulting from differing treatment of items such as derivative instruments, depreciation, depletion and amortization, and certain accrued liabilities for tax and financial accounting purposes. These differences and our net operating loss carryforwards result in deferred tax assets and liabilities, which are included in our consolidated balance sheet. We must then assess, using all available positive and negative evidence, the likelihood that the deferred tax assets will be recovered from future taxable income. If we believe that recovery is not likely, we must establish a valuation allowance. Generally, to the extent we establish a valuation allowance or increase or decrease this allowance in a period, we must include an expense or reduction of expense within the tax provision in the consolidated statement of operations.

Under accounting guidance for income taxes, an enterprise must use judgment in considering the relative impact of negative and positive evidence. The weight given to the potential effect of negative and positive evidence should be commensurate with the extent to which it can be objectively verified. The more negative evidence that exists (i) the more positive evidence is necessary and (ii) the more

difficult it is to support a conclusion that a valuation allowance is not needed for all or a portion of the deferred tax asset. Among the more significant types of evidence that we consider are:

- our earnings history exclusive of the loss that created the future deductible amount coupled with evidence indicating that the loss is an aberration rather than a continuing condition;
- the ability to recover our net operating loss carryforward deferred tax assets in future years;
- the existence of significant proved oil and gas reserves;
- our ability to use tax planning strategies as well as current price protection utilizing oil and natural gas hedges; and
- future revenue and operating cost projections that indicate we will produce more than enough taxable income to realize the deferred tax asset based on existing sales prices and cost structures.

During the fourth quarter of 2010, in evaluating whether it was more-likely-than-not that our deferred tax asset was recoverable from future net income, we considered that in both 2008 and 2009, we had net operating losses due to impairment expense recognized largely as a result of lower oil and natural gas prices experienced during the economic downturn, which led to a full cost ceiling impairment recognized in both 2008 and 2009. Based on our results of operations for the year ended December 31, 2010 and the nine months ended September 30, 2011, we anticipate that our three-year cumulative loss will be eliminated by the end of 2011. Additionally, we considered our strong earnings history exclusive of the loss that created the future temporary difference, and that while a full cost ceiling impairment is possible in the future, we do not believe the impairments recorded in 2008 and 2009 are indicative of future full cost impairments based on the following: (i) the book basis of our oil and gas assets at December 31, 2010, (ii) the net basis differences in our oil and gas properties represented by a net deferred tax liability at December 31, 2010, and (iii) our full cost ceiling cushion at December 31, 2010. We believe it is proper and meaningful when analyzing the negative evidence of our historic three-year results to adjust for items that cannot be expected to occur on a similar basis during the future period allowed to recover the deferred tax asset, such as our full cost impairments noted above. We believe the adjusted three-year results provide less negative evidence than that presented by the unadjusted cumulative losses.

We also determined through our analysis that our net operating loss carryforward deferred tax asset was recoverable over future years and that we had no material net operating losses expiring prior to 2026. In performing our analysis, we used inputs from third party sources, which came primarily from our reserve reports that were independently estimated by a third party engineer as well as future market pricing as determined by the New York Mercantile Exchange. Based on our forecasted results from multiple analyses, at December 31, 2010 and at September 30, 2011, future taxable income from our oil and gas reserves is expected to be sufficient to utilize the entire net operating loss carryforward in approximately six to eight years. We believe this analysis provides significant positive evidence that is objectively verifiable, as it uses three-year historical operating results to predict future taxable income. We considered all applicable tax deductions in our analysis which were substantially known and were not subject to significant estimates. Based on this, we determined in the fourth quarter of 2010 that given the proper weight of the positive evidence noted above as compared to the negative evidence of our cumulative net losses, it was more-likely-than-not that our deferred tax asset would be recovered.

We will continue to assess the need for a valuation allowance against deferred tax assets considering all available evidence obtained in future reporting periods. If our assumptions regarding forecasted production, pricing and margins are not achieved by amounts in excess of our sensitivity analysis, it may have a significant impact on the corresponding taxable income which may require a valuation allowance to be recorded against our deferred tax assets at that time.

Recent Accounting Pronouncements

In May 2011, the FASB issued Accounting Standards Update ("ASU") 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, which provides a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between GAAP and International Financial Reporting Standards. This new guidance changes some fair value measurement principles and disclosure requirements, but does not require additional fair value measurements and is not intended to establish valuation standards or affect valuation practices outside of financial reporting. The update is effective for annual periods beginning after December 15, 2011 and we are in the process of evaluating the impact, if any, the adoption of this update will have on our financial statements.

Inflation

Inflation in the U.S. has been relatively low in recent years and did not have a material impact on our results of operations for the period from December 31, 2008 through the nine months ended September 30, 2011. Although the impact of inflation has been insignificant in recent years, it continues to be a factor in the U.S. economy and we do experience inflationary pressure on the costs of oilfield services and equipment as drilling activity increases in the areas in which we operate.

Quantitative and Qualitative Disclosures about Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risk. The term "market risk" refers to the risk of loss arising from adverse changes in oil and gas prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of how we view and manage our ongoing market risk exposures. All of our market risk sensitive instruments were entered into for hedging purposes, rather than for speculative trading.

Commodity price exposure. For a discussion of how we use financial commodity put, collar, swap and basis swap contracts to mitigate some of the potential negative impact on our cash flow caused by changes in oil and gas prices, see "—Hedging."

Interest rate risk. As part of our senior secured credit facility, we have debt which bears interest at a floating rate. For the nine months ended September 30, 2011, the weighted average indebtedness outstanding on our senior secured credit facility bore a weighted average interest rate of 2.49%. Based on the total outstanding borrowings under this facility at September 30, 2011 of $525.0 million, a 1.0% increase in each of the average LIBOR rates and federal funds rates would result in an estimated $5.3 million increase in interest expense for the year ended December 31, 2011 before giving effect to interest rate derivatives.

Through interest rate derivative contracts, we have attempted to mitigate our exposure to changes in interest rates. We have entered into various fixed interest rate swap and cap agreements which hedge our exposure to interest rate variations on our senior secured credit facility. At September 30, 2011, we had interest rate swaps and one interest rate cap outstanding for a notional amount of $260.0 million with fixed pay rates ranging from 1.11% to 3.41% and terms expiring from June 2012 to September 2013.

Counterparty and customer credit risk. Our principal exposures to credit risk are through receivables resulting from derivatives contracts (approximately $39.8 million at September 30, 2011), joint interest receivables and the receivables from the sale of our oil and natural gas production, which we market to energy marketing companies and refineries.

We are subject to credit risk due to the concentration of our oil and natural gas receivables with several significant customers. We do not require our customers to post collateral, and the inability of our significant customers to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results. At September 30, 2011, we had three customers that made up approximately 35%, 16% and 13% of our total oil and gas sales accounts receivable. At December 31, 2010, we had three customers that made up approximately 41%, 16% and 14% of our total oil and gas sales accounts receivable. At December 31, 2009, we had two customers that made up approximately 43% and 17% of our total oil and gas sales accounts receivable, respectively.

Joint operations receivables arise from billings to entities that own partial interests in the wells we operate. These entities participate in our wells primarily based on their ownership in leases on which we intend to drill. We have little ability to control who participates in our wells. At September 30, 2011, we had four customers that made up approximately 21%, 19%, 19% and 18% of our total joint operations receivables. At December 31, 2010, we had two customers that made up approximately 77% and 11% of our total joint operations receivables. At December 31, 2009, we had two interest owners that made up approximately 38% and 23% of our total joint operations receivables.

Refer to Note I of our unaudited consolidated financial statements and Note J of our audited combined financial statements included elsewhere in this prospectus for additional disclosures regarding credit risk.

Off-balance Sheet Arrangements

Currently, we do not have any off-balance sheet arrangements other than operating leases, which are included in "—Obligations and Commitments."

BUSINESS

Company Overview

We are an independent energy company focused on the exploration, development and acquisition of oil and natural gas in the Permian and Mid-Continent regions of the United States. Our activities are primarily focused in the Wolfberry and deeper horizons of the Permian Basin in West Texas and the Anadarko Granite Wash in the Texas Panhandle and Western Oklahoma, where we have assembled 127,041 net acres and 37,740 net acres, respectively. These plays are characterized by high oil and liquids-rich natural gas content, multiple target horizons, extensive production histories, long-lived reserves, high drilling success rates and significant initial production rates.

Based upon drilling results from over 660 of our gross vertical wells, we believe our economic vertical program in these areas has been largely de-risked. Our vertical development drilling activity is complemented by a rapidly emerging horizontal drilling program, which may add significant production and reserves in multiple producing horizons on the same acreage. These drilling programs comprise an extensive, multi-year inventory of exploratory and development opportunities. As of November 25, 2011, we have drilled 25 gross horizontal wells in the Permian and 12 gross horizontal wells in the Anadarko Granite Wash.

Laredo Inc. was founded in October 2006 by our Chairman and Chief Executive Officer Randy A. Foutch, who was later joined by other members of our management team, many of whom have worked together for a decade or more. Prior to founding Laredo, Mr. Foutch formed, built and sold three private oil and gas companies, all of which were focused on the same general areas of the Permian and Mid-Continent regions in which Laredo currently operates. In 1991, Mr. Foutch formed Colt Resources Corporation ("Colt"), with an institutional sponsor. Colt was sold in a private transaction in 1996 for approximately $33.5 million. In 1997, Mr. Foutch formed Lariat Petroleum, Inc. ("Lariat") with a large institutional sponsor investing approximately $74 million and using approximately $100 million of debt. In 2001, Lariat subsequently was sold for approximately $333 million. Most recently, in 2002, Mr. Foutch and several of our current managers formed Latigo Petroleum, Inc. ("Latigo"), with institutional sponsors investing approximately $160 million, and utilizing an additional approximately $200 million of debt. Latigo was sold in 2006 for approximately $750 million. All of these companies executed the same fundamental business strategy in the same general operating areas that created significant growth in cash flow, production and reserves.

Since our inception, we have rapidly grown our cash flow, production and reserves through our drilling program. We also seek acquisition opportunities that are complementary to our assets and provide upside potential that is competitive with our existing property portfolio. On July 1, 2011, we completed the acquisition of Broad Oak Energy, Inc., a Delaware corporation, for a combination of equity and cash. This acquisition provided us incremental scale and significant additional exposure to attractive vertical and horizontal oil and liquids-rich natural gas opportunities. The acquired properties are concentrated on a contiguous land position located in the Permian Basin, primarily in Reagan County, and are being drilled targeting Wolfberry production. This acreage, totaling approximately 64,000 net acres, approximately doubled our Permian Basin position and is immediately south of and on trend with our legacy Permian Basin properties in Glasscock and Howard Counties. We believe the success Laredo has achieved to date in drilling our vertical and horizontal wells may add significant value to this newly acquired acreage.

Our net cash provided by operating activities was approximately $233.7 million for the nine months ended September 30, 2011. Our net average daily production for the same period was approximately 22,842 BOE/D, and our net proved reserves were an estimated 137,052 MBOE as of June 30, 2011.

The following table summarizes net acreage and producing wells as of September 30, 2011, total estimated net proved reserves as of June 30, 2011, and average daily production for the nine months

ended September 30, 2011 in our principal operating regions. Our reserve estimates as of June 30, 2011 are based on a report prepared by Ryder Scott, our independent reserve engineers. Based on such report, we operate wells that represent approximately 98% of the value of our proved developed oil and natural gas reserves as of June 30, 2011. In addition, the table shows our gross identified potential drilling locations and our proved undeveloped locations as of June 30, 2011.

	At June 30, 2011					Nine months ending September 30, 2011 average daily production(6)	At September 30, 2011		
	Estimated net proved reserves(1)(2)			Identified potential drilling locations(4)				Producing wells	
	MBOE(3)	% of Total reserves	% Oil	Total	PUD locations(5)	(BOE/D)	Net acreage	Gross	Net
Permian	86,007	63%	49%	5,764	804	14,139	127,041	561	543
Anadarko Granite Wash	40,582	30%	8%	351	189	5,891	37,740	164	122
Other(7)	10,463	7%	3%	—	—	2,812	159,354	353	179
Total	137,052	100%	34%	6,115	993	22,842	324,135	1,078	844

(1) Our estimated net proved reserves were prepared by Ryder Scott as of June 30, 2011 and are based on reference oil and natural gas prices. In accordance with applicable rules of the SEC, the reference oil and natural gas prices are derived from the average trailing twelve-month index prices (calculated as the unweighted arithmetic average of the first-day-of-the-month price for each month within the applicable twelve-month period), held constant throughout the life of the properties. The reference prices were $86.60/Bbl for oil and $4.00/MMBtu for natural gas for the twelve months ended June 30, 2011.

(2) Our reserves are reported in two streams: crude oil and liquids-rich natural gas. The economic value of the natural gas liquids in our natural gas is included in the wellhead natural gas price. The reference prices referred to above that were utilized in the June 30, 2011 reserve report prepared by Ryder Scott are adjusted for natural gas liquids content, quality, transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the wellhead. The adjusted reference prices in the Permian area were $7.07/Mcf and $6.79/Mcf for the legacy Laredo and Broad Oak properties, respectively, and $4.84/Mcf in the Anadarko Granite Wash area.

(3) MBbl equivalents ("MBOE") converted at a rate of six MMcf per one MBbl.

(4) See below for more information regarding the processes and criteria through which these potential drilling locations were identified.

(5) Represents the number of identified potential drilling locations to which proved undeveloped reserves are attributable.

(6) Our average daily production volumes are reported in two streams: crude oil and liquids-rich natural gas. The economic value of the natural gas liquids in our natural gas is included in the wellhead natural gas price.

(7) Includes our acreage in the gas prone Eastern Anadarko (37,285 net acres) and Central Texas Panhandle (48,012 net acres), as well as the Dalhart Basin, which is a new exploration effort (74,057 net acres) targeting liquid rich formations that are less than 7,000 feet in depth.

We have assembled a multi-year inventory of development drilling and exploitation projects as a result of our early acquisition of technical data, early establishment of significant acreage positions and successful exploratory drilling. We plan to continue our conventional vertical drilling programs, especially in the Permian Basin, and to further de-risk our rapidly emerging horizontal plays in both the

Permian and Anadarko Basins. As of November 25, 2011, we have a total of 16 operated drilling rigs running. Ten of these rigs are working on our properties in the Permian Basin, seven of which are drilling vertical wells and three are drilling horizontal wells. Five rigs are operating on our properties in the Anadarko Granite Wash, three of which are drilling horizontal wells, and two are drilling vertical wells. We also have one rig drilling in the Dalhart Basin.

In the drilling and development of hydrocarbon reserves, there are three key factors that can have an effect on our objective of establishing commercial production. Each of these factors must be addressed in order to reduce the risk and uncertainty associated with (or "de-risk") our exploration and production program:

- Does the prospective reservoir underlie our acreage position and can it be defined both vertically and horizontally?
- Are the petro-physics of the reservoir rock such that it contains hydrocarbons that can be recovered?
- Can the hydrocarbons be produced on a commercial basis?

We carefully assess and monitor all three factors in our drilling and exploration projects. Our drilling activities in areas containing extensive historical industry activity have enabled us to determine whether a prospective reservoir underlies our acreage position, and whether it can be defined both vertically and horizontally. We use a number of proven mapping techniques to understand the physical extent of the targeted reservoir. This includes 2D and 3D seismic data, as well as Laredo-owned and historical public well databases (which in the Anadarko Basin may extend back approximately 50 years and in the Permian basin over 80 years). We also utilize our laboratory and field derived data from whole cores, sidewall cores, well cuttings, mudlogs and open-hole well logs to understand the petro-physics of the rock characteristics prior to the commencement of any completion operations. Finally, after defining the reservoir, our engineers utilize their technical expertise to develop completion programs that we believe will maximize the amount of hydrocarbons that can be recovered. As more wells are completed in the targeted reservoir and additional data becomes available, the process is further refined (and further "de-risked") in order to minimize costs and maximize recoveries.

As of June 30, 2011, we have identified a total of 6,115 gross potential drilling locations, 5,764 of which underlie our Permian Basin acreage and 351 of which are located in our Anadarko Basin focus area. Both areas have a vertical and horizontal drilling component relative to the types of potential drilling locations. While the Permian and Anadarko areas share some of the same qualifying technical metrics that define a potential location, as a matter of clarification, we consider the Granite Wash area to represent a conventional drilling program, while the potential locations identified in the Permian are characterized as a resource play.

In the Anadarko Basin, both the Granite Wash horizontal and vertical potential locations have been identified through a series of detailed maps which we have internally generated based on an extensive geological and engineering database. Information incorporated into this process includes both our own proprietary information as well as industry data available in the public domain. Specifically, open hole logging data, production statistics from operated and non-operated wells, petrophysical data describing the reservoir rock as derived from cores and, where appropriate, 3D seismic data provide the technical basis from which we identified the potential locations. We anticipate that in the Anadarko Basin, a majority of these locations will be drilled within the next 3-5 years (assuming a utilization rate of 3-4 rigs per year), subject primarily to commodity pricing and the continued success of our existing drilling program.

In the Permian Basin, both the Wolfberry interval (comprised of multiple producing formations) and the individual targeted shale formations are considered a resource play. As such, the mapping of the gross interval for each of the producing formations underlying a majority of our entire acreage

position is the main factor we considered in identifying our potential locations. In the general region and immediately around our acreage position, publicly available well data exists from a significant number of vertical wells (in excess of several thousand for the Cline Shale alone) that have allowed us to define the areal extent of each of the producing intervals, whether the whole vertical Wolfberry section or the targeted Cline and Wolfcamp Shales. In addition to this publicly available well data, we have also incorporated our internally generated information from cores, 3D seismic, open hole logging and reservoir engineering data into defining the extent of the targeted intervals, the ability of such intervals to produce commercial quantities of hydrocarbons, and the viability of the potential locations. Based on our currently projected capital expenditure budget, we estimate that by the end of 2013 we will have drilled approximately 423 of these potential locations that are not currently booked as proved undeveloped. As with the Granite Wash drilling program, the timing of drilling the identified potential Permian locations will be influenced by several factors, including commodity prices, capital requirements, Texas Railroad Commission well-spacing requirements and a continuation of the positive results from both our the vertical and horizontal development drilling program.

Our Business Strategy

Our goal is to enhance stockholder value by economically growing our cash flow, production and reserves by executing the following strategy:

Grow production and reserves through our lower-risk vertical drilling. We leverage our operating and technical expertise to establish large, contiguous acreage positions. We believe that we have reduced the risk and uncertainty associated with (or "de-risked") our core acreage positions by our vertical development activity, and we intend to generate significant growth in cash flows, production and reserves by drilling our inventory of locations. Our vertical development drilling program provides repeatable, predictable, low-risk production growth but also serves as an efficient way to obtain additional critical sub-surface data to target potential horizontal wells.

Increase recovery and capital efficiency through our horizontal drilling. Our horizontal drilling program is designed to further capture the upside potential that may exist on our properties. Horizontal drilling may significantly increase our well performance and recoveries compared to our vertical wells. In addition, horizontal drilling may be economic in areas where vertical drilling is currently not economical or logistically viable. We believe multiple vertically stacked producing horizons may be developed using horizontal drilling techniques in both our Permian and Anadarko Granite Wash plays.

Apply our technical expertise to reduce risk in our current asset portfolio, optimize our development program and evaluate emerging opportunities. Our management team has significant experience in successfully identifying opportunities to enhance our cash flow, production and reserves in the basins in which we operate. Our practice is to make a substantial upfront investment to understand the geology, geophysics and reservoir parameters of the rock formations that define our exploration and development programs. Through comprehensive coring programs, acquisition and evaluation of high quality 3D seismic data and advance logging / simulation technologies, we seek to economically de-risk our opportunities to the extent possible before committing to a drilling program.

Enhance returns through prudent capital allocation and continued improvements in operational and cost efficiencies. In the current commodity price environment, we have directed our capital spending toward oil and liquids-rich drilling opportunities that provide attractive returns. Our management team is focused on continuous improvement of our operating practices and has significant experience in successfully converting exploration programs into cost efficient development projects. Operational control allows us to more effectively manage operating costs, the pace of development activities, technical applications, the gathering and marketing of our production and capital allocation. Laredo is

the operator in our joint ventures, having drilled 24 wells in the Exxon Mobil joint venture and 128 wells under the Linn Energy joint venture as of September 30, 2011.

Evaluate and pursue value enhancing acquisitions, mergers and joint ventures. While we believe our multi-year inventory of identified potential drilling locations provides us with significant growth opportunities, we will continue to evaluate strategically compelling asset acquisitions, mergers and joint ventures within our core areas. Any transaction we pursue will generally complement our asset base and provide a competitive economic proposition relative to our existing opportunities. Our Laredo operated joint ventures with Exxon Mobil and Linn Energy, our 2008 acquisition of properties from Linn Energy and our recently completed acquisition of Broad Oak are examples of this strategy.

Proactively manage risk to limit downside. We continually monitor and control our business and operating risks through various risk management practices, including maintaining a conservative financial profile, making significant upfront investment in research and development as well as data acquisition, owning and operating our natural gas gathering systems with multiple sales outlets, minimizing long-term contracts, maintaining an active commodity hedging program and employing prudent safety and environmental practices.

Our Competitive Strengths

We have a number of competitive strengths that we believe will help us to successfully execute our business strategy:

Management team with extensive operating experience in core areas of operation. Our management team has extensive industry experience and proven record of providing a significant return on investment. Four of our six senior officers have worked with Mr. Foutch at one or more of his previous companies. This has resulted in a high degree of continuity among members of our executive management and has enabled us to attract and retain key employees from previous companies as well as other successful exploration and production companies. Each of Mr. Foutch's previous companies focused on the same general areas of the Permian and Anadarko Basins in which Laredo currently operates. Most members of our management team have over twenty years of experience and knowledge directly associated with our current primary operating areas. As of November 25, 2011 approximately 58% of our full-time employees are experienced technical employees, including 22 petroleum engineers, 21 geoscientists, 17 landmen and 46 technical support staff.

Economic, multi-year drilling inventory. We have assembled a portfolio of over 6,100 gross identified potential drilling locations. We believe our focus on data-rich, mature producing basins with well studied geology, engineering practices and concentrated operation, combined with new technologies in the Permian and Anadarko Basins, as well as our disciplined assessment and monitoring of the three factors that we believe help to de-risk our drilling and exploration projects, as described above, significantly decreases the risk profile of our identified drilling locations. As of November 25, 2011, we have approximately 1,519 square miles of 3D seismic data supporting our exploratory and development drilling programs. From our formation in 2006 through September 30, 2011, we have drilled over 700 gross vertical and horizontal wells with a success rate of approximately 99%. Our drilling activity has been and will continue to be focused on liquids-rich opportunities in the Permian Basin and Anadarko Granite Wash, where we see liquids-rich natural gas that ranges from 1,235 to 1,440 Btu per cubic foot and 1,135 to 1,180 Btu per cubic foot, respectively. Pursuant to our existing percentage of proceeds contracts during September 2011, our natural gas liquids yield was 131 Bbls/MMcf in the Permian Basin and 66 Bbls/MMcf in the Anadarko Granite Wash and our ratio of residue natural gas to wellhead natural gas was 69% and 82%, respectively.

Significant operational control. We operate wells that represent approximately 98% of the value of our proved developed oil and natural gas reserves as of June 30, 2011, based on a report prepared by

Ryder Scott. We believe that maintaining operating control permits us to better pursue our strategies of enhancing returns through operational and cost efficiencies and maximizing ultimate hydrocarbon recoveries from mature producing basins through reservoir analysis and evaluation and continuous improvement of drilling, completion and stimulation techniques. We expect to maintain operation control over most of our identified potential drilling locations.

Our gathering infrastructure provides secure and timely takeaway capacity and enhanced economics. Our wholly-owned subsidiary, Laredo Gas Services, LLC, has invested approximately $52 million in over 200 miles of pipeline in our natural gas gathering systems in the Permian and Anadarko Basins as of September 30, 2011. We have also installed over 430 miles of natural gas gathering lines to 58 central delivery points on our Permian acreage in Reagan County. These systems and flow lines provide greater operational efficiency and lower differentials for our natural gas production in our liquids-rich Permian and Anadarko Granite Wash plays and enable us to coordinate our activities to connect our wells to market upon completion with minimal days waiting on pipeline. Additionally, they provide us with multiple sales outlets through interconnecting pipelines, minimizing the risks of shut-ins awaiting pipeline connection or curtailment by downstream pipelines.

Financial strength and flexibility. We maintain a conservative financial profile in order to preserve operational flexibility and financial stability. At September 30, 2011, on a pro forma basis as adjusted, after giving effect to the offering of $200 million of old notes on October 19, 2011 and the application of the proceeds therefrom, we would have had approximately $325 million available for borrowings under our senior secured credit facility and total debt of approximately $877 million, which is 2.8 times our annualized Adjusted EBITDA for the first nine months of 2011. We believe that our operating cash flow and the aforementioned liquidity sources and access to capital resources provide us with the ability to implement our planned exploration and development activities.

Strong institutional investor support and corporate governance. Warburg Pincus is our institutional investor and has many years of relevant experience in financing and supporting exploration and production companies and management teams, having been the lead investor in several such companies. Warburg Pincus has been an institutional investor in two previous companies operated by members of our management team. To date, Warburg Pincus, certain members of our management and our independent directors have together invested a total of $710 million of equity in Laredo. Including amounts contributed subsequent to June 30, 2011, $18.6 million is attributable to our management team. We believe that our board of directors is exceptionally qualified and represents a significant resource. It is comprised of Laredo management, representatives of Warburg Pincus and independent individuals with extensive industry and business expertise. We actively engage our board of directors on a regular basis for their expertise on strategic, financial, governance and risk management activities.

Focus Areas

We focus on developing a balanced inventory of quality drilling opportunities that provide us with the operational flexibility to economically develop and produce oil and natural gas reserves from conventional and unconventional formations. Our properties are currently located in the prolific Permian and Mid-Continent regions of the United States, where we leverage our experience and knowledge to identify and exploit additional upside potential. We have been successful in delivering repeatable results through internally generated vertical and horizontal drilling programs.

Permian Basin

The Permian Basin, located in west Texas and southeastern New Mexico, is one of the most prolific onshore oil and natural gas producing regions in the United States. It is characterized by an extensive production history, mature infrastructure, long reserve life and hydrocarbon potential in multiple intervals. Our Permian activities are centered on the eastern side of the basin approximately

35 miles east of Midland, Texas in Glasscock, Howard, Reagan and Sterling Counties. As of September 30, 2011, we held 127,041 net acres in over 300 sections with an average working interest of 97% in wells drilled to date.

The overall Wolfberry interval, the principal focus of our drilling activities, is an oil play that also includes a liquids-rich natural gas component. Our production/exploration fairway extends approximately 20 miles wide and 80 miles long. While exploration and drilling efforts in the southern half of our acreage block have been centered on the shallower portion of the Wolfberry (Spraberry, Dean and Wolfcamp formations) the emphasis in the northern half has been on the deeper intervals, including the Wolfcamp, Cline Shale, Strawn and Atoka formations. Considering the geology and the reservoir extent of each contributing formation, we now have identified significant potential throughout our total acreage block for the entire Wolfberry interval from the shallow zones to the deepest.

As of September 30, 2011 we have drilled and completed over 500 gross vertical wells and have defined the productive limits on our acreage throughout the trend. The success of our vertical drilling program, coupled with industry activity, has substantially reduced risks associated with our future drilling programs in the Wolfberry interval.

We have expanded our drilling program to include a horizontal component targeting the Cline and Wolfcamp Shales. The drilling of the Cline Shale, located in the lower Wolfberry, was initiated after our extensive technical review that included coring and testing the Cline separately in multiple vertical wells. We believe the Cline Shale exhibits similar petrophysical attributes and favorable economics compared to other liquids-rich shale plays operated by other companies, such as in the Eagle Ford and Bakken Shale formations. We have acquired 3D seismic data to assist in fracture analysis and the definition of the structural component within the Cline Shale.

We have drilled three gross horizontal Wolfcamp Shale wells as of November 25, 2011 with encouraging results out of the uppermost interval (the Wolfcamp "A"). The Wolfcamp "B" and "C" Shale intervals also look prospective based on open hole logs and petrophysical data we have gathered through coring. This data, along with industry activity to the south, suggests that multiple, repeatable shale opportunities underlay a majority of our acreage position. As of November 25, 2011, we have drilled a total of 23 gross horizontal wells in the Wolfcamp and Cline formations, of which 20 are in the Cline Shale and three in the Wolfcamp Shale.

We have approximately 5,764 total gross identified potential drilling locations (both vertical and horizontal) in the Permian, all of which are within the larger Wolfberry interval.

Anadarko Granite Wash

Straddling the Texas/Oklahoma state line, our Granite Wash play extends over a large area in the western part of the Anadarko Basin. As of September 30, 2011, we held 37,740 net acres in Hemphill County, Texas and Roger Mills County, Oklahoma. Our play consists of vertical and horizontal drilling opportunities targeting the liquids-rich Granite Wash formation. By utilizing the whole core data we obtained early in the exploration process and the subsurface information from our vertical wells, enhanced logging techniques and other wells drilled by the industry, we have developed a detailed regional geologic depositional and engineering understanding. As a result, we have been able to target our current vertical development drilling program in the higher productive areas. As of September 30, 2011, we have drilled and completed approximately 150 gross vertical wells.

Our horizontal Granite Wash program is in the evaluation phase with our current emphasis on reducing risks through our drilling program and by incorporating practices similar to the industry's successful drilling results in the immediate area. The economic viability of our Anadarko Granite Wash horizontal program has been validated by our recent completions and by the announced success of our competitors in close proximity to our acreage. In addition to the Granite Wash zones tested to date, we believe that additional potential upside exists within the multiple mapped and targeted horizontal Granite Wash zones that remain to be tested. As a result of our and the industry's recent horizontal success, we anticipate the majority of our Granite Wash drilling going forward to be horizontal. As of June 30, 2011, we have approximately 101 gross identified potential drilling locations for the horizontal Granite Wash, which includes both our Texas and Oklahoma acreage.

In addition to the Granite Wash intervals in this area, there are both shallower and deeper zones that we believe are prospective, including the Cleveland and Morrow channel sands. We have acquired 3D seismic data to help further define the areal extent of these additional formations. Considering the Granite Wash and Upper Morrow intervals identified as of June 30, 2011, we estimate there are approximately 351 gross identified potential vertical and horizontal drilling locations, of which the majority are in the Granite Wash.

Other Areas

In addition to our Permian Wolfberry and Anadarko Granite Wash plays, we continue to evaluate opportunities in three other areas within our core operating regions. We believe that our activity in the Dalhart Basin has positioned us to begin drilling three wells budgeted for 2011. We expect the other two areas, which represent 12% of our production and 7% of our estimated proved reserves as of June 30, 2011, could become more compelling in the future with improving commodity prices.

The Dalhart Basin is located on the western side of the Texas Panhandle. As of September 30, 2011, we held 74,057 net acres in the Dalhart Basin. It is characterized by both a conventional Granite Wash play and several potential liquids-rich shale plays that may underlie a significant portion of the entire area. Both targeted intervals are considered oil plays at depths of less than 7,000 feet. Our initial 3D seismic program of approximately 155 square miles was recently completed and is in the final stages of being interpreted.

The second area is centrally located in the Central Texas Panhandle, where our operations are currently conducted through our joint venture with ExxonMobil. As of September 30, 2011, we held 48,012 net acres in the Central Texas Panhandle. The prospective zones in this area are relatively shallow (less than 9,500 feet), with a majority being predominately natural gas.

The third area is located in the eastern end of the Anadarko Basin, in Caddo County, Oklahoma. As of September 30, 2011, we held 37,285 net acres in the Eastern Anadarko. There are multiple targets to drill in this area, varying in depth between 8,000 feet and 22,000 feet, which are predominantly dry natural gas. While our economic metrics require higher natural gas prices to justify additional drilling, the area could play a significant role in our future if natural gas prices increase.

Our Operations

Estimated proved reserves

Unless otherwise specifically identified in this prospectus, the information with respect to our estimated proved reserves presented below has been prepared by Ryder Scott, our independent reserve engineers, in accordance with the rules and regulations of the SEC applicable to the periods presented. Our net proved reserves are estimated at 137,052 MBOE as of June 30, 2011, 39% of which were classified as proved developed and 34% oil. The following table presents summary data for each of our core operating areas as of June 30, 2011 (prepared in accordance with the SEC's rules regarding oil and natural gas reserve reporting that are currently in effect), unless otherwise noted. Our estimated

proved reserves at June 30, 2011 assume our ability to fund the capital costs necessary for their development and are impacted by pricing assumptions. See "Risk Factors—Risks Related to Our Business—Estimating reserves and future net revenues involves uncertainties. Decreases in oil and natural gas prices, or negative revisions to reserve estimates or assumptions as to future oil and natural gas prices, may lead to decreased earnings, losses or impairment of oil and natural gas assets" and "—Our estimates of proved reserves as of December 31, 2009, December 31, 2010 and June 30, 2011 have been prepared under current SEC rules that went into effect for fiscal years ending on or after December 31, 2009, which may make comparisons to prior periods difficult and could limit our ability to book additional proved undeveloped reserves in the future." In addition, we may not be able to raise the amounts of capital that would be necessary to drill a substantial portion of our proved undeveloped reserves.

	At June 30, 2011 Proved reserves (MBOE)(1)
Area	
Permian Basin	86,007
Anadarko Granite Wash	40,582
Other(2)	10,463
Total	137,052

(1) MBbl equivalents ("MBOE") are calculated using a conversion rate of six MMcf per one MBbl.

(2) Includes Eastern Anadarko, Central Texas Panhandle and Dalhart Basin.

The following table sets forth more information regarding our estimated proved reserves at June 30, 2011 and December 31, 2010, 2009 and 2008. Ryder Scott, our independent reserve engineers, estimated 100% of our combined proved reserves at December 31, 2010 and June 30, 2011. Ryder Scott also estimated the proved reserves for the legacy Laredo properties as of December 31, 2009 and December 31, 2008. Ryder Scott did not perform evaluations of the Broad Oak properties on these dates. Our estimates of the combined proved reserves at December 31, 2009 and December 31, 2008 are a combination of the Ryder Scott reports on the legacy Laredo properties and Laredo's internal proved reserve estimates of the Broad Oak properties. Based upon such reserve estimates we calculated for Broad Oak, we believe the legacy Laredo properties represented 92% and 96% of such combined proved reserves at year end 2009 and 2008, respectively. The reserve estimates at December 31, 2008 were prepared in accordance with the SEC's rules regarding oil and natural gas reserve reporting in effect for years ending prior to December 31, 2009. The reserve estimates at June 30, 2011 and December 31, 2010 and 2009 were prepared in accordance with the SEC's rules regarding oil and natural gas reserve reporting currently in effect. A copy of the summary report prepared by Ryder

Scott as of June 30, 2011 is included as an exhibit to the registration statement of which this prospectus is a part. The information in the following table does not give any effect to our commodity hedges.

	At June 30, 2011	At December 31, 2010	2009	2008
Estimated proved reserves:				
Oil and condensate (MBbl)	45,929	44,847	5,928	3,508
Natural gas (MMCF)	546,741	550,278	279,549	244,051
Total estimated proved reserves (MBOE)(1)	137,052	136,560	52,519	44,183
Proved developed producing (MBOE)(1)	49,286	39,300	23,333(2)	16,336(3)
Proved developed non-producing (MBOE)(1)	4,422	5,533	2,106	3,032
Proved undeveloped (MBOE)(1)	83,344	91,727	27,080(4)	24,815(5)
Percent developed	39%	33%	48%	44%

(1) MBbl equivalents ("MBOE") are calculated using a conversion rate of six MMcf per one MBbl.

(2) Laredo selected only the PDP wells in the December 31, 2010 Ryder Scott report that were PDP on January 1, 2010 and added the 2010 production from this group of wells to the December 31, 2010 Ryder Scott forecast on these wells to estimate the PDP reserves as of December 31, 2009. New wells drilled in 2010 were considered to be reserve adds during the year and are not included as PDP reserves at December 31, 2009.

(3) Laredo selected only the PDP wells in the December 31, 2010 Ryder Scott report that were PDP on January 1, 2009 and added the 2009 and 2010 production from this group of wells to the December 31, 2010 Ryder Scott forecast to estimate the PDP reserves at December 31, 2008. New wells drilled in 2009 and 2010 were considered to be reserve adds and are not included as PDP reserves at December 31, 2008.

(4) Laredo applied the year-end 2009 SEC prices of $3.15/MMBtu and $57.04/Bbl to the PUD's identified in the December 31, 2010 Ryder Scott report and determined that five locations are economic and only these locations/reserves are captured in the December 31, 2009 proved undeveloped estimates.

(5) All of the legacy Broad Oak PUD's in the December 31, 2010 Ryder Scott reserve report are uneconomical at year-end 2008 SEC prices of $4.68/MMBtu and $44.60/Bbl. Therefore, there are no legacy Broad Oak PUD reserves at December 31, 2008.

Technology used to establish proved reserves. Under the SEC rules, proved reserves are those quantities of oil and natural gas that by analysis of geoscience and engineering data can be estimated with reasonable certainty to be economically producible from a given date forward from known reservoirs, and under existing economic conditions, operating methods and government regulations. The term "reasonable certainty" implies a high degree of confidence that the quantities of oil and/or natural gas actually recovered will equal or exceed the estimate. Reasonable certainty can be established using techniques that have been proven effective by actual production from projects in the same reservoir or an analogous reservoir or by other evidence using reliable technology that establishes reasonable certainty. Reliable technology is a grouping of one or more technologies (including computational methods) that has been field tested and has been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

To establish reasonable certainty with respect to our estimated proved reserves, our internal reserve engineers and Ryder Scott, our independent reserve engineers, employed technologies that have been demonstrated to yield results with consistency and repeatability. The technologies and economic data used in the estimation of our proved reserves include, but are not limited to, open hole logs, core analyses, geologic maps, available downhole and production data and seismic data. Reserves

attributable to producing wells with sufficient production history were estimated using appropriate decline curves, material balance calculations or other performance relationships. Reserves attributable to producing wells with limited production history and for undeveloped locations were estimated using pore volume calculations and performance from analogous wells in the surrounding area and geologic data to assess the reservoir continuity. These wells were considered to be analogous based on production performance from the same formation and completion using similar techniques.

Qualifications of technical persons and internal controls over reserves estimation process. In accordance with the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers and guidelines established by the SEC, Ryder Scott, our independent reserve engineers, estimated 100% of our proved reserve information as of June 30, 2011 included in this prospectus. The technical persons responsible for preparing the reserves estimates presented herein meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers.

We maintain an internal staff of petroleum engineers and geoscience professionals who work closely with our independent reserve engineers to ensure the integrity, accuracy and timeliness of data furnished to Ryder Scott in their reserves estimation process. Our technical team meets regularly with representatives of Ryder Scott to review properties and discuss methods and assumptions used in Ryder Scott's preparation of the year-end reserves estimates. The Ryder Scott reserve report is reviewed with representatives of Ryder Scott and our internal technical staff before dissemination of the information. Additionally, our senior management reviews the Ryder Scott reserve report.

John E. Minton, our Senior Vice President of Reservoir Engineering, is the technical person primarily responsible for overseeing the preparation of our reserves estimates. He has over 38 years of practical experience with approximately 34 years of this experience being in the estimation and evaluation of reserves. He has been a registered Professional Engineer in the State of Oklahoma since 1982. He has a Bachelor of Science degree in Mechanical Engineering and is a life member in good standing of the Society of Petroleum Engineers. Mr. Minton reports directly to our President and Chief Operating Officer. Reserve estimates are reviewed and approved by senior engineering staff with final approval by our President and Chief Operating Officer and certain other members of our senior management. Our senior management also reviews our independent engineers' reserve estimates and related reports with senior reservoir engineering staff and other members of our technical staff.

Proved undeveloped reserves

Our proved undeveloped reserves increased from 27,080 MBOE at December 31, 2009 to 91,727 MBOE at December 31, 2010, primarily as a result of adding new proved undeveloped reserves totaling 70,830 MBOE. 63,444 MBOE of these additional proved undeveloped reserves are attributable to 957 vertical locations in our Permian Basin play. These reserves were booked as 40 acre offset locations to producing vertical wells. We drilled 264 productive vertical wells during 2010 in our Permian acreage, adding to the 114 producing vertical wells drilled in prior years. Both the drilling of the vertical wells and the addition of the undeveloped locations were due to significant change in economics resulting from the increase in oil prices in 2010. No proved undeveloped locations were converted to proved developed in this area, as the wells drilled in 2010 were not economic at year-end 2009 (based on commodity prices). 7,002 MBOE of the 70,830 MBOE of additional proved undeveloped reserves are attributable to 53 vertical 40 acre offset locations to producing wells in our Anadarko Granite Wash play. These previously identified locations became economic in 2010 due to the increase in oil and gas prices. We drilled 26 productive vertical wells during 2010 in our Granite Wash acreage, adding to the 122 producing vertical wells drilled in prior years. During the year, 3,229 MBOE of proved undeveloped reserves in the Granite Wash play were converted to proved developed reserves as a result of the drilling of 20 PUD locations, at a total net cost of $42 million. Proved undeveloped locations,

with reserves of 2,863 MBOE, were removed due to increased capital costs and lower expected reserves in certain areas. Changes in our other areas of operations resulted in additions of 384 MBOE in proved undeveloped reserves, and negative revisions of 91 MBOE, primarily from the removal of one location.

Our proved undeveloped reserves decreased from 91,727 MBOE at December 31, 2010 to 83,344 MBOE at June 30, 2011 primarily due to converting proved undeveloped reserves to proved developed reserves. During the first six months of 2011, 6,358 MBOE of proved undeveloped reserves were converted to proved developed reserves as a result of drilling 78 locations at a total net cost of $124 million. Estimated total future development and abandonment costs related to the development of proved undeveloped reserves as shown in our June 30, 2011 reserve report are $1.53 billion.

Our development plan for proved undeveloped reserves in the December 31, 2010 reserve report prepared by Ryder Scott assumed that approximately 20% of our total proved undeveloped reserves would be developed in each of the next five years. Our development plan for our proved undeveloped reserves in the June 30, 2011 reserve report prepared by Ryder Scott assumed that the amount of capital available for proved undeveloped reserves for calendar year 2011 would be approximately $200 million. During the first half of 2011, we actually spent approximately $124 million drilling proved undeveloped reserves, and the drilling schedule in effect on June 30, 2011 anticipated approximately $69 million being spent on drilling proved undeveloped reserves during the remainder of the year, for a full year of capital allocated to proved undeveloped reserves of approximately $193 million. It was also assumed that the level of capital allocated to development of proved undeveloped reserves in 2012 would be about the same or slightly less than that allocated for 2011.

Our development plan in 2012 for our proved undeveloped reserves is now budgeted at approximately $167 million. We have increased our budgets for proved undeveloped reserves for 2013, 2014 and 2015 to $261.3 million, $412.0 million and $529.7 million, respectively, to capture the balance of drilling the proved undeveloped reserves within a five-year timeframe. The principal reasons for our adjustment to our drilling budgets for our proved undeveloped locations are as follows: All of the proved undeveloped locations we acquired from Broad Oak were attributed to vertical locations in the Sprayberry, Dean and Upper Wolfcamp formations that directly offset vertical producing wells from these intervals. We believe these locations also have additional non-proved upside from the lower Wolfcamp through Atoka intervals which would be lost if the vertical proved undeveloped locations were just drilled to the Sprayberry, Dean and Upper Wolfcamp intervals. Additionally, we believe that horizontal wells in the Wolfcamp and Cline Shale intervals offer an alternative development plan that might provide better economics. From a relative perspective, in comparing proved undeveloped reserves at December 31, 2010 to June 30, 2011, the proved undeveloped capital amounts were lowered in calendar year 2012 and 2013 to allow us to utilize some of the capital allocated to proved undeveloped reserves to drill and test the deeper portions of the Wolfcamp through Atoka intervals and also to test the horizontal concept, which caused us to alter the relative stages of planned proved undeveloped reserves development over the five year period.

Production, revenues and price history

The following table sets forth information regarding production, revenues and realized prices and production costs for the nine months ended September 30, 2011 and 2010 and for the years ended December 31, 2010, 2009 and 2008. Our reserves and production are reported in two streams: crude oil and liquids-rich natural gas. The economic value of the natural gas liquids in our liquids-rich natural gas is included in the wellhead natural gas price. For additional information on price calculations, see

information set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	For the nine months ended September 30,		For the years ended December 31,		
	2011	2010	2010	2009	2008
Production data:					
Oil (MBbls)	2,419	1,038	1,648	513	192
Natural gas (MMcf)	22,904	15,041	21,381	18,302	8,124
Oil equivalents (MBOE)(1)	6,236	3,545	5,212	3,563	1,546
Average daily production (BOE/D)	22,842	12,982	14,278	9,762	4,226
Revenues (in thousands):					
Oil	$ 221,031	$ 76,830	$ 126,891	$ 29,946	$ 16,544
Natural gas	$ 147,028	$ 78,592	$ 112,892	$ 64,401	$ 57,339
Average sales prices without hedges:					
Benchmark oil ($/Bbl)(2)	$ 95.47	$ 77.69	$ 79.53	$ 61.79	$ 99.80
Realized oil ($/Bbl)(3)	$ 91.37	$ 74.02	$ 77.00	$ 58.37	$ 86.17
Benchmark natural gas ($/MMBtu)(2)	$ 4.34	$ 4.63	$ 4.39	$ 3.98	$ 9.03
Realized natural gas ($/Mcf)(3)	$ 6.42	$ 5.23	$ 5.28	$ 3.52	$ 7.06
Average price ($/BOE)	$ 59.02	$ 43.84	$ 46.01	$ 26.48	$ 47.79
Average sales prices with hedges(4):					
Oil ($/Bbl)	$ 88.79	$ 74.93	$ 77.26	$ 65.42	$ 91.93
Natural gas ($/Mcf)	$ 6.75	$ 6.20	$ 6.32	$ 6.17	$ 7.83
Average price ($/BOE)	$ 59.21	$ 48.25	$ 50.37	$ 41.10	$ 52.58
Average cost per BOE:					
Lease operating expenses	$ 4.69	$ 4.21	$ 4.16	$ 3.52	$ 4.16
Production and ad valorem taxes	$ 3.74	$ 2.85	$ 3.01	$ 1.72	$ 3.55
Depreciation, depletion and amortization	$ 18.44	$ 17.03	$ 18.69	$ 16.28	$ 21.41
General and administrative	$ 6.13	$ 6.40	$ 5.93	$ 6.31	$ 15.04

(1) MBbl equivalents ("MBOE") are calculated using a conversion rate of six MMcf per one MBbl.

(2) Benchmark oil prices are the simple average of the daily settlement price for NYMEX West Texas Intermediate Light Sweet Crude Oil each month for the period indicated. Benchmark natural gas prices are the simple arithmetic average of the last day settlement price for NYMEX natural gas each month for the period indicated.

(3) Realized crude oil and natural gas prices are the actual prices realized at the wellhead after all adjustments for natural gas liquids content, quality, transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price at the wellhead.

(4) Hedged prices reflect the after effect of our commodity hedging transactions on our average sales prices. Our calculation of such after effects include realized gains and losses on cash settlements for commodity derivatives, which do not qualify for hedge accounting.

Productive wells

The following table sets forth certain information regarding productive wells in each of our core areas at September 30, 2011. We also own royalty and overriding royalty interests in a small number of wells in which we do not own a working interest.

	Total producing wells				
	Gross				
	Vertical	Horizontal	Total(1)	Net	Average working interest
Permian	542	19	561	543	97%
Anadarko Granite Wash	155	9	164	122	74%
Other(2)	344	9	353	179	51%
Total	1,041	37	1,078	844	78%

(1) 906 of the 1,078 total gross producing wells are Laredo operated.

(2) Includes Eastern Anadarko, Central Texas Panhandle and Dalhart Basin.

Acreage

The following table sets forth certain information regarding the developed and undeveloped acreage in which we own an interest as of September 30, 2011 for each of our core operating areas, including acreage held by production ("HBP"). A majority of our developed acreage is subject to liens securing our senior secured credit facility.

	Developed acres		Undeveloped acres		Total acres		
	Gross	Net	Gross	Net	Gross	Net	% HBP
Permian	75,066	68,339	90,698	58,702	165,764	127,041	54%
Anadarko Granite Wash	28,944	20,592	27,462	17,148	56,406	37,740	55%
Other(1)	91,285	60,983	144,730	98,371	236,015	159,354	38%
Total	195,295	149,914	262,890	174,221	458,185	324,135	46%

(1) Includes Eastern Anadarko, Central Texas Panhandle and Dalhart Basin.

Undeveloped acreage expirations

The following table sets forth the gross and net undeveloped acreage in our core operating areas as of September 30, 2011 that will expire over the next three years unless production is established within the spacing units covering the acreage or the lease is renewed or extended under continuous drilling provisions prior to the primary term expiration dates.

	Remaining 2011		2012		2013		2014	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Permian	306	665	9,694	4,081	56,362	38,796	10,730	8,803
Anadarko Granite Wash	2,400	1,532	10,404	6,657	6,046	3,620	4,457	1,604
Other(1)	18,871	11,955	76,633	46,825	23,782	15,797	25,444	23,794
Total	21,577	14,152	96,731	57,563	86,190	58,213	40,631	34,201

(1) Includes Eastern Anadarko, Central Texas Panhandle and Dalhart Basin.

Drilling activity

The following table summarizes our drilling activity for the nine months ended September 30, 2011 and for the years ended December 31, 2010, 2009 and 2008. Gross wells reflect the sum of all wells in which we own an interest. Net wells reflect the sum of our working interests in gross wells.

	Nine months ended September 30, 2011		Years ended December 31,					
			2010		2009		2008	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Development wells:								
Productive	156	143.8	294	276.6	127	114.7	120	95.5
Dry	0	0.0	2	2.0	2	2.0	5	4.8
Total development wells	156	143.8	296	278.6	129	116.7	125	100.3
Exploratory wells:								
Productive	2	1.4	11	9.3	17	13.7	6	4.6
Dry	0	0.0	1	1.0	2	1.3	1	0.0
Total exploratory wells	2	1.4	12	10.3	19	15.0	7	4.6

Corporate History and Structure

Laredo Inc. was founded in October 2006 by Randy A. Foutch, our Chairman and Chief Executive Officer, who was later joined by other members of our management team to acquire, develop and operate oil and gas properties in the Permian and Mid-Continent regions of the United States. In 2007, Warburg Pincus, our institutional investor, and Laredo Inc.'s management formed Laredo LLC as a holding company and entered into a limited liability company agreement, which provided for Laredo LLC's initial funding with an equity commitment of $300 million from Warburg Pincus, certain members of our management team and our independent directors. The stockholders of Laredo Inc. contributed their common stock in Laredo Inc. to Laredo LLC in return for equity units in Laredo LLC, and Laredo Inc. became a wholly-owned subsidiary of Laredo LLC.

In October 2008, Laredo LLC's limited liability company agreement was amended and a new series of equity units was created to provide for an additional $300 million equity program. To date, Warburg Pincus, certain members of our management and our independent directors have invested a total of $710 million of equity in Laredo.

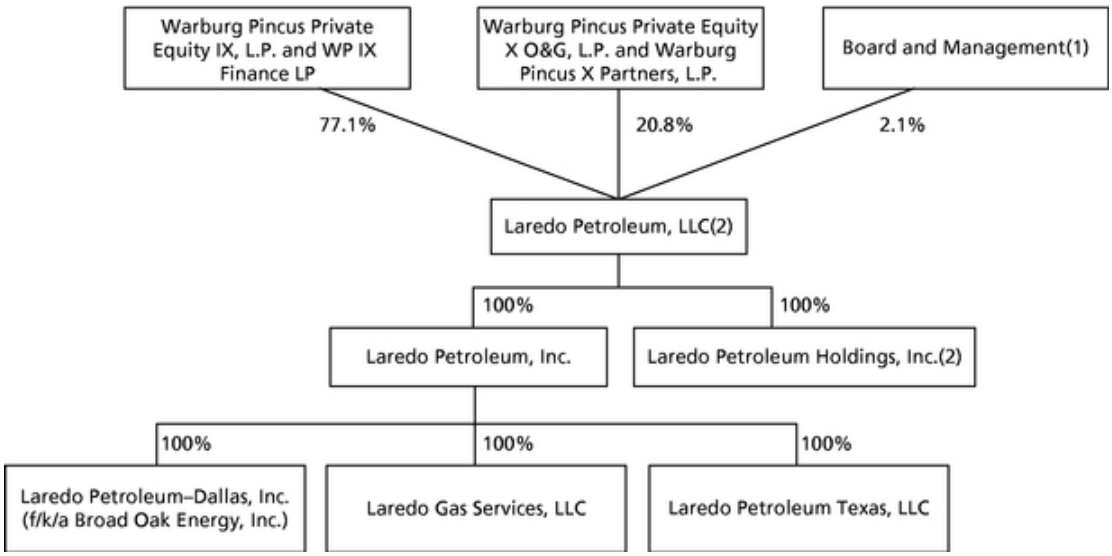
LPH, a recently formed Delaware corporation, is a wholly-owned subsidiary of Laredo LLC. LPH currently has no material assets or liabilities, and is currently not a guarantor of the notes or a guarantor of the senior secured credit facility. LPH has recently filed a registration statement on Form S-1 with the SEC in connection with a proposed initial public offering of its common stock. The registration statement for the initial public offering is not an offer to sell or a solicitation of an offer to buy the new notes and is not incorporated by reference herein, and investors should not rely on the disclosure therein in connection with their participation in the exchange offer. The registration statement is subject to review and comment by the SEC and has not yet become effective and the disclosure related to us and our business may change as a result of such review and comments. Pursuant to the terms of a corporate reorganization that is currently proposed to occur concurrently with, or immediately prior to, the closing of the initial public offering of LPH's common stock, Laredo LLC will merge into LPH, with LPH being the surviving entity. LPH will issue common stock to the current owners of Laredo LLC in the corporate reorganization and to the public in the initial public offering. The issuer of the notes and the borrower under our senior secured credit facility will continue to be Laredo Inc. and LPH will become a guarantor of the notes and the senior secured credit facility immediately prior to the corporate reorganization. If the proposed initial public offering is

consummated, ownership in LPH is expected to be approximately 80.5% by Warburg Pincus, 5.5% by our board of directors, management and employees and approximately 14.0% by the public stockholders assuming the midpoint of the offering price range set forth in the preliminary prospectus dated November 28, 2011 filed by LPH for the proposed initial public offering. There can be no assurance that the initial public offering of LPH's common stock will be consummated or the corporate reorganization will be effected as proposed. This description does not constitute an offer to sell or the solicitation of an offer to buy common stock of LPH. Common stock of LPH may not be sold nor may offers be accepted prior to the time the registration statement on Form S-1 becomes effective. Please see "Potential Corporate Reorganization" for a description of these transactions.

Laredo Inc. has three wholly-owned subsidiaries: Laredo Petroleum Texas, LLC, a Texas limited liability company formed in March 2007; Laredo Gas Services, LLC, a Delaware limited liability company formed in November 2007; and Laredo Petroleum—Dallas, Inc., a Delaware corporation formed in May 2006, formerly known as Broad Oak Energy, Inc.

Laredo Inc. is the borrower under our senior secured credit facility as well as the issuer of our notes. Currently, Laredo LLC and all of its subsidiaries (other than Laredo Inc. and LPH) are guarantors of the obligations under our senior secured credit facility and the notes. Immediately prior to the proposed corporate reorganization as described in this prospectus and the related initial public offering of LPH's common stock, if they occur, LPH will become a guarantor of the notes and the senior secured credit facility.

The following diagram indicates our current ownership structure.



(1) Including former Broad Oak management, directors and employees.

(2) If the potential corporate reorganization described herein is consummated, Laredo LLC will merge into LPH, with LPH being the surviving entity, and LPH will own 100% of Laredo Inc. See "Potential Corporate Reorganization."

Marketing and Major Customers

We market the majority of production from properties we operate for both our account and the account of the other working interest owners in our operated properties. We sell substantially all of our production to a variety of purchasers under contracts ranging from one month to several years, all at market prices. We normally sell production to a relatively small number of customers, as is customary

in the exploration, development and production business. However, based on the current demand for oil and natural gas and the availability of alternate purchasers, we believe that the loss of any one of our major purchasers would not have a material adverse effect on our financial condition and results of operations. For information regarding our customers that accounted for 10% or more of our oil and natural gas revenues during the first nine months of 2011 and the last three calendar years, see Note I in our unaudited consolidated financial statements and Note J in our audited combined financial statements included elsewhere in this prospectus. See "Risk Factors—Risks Related to Our Business—The inability of our significant customers to meet their obligations to us may materially adversely affect our financial results." See also "Certain Relationships and Related Party Transactions."

Title to Properties

We believe that we have satisfactory title to all of our producing properties in accordance with generally accepted industry standards. As is customary in the industry, in the case of undeveloped properties, often cursory investigation of record title is made at the time of lease acquisition. Investigations are made before the consummation of an acquisition of producing properties and before commencement of drilling operations on undeveloped properties. Individual properties may be subject to burdens that we believe do not materially interfere with the use or affect the value of the properties. Burdens on properties may include customary royalty interests, liens incident to operating agreements and for current taxes, obligations or duties under applicable laws, development obligations under natural gas leases, or net profits interests.

Oil and Natural Gas Leases

The typical oil and natural gas lease agreement covering our properties provides for the payment of royalties to the mineral owner for all oil and natural gas produced from any wells drilled on the leased premises. The lessor royalties and other leasehold burdens on our properties generally range from 12.5% to 25%, resulting in a net revenue interest to us generally ranging from 87.5% to 75%. 46% of our leasehold acreage is held by production.

Seasonality

Demand for oil and natural gas generally decreases during the spring and fall months and increases during the summer and winter months. However, seasonal anomalies such as mild winters or mild summers sometimes lessen this fluctuation. In addition, certain natural gas users utilize natural gas storage facilities and purchase some of their anticipated winter requirements during the summer. This can also lessen seasonal demand fluctuations. These seasonal anomalies can increase competition for equipment, supplies and personnel during the spring and summer months, which could lead to shortages and increase costs or delay our operations.

Competition

The oil and natural gas industry is intensely competitive, and we compete with other companies in our industry that have greater resources than we do, especially in our focus areas. Many of these companies not only explore for and produce oil and natural gas, but also carry on refining operations and market petroleum and other products on a regional, national or worldwide basis. These companies may be able to pay more for productive natural gas properties and exploratory locations or define, evaluate, bid for and purchase a greater number of properties and locations than our financial or human resources permit and may be able to expend greater resources to attract and maintain industry personnel. In addition, these companies may have a greater ability to continue exploration activities during periods of low natural gas market prices. Our larger competitors may be able to absorb the burden of existing, and any changes to, federal, state and local laws and regulations more easily than we can, which would adversely affect our competitive position. Our ability to acquire additional properties and to discover reserves in the future will be dependent upon our ability to evaluate and

select suitable properties and to consummate transactions in a highly competitive environment. In addition, because we have fewer financial and human resources than many companies in our industry, we may be at a disadvantage in bidding for exploratory locations and producing natural gas properties.

Hydraulic Fracturing

We use hydraulic fracturing as a means to maximize the productivity of almost every well that we drill and complete. Hydraulic fracturing is a necessary part of the completion process for our producing properties in Texas and Oklahoma because our properties are dependent upon our ability to effectively fracture the producing formations in order to produce at economic rates. We are currently conducting hydraulic fracturing activity in the completion of both our vertical and horizontal wells in the Permian Basin and the Anadarko Granite Wash. While hydraulic fracturing is not required to maintain 46% of our leasehold acreage that is currently held by production from existing wells, it will be required in the future to develop the proved non-producing and proved undeveloped reserves associated with this acreage. Nearly all of our proved non-producing and proved undeveloped reserves associated with future drilling, recompletion, and refracture stimulation projects, or approximately 61% of our total estimated proved reserves as of June 30, 2011, require hydraulic fracturing.

We have and continue to follow applicable industry standard practices and legal requirements for groundwater protection in our operations which are subject to supervision by state and federal regulators (including the Bureau of Land Management on federal acreage). These protective measures include setting surface casing at a depth sufficient to protect fresh water zones as determined by regulatory agencies, and cementing the well to create a permanent isolating barrier between the casing pipe and surrounding geological formations. This aspect of well design essentially eliminates a pathway for the fracturing fluid to contact any aquifers during the hydraulic fracturing operations. For recompletions of existing wells, the production casing is pressure tested prior to perforating the new completion interval.

Injection rates and pressures are monitored instantaneously and in real time at the surface during our hydraulic fracturing operations. Pressure is monitored on both the injection string and the immediate annulus to the injection string. Hydraulic fracturing operations would be shut down immediately if an abrupt change occurred to the injection pressure or annular pressure.

Certain state regulations require disclosure of the components in the solutions used in hydraulic fracturing operations. Approximately 99% of the hydraulic fracturing fluids we use are made up of water and sand. The remainder of the constituents in the fracturing fluid are managed and used in accordance with applicable requirements.

Hydraulic fracture stimulation requires the use of a significant volume of water. Upon flowback of the water, we dispose of it in a way that minimizes the impact to nearby surface water by disposing into approved disposal or injection wells. We currently do not discharge water to the surface.

For information regarding existing and proposed governmental regulations regarding hydraulic fracturing and related environmental matters, please read "Business—Regulation of Environmental and Occupational Health and Safety Matters—Water and other waste discharges and spills." For related risks to our stockholders, please read "Risk Factors—Risks Related to Our Business—Federal and state legislation and regulatory initiatives relating to hydraulic fracturing could prohibit projects or result in increased costs and additional operating restrictions or delays because of the significance of hydraulic fracturing in our business."

Regulation of the Oil and Natural Gas Industry

Our operations are substantially affected by federal, state and local laws and regulations. In particular, natural gas production and related operations are, or have been, subject to price controls, taxes and numerous other laws and regulations. All of the jurisdictions in which we own or operate

producing oil and natural gas properties have statutory provisions regulating the exploration for and production of oil and natural gas, including provisions related to permits for the drilling of wells, bonding requirements to drill or operate wells, the location of wells, the method of drilling and casing wells, the surface use and restoration of properties upon which wells are drilled, sourcing and disposal of water used in the drilling and completion process, and the abandonment of wells. Our operations are also subject to various conservation laws and regulations. These include the regulation of the size of drilling and spacing units or proration units, the number of wells which may be drilled in an area, and the unitization or pooling of crude natural gas wells, as well as regulations that generally prohibit the venting or flaring of natural gas, and impose certain requirements regarding the ratability or fair apportionment of production from fields and individual wells.

Failure to comply with applicable laws and regulations can result in substantial penalties. The regulatory burden on the industry increases the cost of doing business and affects profitability. Although we believe we are in substantial compliance with all applicable laws and regulations, such laws and regulations are frequently amended or reinterpreted. Therefore, we are unable to predict the future costs or impact of compliance. Additional proposals and proceedings that affect the natural gas industry are regularly considered by Congress, the states, FERC, and the courts. We cannot predict when or whether any such proposals may become effective.

We believe we are in substantial compliance with currently applicable laws and regulations and that continued substantial compliance with existing requirements will not have a material adverse effect on our financial position, cash flows or results of operations. However, current regulatory requirements may change, currently unforeseen environmental incidents may occur or past non-compliance with environmental laws or regulations may be discovered.

Regulation of production of oil and natural gas

The production of oil and natural gas is subject to regulation under a wide range of local, state and federal statutes, rules, orders and regulations. Federal, state and local statutes and regulations require permits for drilling operations, drilling bonds and reports concerning operations. All of the states in which we own and operate properties have regulations governing conservation matters, including provisions for the unitization or pooling of oil and natural gas properties, the establishment of maximum allowable rates of production from oil and natural gas wells, the regulation of well spacing, and plugging and abandonment of wells. The effect of these regulations is to limit the amount of oil and natural gas that we can produce from our wells and to limit the number of wells or the locations at which we can drill, although we can apply for exceptions to such regulations or to have reductions in well spacing. Moreover, each state generally imposes a production or severance tax with respect to the production and sale of oil, natural gas and natural gas liquids within its jurisdiction. We own interests in properties located onshore in different U.S. states. These states regulate drilling and operating activities by requiring, among other things, permits for the drilling of wells, maintaining bonding requirements in order to drill or operate wells, and regulating the location of wells, the method of drilling and casing wells, the surface use and restoration of properties upon which wells are drilled and the plugging and abandonment of wells. The laws of these states also govern a number of environmental and conservation matters, including the handling and disposing or discharge of waste materials, the size of drilling and spacing units or proration units and the density of wells that may be drilled, unitization and pooling of oil and natural gas properties and establishment of maximum rates of production from oil and natural gas wells. Some states have the power to prorate production to the market demand for oil and natural gas. The failure to comply with these rules and regulations can result in substantial penalties. Our competitors in the oil and natural gas industry are subject to the same regulatory requirements and restrictions that affect our operations.

Regulation of Environmental and Occupational Health and Safety Matters

Our operations are subject to numerous stringent federal, state and local statutes and regulations governing the discharge of materials into the environment or otherwise relating to protection of the environment or occupational health and safety. Numerous governmental agencies, such as the U.S. Environmental Protection Agency ("EPA"), issue regulations, which often require difficult and costly compliance measures that carry substantial administrative, civil and criminal penalties and may result in injunctive obligations for failure to comply. These laws and regulations may require the acquisition of a permit before drilling commences, restrict the types, quantities and concentrations of various substances that can be released into the environment in connection with drilling, production and transporting through pipelines, govern the sourcing and disposal of water used in the drilling, completion and production process, limit or prohibit drilling activities in certain areas and on certain lands lying within wilderness, wetlands, frontier and other protected areas, require some form of remedial action to prevent or mitigate pollution from current or former operations such as plugging abandoned wells or closing earthen pits, result in the suspension or revocation of necessary permits, licenses and authorizations, require that additional pollution controls be installed and impose substantial liabilities for pollution resulting from operations or failure to comply with regulatory filings. In addition, these laws and regulations may restrict the rate of production. The strict and joint and several liability nature of such laws and regulations could impose liability upon us regardless of fault. Public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the crude oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. Changes in environmental laws and regulations occur frequently, and to the extent laws are enacted or other governmental action is taken that restricts drilling or imposes more stringent and costly operating, waste handling, disposal and cleanup requirements, our business and prospects, as well as the oil and natural gas industry in general, could be materially adversely affected.

Hazardous substance and waste handling

Our operations are subject to environmental laws and regulations relating to the management and release of hazardous substances, solid and hazardous wastes and petroleum hydrocarbons. These laws generally regulate the generation, storage, treatment, transportation and disposal of solid and hazardous waste and may impose strict and, in some cases, joint and several liability for the investigation and remediation of affected areas where hazardous substances may have been released or disposed. The Comprehensive Environmental Response, Compensation, and Liability Act, as amended, referred to as CERCLA or the Superfund law, and comparable state laws, impose liability, without regard to fault or the legality of the original conduct, on certain classes of persons deemed "responsible parties." These persons include current owners or operators of the site where a release of hazardous substances occurred, prior owners or operators that owned or operated the site at the time of the release or disposal of hazardous substances, and companies that disposed or arranged for the disposal of the hazardous substances found at the site. Under CERCLA, these persons may be subject to strict and joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. CERCLA also authorizes the EPA and, in some instances, third parties to act in response to threats to the public health or the environment and to seek to recover the costs they incur from the responsible classes of persons. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment. Despite the "petroleum exclusion" of Section 101(14) of CERCLA, which currently encompasses natural gas, we may nonetheless handle hazardous substances within the meaning of CERCLA, or similar state statutes, in the course of our ordinary operations and, as a result, may be jointly and severally liable under CERCLA for all or part of the costs required to clean up sites at which these hazardous substances have been released into the

environment. In addition, we may have liability for releases of hazardous substances at our properties by prior owners or operators or other third parties.

The Oil Pollution Act of 1990 (the "OPA") is the primary federal law imposing oil spill liability. The OPA contains numerous requirements relating to the prevention of and response to petroleum releases into waters of the United States, including the requirement that operators of offshore facilities and certain onshore facilities near or crossing waterways must maintain certain significant levels of financial assurance to cover potential environmental cleanup and restoration costs. Under the OPA, strict, joint and several liability may be imposed on "responsible parties" for all containment and cleanup costs and certain other damages arising from a release, including, but not limited to, the costs of responding to a release of oil to surface waters and natural resource damages, resulting from oil spills into or upon navigable waters, adjoining shorelines or in the exclusive economic zone of the United States. A "responsible party" includes the owner or operator of an onshore facility. The OPA establishes a liability limit for onshore facilities of $350 million. These liability limits may not apply if: a spill is caused by a party's gross negligence or willful misconduct; the spill resulted from violation of a federal safety, construction or operating regulation; or a party fails to report a spill or to cooperate fully in a clean-up. We are also subject to analogous state statutes that impose liabilities with respect to oil spills.

We also generate solid wastes, including hazardous wastes, which are subject to the requirements of the Resource Conservation and Recovery Act ("RCRA"), as amended, and comparable state statutes. Although RCRA regulates both solid and hazardous wastes, it imposes strict requirements on the generation, storage, treatment, transportation and disposal of hazardous wastes. Certain petroleum production wastes are excluded from RCRA's hazardous waste regulations. It is possible, however, that these wastes, which could include wastes currently generated during our operations, will be designated as "hazardous wastes" in the future and, therefore, be subject to more rigorous and costly disposal requirements. Indeed, legislation has been proposed from time to time in Congress to re-categorize certain oil and gas exploration and production wastes as "hazardous wastes." Any such changes in the laws and regulations could have a material adverse effect on our maintenance capital expenditures and operating expenses.

We believe that we are in substantial compliance with the requirements of CERCLA, RCRA, OPA and related state and local laws and regulations, and that we hold all necessary and up-to-date permits, registrations and other authorizations required under such laws and regulations. Although we believe that the current costs of managing our wastes as they are presently classified are reflected in our budget, any legislative or regulatory reclassification of oil and natural gas exploration and production wastes could increase our costs to manage and dispose of such wastes.

Water and other waste discharges and spills

The Federal Water Pollution Control Act, as amended, also known as the Clean Water Act, the Safe Drinking Water Act, the OPA and comparable state laws impose restrictions and strict controls regarding the discharge of pollutants, including produced waters and other natural gas wastes, into federal and state waters. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or the state. The discharge of dredge and fill material in regulated waters, including wetlands, is also prohibited, unless authorized by a permit issued by the U.S. Army Corps of Engineers. The EPA has also adopted regulations requiring certain oil and natural gas exploration and production facilities to obtain individual permits or coverage under general permits for storm water discharges. Costs may be associated with the treatment of wastewater or developing and implementing storm water pollution prevention plans, as well as for monitoring and sampling the storm water runoff from certain of our facilities. Some states also maintain groundwater protection programs that require permits for discharges or operations that may impact groundwater conditions. The underground injection of fluids is subject to permitting and other requirements under

state laws and regulation. Obtaining permits has the potential to delay the development of oil and natural gas projects. These same regulatory programs also limit the total volume of water that can be discharged, hence limiting the rate of development, and require us to incur compliance costs. These laws and any implementing regulations provide for administrative, civil and criminal penalties for any unauthorized discharges of oil and other substances in reportable quantities and may impose substantial potential liability for the costs of removal, remediation and damages. Pursuant to these laws and regulations, we may be required to obtain and maintain approvals or permits for the discharge of wastewater or storm water and the underground injection of fluids and are required to develop and implement spill prevention, control and countermeasure plans, also referred to as "SPCC plans," in connection with on-site storage of significant quantities of oil. We maintain all required discharge permits necessary to conduct our operations, and we believe we are in substantial compliance with their terms.

Hydraulic fracturing is a practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations. The process involves the injection of water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production. The process is typically regulated by state oil and gas commissions. The EPA, however, recently asserted federal regulatory authority over hydraulic fracturing involving diesel additives under the federal Safe Drinking Water Act's ("SDWA") Underground Injection Control ("UIC") Program by posting a new requirement on its website that requires facilities to obtain permits to use diesel fuel in hydraulic fracturing operations. The U.S. Energy Policy Act of 2005, which exempts hydraulic fracturing from regulation under the SDWA, prohibits the use of diesel fuel in the fracturing process without a UIC permit. Although the EPA has yet to take any action to enforce or implement this newly-asserted regulatory authority, industry groups have filed suit challenging the EPA's recent decisions as a "final agency action" and, thus, in violation of the notice-and-comment rulemaking procedures of the Administrative Procedures Act. At the same time, the EPA has commenced a study of the potential environmental impacts of hydraulic fracturing activities, with results of the study anticipated to be available by late 2012, and a committee of the House of Representatives also is conducting an investigation of hydraulic fracturing practices. On November 3, 2011, the EPA released its Plan to Study the Potential Impacts of Hydraulic Fracturing on Drinking Water Resources. The study will include both analysis of existing data and investigative activities designed to generate future data. The EPA intends to release a first report on the results of this study in 2012 and an additional report in 2014 synthesizing the longer-term research projects. Furthermore, on August 23, 2011, the EPA published a proposed rule in the *Federal Register* to establish new emissions standards to reduce volatile organic compounds ("VOC") emissions from several types of processes and equipment used in the oil and gas industry, including a 95% reduction in VOCs emitted during the construction or modification of hydraulically-fractured wells. In addition, legislation is pending in Congress to repeal the hydraulic fracturing exemption from the SDWA, provide for federal regulation of hydraulic fracturing, and require public disclosure of the chemicals used in the fracturing process, and such legislation could be introduced in the current session of Congress. Finally, on October 20, 2011, the EPA announced its plan to propose federal pre-treatment standards for wastewater generated during the hydraulic fracturing process. Hydraulic fracturing stimulation requires the use of a significant volume of water with some resulting "flowback," as well as "produced water." The EPA asserts that this water may contain radioactive materials and other pollutants and, therefore, may deteriorate drinking water quality if not properly treated before discharge. The Clean Water Act prohibits the discharge of wastewater into federal or state waters. Thus, "flowback" and "produced water" must either be injected into permitted disposal wells or transported to public or private treatment facilities for treatment. The EPA asserts that due to some contaminants in hydraulic fracturing wastewater, most treatment facilities are unable to properly treat the wastewater before introducing it into public waters. If adopted, the new pre-treatment rules will require shale gas operations to pre-treat wastewater before transferring it to treatment facilities.

Further, certain members of the Congress have called upon: (i) the U.S. Government Accountability Office to investigate how hydraulic fracturing might adversely affect water resources; (ii) the SEC to investigate the natural gas industry and any possible misleading of investors or the public regarding the economic feasibility of pursuing natural gas deposits in shales by means of hydraulic fracturing; and (iii) the U.S. Energy Information Administration to provide a better understanding of that agency's estimates regarding natural gas reserves, including reserves from shale formations, as well as uncertainties associated with those estimates. Finally, the Shale Gas Subcommittee of the Secretary of Energy Advisory Board released a report on August 11, 2011, proposing recommendations to reduce the potential environmental impacts from shale gas production. These ongoing or proposed studies, depending on their degree of pursuit and any meaningful results obtained, could spur initiatives to further regulate hydraulic fracturing under the SDWA or other regulatory mechanism.

Some states have adopted, and other states are considering adopting, regulations that could restrict hydraulic fracturing in certain circumstances or otherwise require the public disclosure of chemicals used in the hydraulic fracturing process. For example, pursuant to legislation adopted by the State of Texas in June 2011, the Railroad Commission of Texas (the "RRC") published a proposed rule on September 9, 2011 requiring disclosure to the RRC and the public of certain information regarding the components used in the hydraulic fracturing process. In addition to state law, local land use restrictions, such as city ordinances, may restrict or prohibit the performance of well drilling in general and/or hydraulic fracturing in particular.

If these or any other new laws or regulations that significantly restrict hydraulic fracturing are adopted, such laws could make it more difficult or costly for us to drill and produce from tight formations as well as make it easier for third parties opposing the hydraulic fracturing process to initiate legal proceedings. In addition, if hydraulic fracturing is regulated at the federal level, fracturing activities could become subject to additional permitting and financial assurance requirements, more stringent construction specifications, increased monitoring, reporting and recordkeeping obligations, plugging and abandonment requirements and also to attendant permitting delays and potential increases in costs. These developments, as well as new laws or regulations, could cause us to incur substantial compliance costs, and compliance or the consequences of failure to comply by us could have a material adverse effect on our financial condition and results of operations. At this time, it is not possible to estimate the potential impact on our business that may arise if federal or state legislation governing hydraulic fracturing is enacted into law.

Air emissions

The federal Clean Air Act, as amended, and comparable state laws restrict the emission of air pollutants from many sources, including compressor stations, through the issuance of permits and the imposition of other requirements. In addition, the EPA has developed, and continues to develop, stringent regulations governing emissions of toxic air pollutants at specified sources. In particular, on August 23, 2011, pursuant to a court-ordered consent decree, the EPA published a proposed rule establishing new emissions standards to reduce VOC and sulfur dioxide emissions from several types of processes and equipment used in the oil and gas industry, including a 95 percent reduction in VOCs emitted during construction or modification of hydraulically-fractured wells. The consent decree requires the EPA to take final action by February 28, 2012, following a public comment period, which is presently underway. These proposed standards, should they be adopted, as well as any future laws and their implementing regulations, may require us to obtain pre-approval for the expansion or modification of existing facilities or the construction of new facilities expected to produce air emissions, impose stringent air permit requirements, or utilize specific equipment or technologies to control emissions. Our failure to comply with these requirements could subject us to monetary penalties, injunctions, conditions or restrictions on operations and, potentially, criminal enforcement actions.

We may be required to incur certain capital expenditures in the next few years for air pollution control equipment in connection with maintaining or obtaining operating permits addressing other air emission related issues, which may have a material adverse effect on our operations. Obtaining permits also has the potential to delay the development of oil and natural gas projects. We believe that we currently are in substantial compliance with all air emissions regulations and that we hold all necessary and valid construction and operating permits for our current operations.

Regulation of "greenhouse gas" emissions

Recent scientific studies have suggested that emissions of certain gases, commonly referred to as "greenhouse gases" ("GHGs") and including carbon dioxide and methane, may be contributing to warming of the earth's atmosphere and other climatic changes. In response to such studies, Congress has, from time to time, considered legislation to reduce emissions of GHGs. One bill approved by the House of Representatives in June 2009, known as the American Clean Energy and Security Act of 2009 would have required an 80% reduction in emissions of GHGs from sources within the U.S. between 2012 and 2050, but it was not approved by the U.S. Senate in the 2009-2010 legislative session. Congress is likely to continue to consider similar bills. Moreover, almost half of the states have already taken legal measures to reduce emissions of GHGs through the planned development of GHG emission inventories and/or regional GHG cap and trade programs or other mechanisms. Most cap and trade programs work by requiring major sources of emissions, such as electric power plants, or major producers of fuels, such as refineries and gas processing plants, to acquire and surrender emission allowances corresponding with their annual emissions of GHGs. The number of allowances available for purchase is reduced each year until the overall GHG emission reduction goal is achieved. As the number of GHG emission allowances declines each year, the cost or value of allowances is expected to escalate significantly. Some states have enacted renewable portfolio standards, which require utilities to purchase a certain percentage of their energy from renewable fuel sources.

In addition, in December 2009, the EPA determined that emissions of carbon dioxide, methane and other GHGs present an endangerment to human health and the environment, because emissions of such gases are, according to the EPA, contributing to warming of the earth's atmosphere and other climatic changes. These findings by the EPA allow the agency to proceed with the adoption and implementation of regulations that would restrict emissions of GHGs under existing provisions of the federal Clean Air Act. In response to its endangerment finding, the EPA recently adopted two sets of rules regarding possible future regulation of GHG emissions under the Clean Air Act, one of which purports to regulate emissions of GHGs from motor vehicles and the other of which would regulate emissions of GHGs from large stationary sources of emissions such as power plants or industrial facilities. The motor vehicle rule was finalized in April 2010 and became effective in January 2011 but it does not require immediate reductions in GHG emissions. The stationary source rule was adopted in May 2010 and also became effective January 2011 and is the subject of several pending lawsuits filed by industry groups. Additionally, in September 2009, the EPA issued a final rule requiring the reporting of GHG emissions from specified large GHG emission sources in the U.S., including natural gas liquids fractionators and local natural gas/distribution companies, beginning in 2011 for emissions occurring in 2010. The EPA also plans to implement GHG emissions standards for power plants in May 2012 and for refineries in November 2012.

The adoption of legislation or regulatory programs to reduce GHG emissions could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or comply with new regulatory requirements. Any GHG emissions legislation or regulatory programs applicable to power plants or refineries could also increase the cost of consuming, and thereby reduce demand for, the oil and natural gas we produce. Consequently, legislation and regulatory programs to reduce GHG emissions could have an adverse effect on our business, financial condition and results of operations.

Occupational safety and health act

We are also subject to the requirements of the federal Occupational Safety and Health Act, as amended ("OSHA") and comparable state laws that regulate the protection of the health and safety of employees. In addition, OSHA's hazard communication standard requires that information be maintained about hazardous materials used or produced in our operations and that this information be provided to employees, state and local government authorities and citizens. We believe that our operations are in substantial compliance with the OSHA requirements.

National environmental policy act

Oil and natural gas exploration and production activities on federal lands are subject to the National Environmental Policy Act ("NEPA"). NEPA requires federal agencies, including the Departments of Interior and Agriculture, to evaluate major agency actions having the potential to significantly impact the environment. In the course of such evaluations, an agency prepares an environmental assessment to evaluate the potential direct, indirect and cumulative impacts of a proposed project. If impacts are considered significant, the agency will prepare a more detailed environmental impact study that is made available for public review and comment. All of our current exploration and production activities, as well as proposed exploration and development plans, on federal lands require governmental permits that are subject to the requirements of NEPA. This environmental impact assessment process has the potential to delay the development of oil and natural gas projects. Authorizations under NEPA also are subject to protest, appeal or litigation, which can delay or halt projects.

Endangered species act

The Endangered Species Act ("ESA") was established to protect endangered and threatened species. Pursuant to the ESA, if a species is listed as threatened or endangered, restrictions may be imposed on activities adversely affecting that species' habitat. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act. We conduct operations on federal oil and natural gas leases in areas where certain species that are listed as threatened or endangered and where other species, such as the sage grouse, potentially could be listed as threatened or endangered under the ESA exist. The U.S. Fish and Wildlife Service may designate critical habitat and suitable habitat areas that it believes are necessary for survival of a threatened or endangered species. A critical habitat or suitable habitat designation could result in further material restrictions to federal land use and may materially delay or prohibit land access for oil and natural gas development. If we were to have a portion of our leases designated as critical or suitable habitat, it could cause us to incur additional costs or become subject to operating restrictions or bans in the affected areas, which could adversely impact the value of our leases.

Summary

In summary, we believe we are in substantial compliance with currently applicable environmental laws and regulations. Although we have not experienced any material adverse effect from compliance with environmental requirements, there is no assurance that this will continue. We did not have any material capital or other non-recurring expenditures in connection with complying with environmental laws or environmental remediation matters in 2010 and the first nine months of 2011, nor do we anticipate that such expenditures will be material in the remainder of 2011 and 2012.

Employees

As of November 25, 2011, we had 183 full-time employees. We also employed a total of 27 contract personnel who assist our full-time employees with respect to specific tasks and perform various

field and other services. Our future success will depend partially on our ability to attract, retain and motivate qualified personnel. We are not a party to any collective bargaining agreements and have not experienced any strikes or work stoppages. We consider our relations with our employees to be satisfactory.

Our Offices

Our executive offices are located at 15 W. Sixth Street, Suite 1800, Tulsa, Oklahoma 74119, and the phone number at this address is (918) 513-4570. Our website address is www.laredopetro.com. We expect to make our periodic reports and other information filed with or furnished to the SEC, available free of charge through our website as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into, and does not constitute a part of, this prospectus.

Legal Proceedings

From time to time, we are subject to various legal proceedings arising in the ordinary course of business, including proceedings for which we have insurance coverage. As of the date hereof, we are not party to any material legal proceedings.

MANAGEMENT

Executive Officers and Directors

The following tables set forth information regarding the individuals who are currently serving as our executive officers and directors. The respective age of each individual in the tables is as of November 25, 2011. There are no family relationships among any of our directors or executive officers.

Executive Officers

The following table sets forth the name, age and position of our current executive officers. Each of the individuals listed in the table below holds the title stated below at each of the registrants.

Name	Age	Title
Randy A. Foutch	60	Chairman and Chief Executive Officer
Jerry Schuyler	56	President and Chief Operating Officer
W. Mark Womble	60	Senior Vice President and Chief Financial Officer
Patrick J. Curth	60	Senior Vice President—Exploration and Land
John E. Minton	63	Senior Vice President—Reservoir Engineering
Rodney S. Myers	58	Senior Vice President—Permian
Kenneth E. Dornblaser	56	Senior Vice President and General Counsel

Board of Directors of Laredo Inc.

The board of directors of Laredo Inc. consists of a sole member. The following table sets forth the name, age and title of Laredo Inc.'s current director.

Name	Age	Title
Randy A. Foutch	60	Chief Executive Officer

Board of Managers of Laredo LLC and Board of Directors of LPH

The board of managers of Laredo LLC and the board of directors of LPH, which we refer to as board of directors, consists of nine members. The following table sets forth the name, age and title of such individuals.

Name	Age	Title
Randy A. Foutch	60	Chairman and Chief Executive Officer
Jerry Schuyler	56	President and Chief Operating Officer
Peter R. Kagan	43	Director
James R. Levy	35	Director
B.Z. (Bill) Parker	64	Director
Pamela S. Pierce	56	Director
Ambassador Francis Rooney	57	Director
Edmund P. Segner, III	58	Director
Donald D. Wolf	68	Director

Board of Directors of Laredo Petroleum—Dallas, Inc.

The board of directors of Laredo Petroleum—Dallas, Inc. consists of a sole member. The following table sets for the name, age and title of Laredo Petroleum—Dallas, Inc.'s current director.

Name	Age	Title
Randy A. Foutch	60	Chief Executive Officer

Board of Managers of Laredo Gas Services, LLC

The board of managers of Laredo Gas Services, LLC consists of three members. The following table sets forth the name, age and title of Laredo Gas Services LLC's current managers.

Name	Age	Title
Randy A. Foutch	60	Chief Executive Officer
Jerry Schuyler	56	President and Chief Operating Officer
W. Mark Womble	60	Senior Vice President and Chief Financial Officer

Board of Managers of Laredo Petroleum Texas, LLC

The board of managers of Laredo Petroleum Texas, LLC consists of a sole member. The following table sets forth the name, age and title of Laredo Petroleum Texas, LLC's current manager.

Name	Age	Title
Randy A. Foutch	60	Chief Executive Officer

Key Employees

The following table lists information regarding other key employees as of November 25, 2011:

Name	Age	Title
Dan Schooley	55	Vice President—Marketing
Dave Boncaldo	47	Vice President—Operations
Jeffrey A. Tanner	48	Vice President—Exploration
Mark W. King	50	Vice President—Land
Mark H. Elliott	56	Vice President—Exploration and Land—Permian
Robert N. Skinner	49	Vice President of Operations and Engineering—Permian
Diane T. Wood	49	Controller

Randy A. Foutch is our founder and has served as our Chairman and Chief Executive Officer since that time. He also served as our President from October 2006 to July 2008. Mr. Foutch has over 30 years of experience in the oil and gas industry. Prior to our formation, Mr. Foutch founded Latigo Petroleum, Inc. ("Latigo") in 2001 and served as its President and Chief Executive Officer until it was sold to Pogo Producing Co. in May 2006. Previous to Latigo, Mr. Foutch founded Lariat Petroleum, Inc. ("Lariat") in 1996 and served as its President until January 2001 when it was sold to Newfield Exploration, Inc. He is currently serving on the board of directors of Helmerich & Payne, Inc. and is also a member of its audit, governance and nominating and corporate committees. Mr. Foutch is

also a member of the National Petroleum Council, America's Natural Gas Alliance and the Advisory Council of the Energy Institute at the University of Texas, Austin. From 2006 to August 2011, he served on the board of directors of Bill Barrett Corporation and from 2006 to 2008, on the board of directors of MacroSolve, Inc. Mr. Foutch also serves on several nonprofit and private industry boards. He holds a Bachelor of Science in Geology from the University of Texas and a Master of Science in Petroleum Engineering from the University of Houston.

Mr. Foutch has been successful in founding other oil and gas companies and serves in director positions of various oil and gas companies. As a result, he provides a strong operational and strategic background and has valuable business, leadership and management experience and insights into many aspects of the operations of exploration and productions companies. Mr. Foutch also brings financial expertise to the board, including his experience in obtaining financing for startup oil and gas companies. For these reasons, we believe Mr. Foutch is qualified to serve as a director.

Jerry R. Schuyler joined Laredo in June 2007 as Executive Vice President and Chief Operating Officer. In July 2008, he was promoted to President and Chief Operating Officer and has served in that capacity since that time. He is also one of our directors. Prior to joining Laredo, he held various executive positions with Atlantic Richfield Company ("ARCO"), Dominion Exploration and Production, Inc. and St. Mary Land & Exploration. While at St. Mary Land & Exploration from December 2003 to June 2007, he established their Houston and Midland offices and managed all exploration and production activities in the Gulf of Mexico, Gulf Coast and Permian areas. While at Dominion Exploration and Production, Inc. from March 2000 to July 2002, he managed all exploration and production activities in the Gulf Coast, Michigan and Appalachian areas. During his years with ARCO from 1977 to 1999, he held several key positions, such as Prudhoe Bay Field Manager, Manager of Worldwide Exploration and Production Planning and President of ARCO Middle East and Central Asia. Mr. Schuyler serves on several industry and college related boards of directors. He earned a Bachelor of Science degree in Petroleum Engineering from Montana Tech University and attended numerous graduate business courses at University of Houston.

Mr. Schuyler has significant experience managing oil and gas operations and serving in executive positions for various exploration and production companies and extensive knowledge of the energy industry. For these reasons, we believe Mr. Schuyler is qualified to serve as a director.

W. Mark Womble has served as our Chief Financial Officer and Senior Vice President since July 2007. Prior to joining Laredo, he was the Vice President and Chief Financial Officer of Latigo and served in this capacity from 2002 until the company was sold in May 2006. He then retired until joining Laredo in July 2007. Mr. Womble has more than 30 years of experience in the oil and natural gas industry and, throughout his career, has served as financial analyst, consultant and in several executive positions with multiple companies. He earned a Bachelor of Business Administration degree and a Master of Business Administration degree in finance and accounting from West Texas State University in Canyon, Texas.

Patrick J. Curth has served as our Senior Vice President—Exploration and Land since October 2006. He has been involved in exploration and development projects in the Mid-Continent area for over three decades. Prior to joining Laredo, Mr. Curth joined Latigo in 2000 as Exploration Manager and served as Vice President—Exploration when Latigo was sold in May 2006. From 1997 to 2001, he was the Vice President—Exploration at Lariat. Mr. Curth holds a Bachelor of Arts in Geology from Windham College, a Masters Degree in Geological Sciences from the University of Wisconsin—Milwaukee and a second Masters Degree in Environmental Sciences from Oklahoma State University.

John E. Minton joined Laredo in October 2007 as Vice President—Reservoir Engineering and became Senior Vice President—Reservoir Engineering in September 2009. Before joining Laredo, Mr. Minton served as Senior Vice President of Reservoir Engineering at Rockford II Energy Partners from July 2006 to October 2007. In 2003, he joined Latigo as a Senior Reservoir Engineer and later became Manager of Corporate Reservoir Engineering. He served in this position until the company was sold in May 2006. He joined Lariat in 2000 as a Senior Reservoir Engineer and stayed with its successor Newfield Exploration until early 2003 as a Senior Reservoir Engineer. Mr. Minton is a member of the Society of Petroleum Engineers and has been a Registered Professional Engineer in the state of Oklahoma since 1982. He graduated from the University of Oklahoma with a Bachelor of Science degree in Mechanical Engineering.

Rodney S. Myers joined Laredo in November 2010 as Senior Vice President—Special Projects, and in September 2011 he assumed the newly created position of Senior Vice President—Permian. Immediately prior to joining Laredo, Mr. Myers came out of retirement in November 2009 to manage Sheridan Production Company's Mid-Continent District office in Tulsa, Oklahoma. Previously, from December 2002 until his retirement in May 2006, he served as the Senior Vice President and Chief Operating Officer of Latigo. Prior to Latigo, Mr. Myers spent over 13 years with Apache Corporation where he was Vice President for the Mid-Continent Region and Vice President of Production for its Central Region. Mr. Myers earned a Bachelor of Science degree in Petroleum Engineering from the University of Missouri at Rolla.

Kenneth E. Dornblaser joined Laredo in June 2011 as Senior Vice President and General Counsel. Immediately prior to joining Laredo, Mr. Dornblaser was a shareholder in the Johnson & Jones law firm, which he co-founded in March 1994. Prior to co-founding Johnson & Jones, Mr. Dornblaser had been engaged in the private practice of law in Tulsa, Oklahoma, since 1980. Mr. Dornblaser graduated from Oklahoma State University with a B.S. degree in Accounting and the University of Oklahoma where he received his Juris Doctorate degree.

Peter R. Kagan has served as one of our directors since July 2007. He has been with Warburg Pincus since 1997 where he leads the firm's investment activities in energy and natural resources. He is a Partner of Warburg Pincus & Co. and a Managing Director of Warburg Pincus LLC. He is also a member of Warburg Pincus' Executive Management Group. Mr. Kagan is currently on the board of directors of Antero Resources, China CBM Investment Holdings, Ltd., Fairfield Energy, MEG Energy, Canbriam Energy Inc., Targa Resources Inc. and Targa Resources Partners L.P. He previously served on the board of directors of Broad Oak, Lariat and Latigo. Mr. Kagan received a Bachelor of Arts degree cum laude from Harvard College and Juris Doctorate and Master of Business Administration degrees with honors from the University of Chicago.

Mr. Kagan has significant experience with energy companies and investments and broad familiarity with the industry and related transactions and capital markets activity, which enhance his contributions to the board of directors. For these reasons, we believe Mr. Kagan is qualified to serve as a director.

James R. Levy has served as one of our directors since May 2007. He joined Warburg Pincus in 2006 and focuses on investments in the energy industry. Prior to joining Warburg Pincus, he worked as an Associate at Kohlberg & Company, a middle market private equity investment firm, from 2002 to 2006, and as an Analyst and Associate at Wasserstein Perella & Co. from 1999 to 2002. Mr. Levy currently serves on the board of directors of EnStorage, Inc., a privately held energy storage system development company, and Suniva, Inc., a private company that manufactures solar cells for use in power generation, and Black Swan Energy Ltd, a privately held oil and gas exploration and production company. He is a former director of Broad Oak. Mr. Levy received a Bachelor of Arts in history from Yale University.

Mr. Levy has significant experience with investments in the energy industry and currently serves on the boards of various energy companies. For these reasons, we believe Mr. Levy is qualified to serve as a director.

B. Z. (Bill) Parker has served as one of our directors since May 2007. Mr. Parker joined Phillips Petroleum Company in 1970 where he held various engineering positions in exploration and production in the United States and abroad. He later served in numerous executive positions at Phillips Petroleum Company and in 2000, he was named Executive Vice President for Worldwide Production & Operations. He retired from Phillips Petroleum Company in this position in November 2002. Mr. Parker served on the board of Williams Partners GP from August 2005 to September 2010 where he also served as chairman of the conflicts and audit committees. He served on the board of directors of Latigo from January 2003 to May 2006 where he also served as chairman of the audit committee. Mr. Parker is a member of the Society of Petroleum Engineers. He received a Bachelor of Science degree in petroleum engineering from the University of Oklahoma.

Mr. Parker has over 40 years of experience in the oil and gas industry, having served in various engineering and executive positions for an exploration and production company and as a director and audit committee member for various energy companies. For these reasons, we believe Mr. Parker is qualified to serve as a director.

Pamela S. Pierce has served as one of our directors since May 2007. She has been a partner at Ztown Investments, Inc. since 2005, focused on investments in domestic oil and natural gas non-working interests. She also serves on the Michael Baker, Inc. board of directors and Scientific Drilling International, Inc. board of directors. From 2002 to 2004, she was the President of Huber Energy, an operating company of J.M. Huber Corporation. From 2000 to 2002, she was the President and Chief Executive Officer of Houston-based Mirant Americas Energy Capital and Production Company. She has also held a variety of managerial positions with ARCO Oil and Gas Company, ARCO Alaska and Vastar Resources. She received a Bachelor of Science Degree in Petroleum Engineering from the University of Oklahoma and a Master of Business Administration in Corporate Finance from the University of Dallas.

Ms. Pierce is a highly experienced business executive with extensive knowledge of the energy industry. Her business acumen enhances the board of directors' discussions on all issues affecting us and her leadership insights contribute significantly to the board of directors' decision making process. For these reasons, we believe Ms. Pierce is qualified to serve as a director.

Ambassador Francis Rooney has served as one of our directors since February 2010. He has been the Chief Executive Officer of Rooney Holdings, Inc. since 1984, and of Manhattan Construction Group, Tulsa, since 2008, which is engaged in road and bridge construction, civil works and building construction and construction management in the United States, Mexico and the Central America/Caribbean region. From 2005 through 2008, he served as the United States Ambassador to the Holy See, appointed by President George W. Bush. Ambassador Rooney currently serves on the boards of directors of Helmerich & Payne, Inc. and VETRA Energy Group, Bogota, Colombia. He is a member of the Board of Advisors of the Panama Canal Authority, Republic of Panama, the Board of the Florida Gulf Coast University Foundation, the INCAE Presidential Advisory Council and the Board of Visitors of the University of Oklahoma International Programs. Ambassador Rooney graduated from Georgetown University with a Bachelor of Arts and from Georgetown University Law Center with a Juris Doctorate. He is a member of the District of Columbia and Texas Bar Associations.

Ambassador Rooney has broad business and financial experience and has served as a director of public and private energy companies. For these reasons, we believe Ambassador Rooney is qualified to serve as a director.

Edmund P. Segner, III joined our board of directors in August 2011. Mr. Segner currently is a professor in the practice of engineering management in the Department of Civil and Environmental Engineering at Rice University in Houston, Texas, a position he has held since July 2006 and full time since July 2007. In 2008, Mr. Segner retired from EOG Resources, Inc. ("EOG"), a publicly traded independent oil and gas exploration and production company. Among the positions he held at EOG were President, Chief of Staff, and director from 1999 to 2007. From March 2003 through June 2007, he also served as the Principal Financial Officer of EOG. He has been a member of the board of directors of Bill Barrett Corporation, an oil and gas company primarily active in the Rocky Mountain region of the United States, since August 2009, and of Exterran Partners, L.P., a master limited partnership that provides natural gas contract operations services, since May 2009. From August 2009 until October 2011, Mr. Segner was a member of the board of directors of Seahawk Drilling, Inc., an offshore oil and natural gas drilling company. He also currently serves as a member of the board or as a trustee for several non-profit organizations. Mr. Segner graduated from Rice University with a Bachelor of Science degree in civil engineering and received an M.A. degree in economics from the University of Houston. He is a certified public accountant.

Mr. Segner's service as President, Principal Financial Officer and director of publicly traded oil and gas exploration and development companies provides our board of directors with a strong operational, financial, accounting and strategic background and provides valuable business, leadership and management experience and insights into many aspects of the operations of exploration and production companies. Mr. Segner also brings financial and accounting expertise to the board of directors, including through his experience in financing transactions for oil and gas companies, his background as a certified public accountant, his service as a Principal Financial Officer, his supervision of principal financial officers and principal accounting officers, and his service on the audit committees of other companies. For these reasons, we believe Mr. Segner is qualified to serve as a director

Donald D. Wolf has served as one of our directors since February 2010. Mr. Wolf currently serves as the Chairman of the general partner of QR Energy, LP., which is a master limited partnership operated by Quantum Resources Management. He was the Chief Executive Officer of Quantum Resources Management from 2006 to 2009. He served as President and Chief Executive Officer of Aspect Energy, LLC from 2004 to 2006. Prior to joining Aspect, Mr. Wolf served as Chairman and Chief Executive Officer of Westport Resources Corporation from 1996 to 2004. He is currently a director of the general partner of MarkWest Energy Partners, L.P., Enduring Resources, LLC, Ute Energy, LLC, and Aspect Energy, LLC. Mr. Wolf graduated from Greenville College, Greenville, Illinois, with a Bachelor of Science in Business Administration.

Mr. Wolf has had a diversified career in the oil and natural gas industry and has served in executive positions for various exploration and production companies. His extensive experience in the energy industry brings substantial experience and leadership skill to the board of directors. For these reasons, we believe Mr. Wolf is qualified to serve as a director.

Dan C. Schooley joined Laredo in June of 2007 and is our Vice President—Marketing. In December 2006, Mr. Schooley came out of retirement to serve as the Vice President of gas supply at Superior Pipeline, a position he held until June 2007. From October 2004 until his retirement in May 2006, he was a marketing manager at Latigo, where he was responsible for marketing and risk management. Mr. Schooley holds Bachelors and Masters degrees from Oklahoma State University.

Dave M. Boncaldo joined Laredo in March 2010 as Production and Completions Manager and currently serves as Vice President—Operations. In January and February of 2010, Mr. Boncaldo worked as a contract engineer for Laredo. Between July 2009 and December 2009, Mr. Boncaldo was self-employed, evaluating oil and gas opportunities for himself and others. From July 1998 to June 2009, he served in various roles at Samson Resources including General Manager—East Texas Division, Operations Manager for the Mid-Continent Division and Team Manager for several different asset

teams. Prior to Samson, he worked for Torch Energy Advisors as Operations Manager in Tulsa and the Black Warrior Basin along with various engineering positions in Houston. He began his career at BP Exploration (Tex/Con Oil & Gas Company) as an engineer with assignments in the Permian Basin and Louisiana Gulf Coast. He has over 25 years of experience in the oil and gas industry and holds a Bachelor of Science degree in Petroleum Engineering from Marietta College.

Jeffrey A. Tanner joined Laredo in October 2010 as Vice President—Exploration. From 2003 to September 2010, he was with Cabot Oil & Gas and worked various technical and managerial assignments, including Exploration Manager for two different regions tasked with expanding into unconventional shale plays. He has over 20 years of experience in the oil and natural gas industry. Mr. Tanner graduated from Texas A&M and the University of Houston with a Bachelors and Masters degree in Geology, respectively.

Mark W. King joined Laredo in April 2008 as Land Manager and currently serves as Vice President—Land, a position he has held since May 2011. From September 2004 to March 2008, he was the Vice President of Land at Orion Exploration, LLC. Prior to joining Orion Exploration, from September 1984 to September 2004, he was founder and Chief Executive Officer of Frontier Land Corp./Frontier Energy Leasing Service Inc., a full service land company that provided support for numerous major and mid-major oil and gas companies. He attended Oklahoma State University and Central State University.

Mark H. Elliott joined Laredo in May 2008 as Exploration Manager—Permian Basin and became Vice President—Midland in July, 2011 and Vice President—Exploration and Land—Permian, in September 2011. Before joining Laredo, Mr. Elliott served as Vice President of Geology & Exploration for Rex Energy Operating Company's Southwest Region from May 2007 to May 2008. From August 2006 to May 2007, he was a Senior Geologist at Cimarex Energy. In 2004, he joined Latigo in the Midland office as a Senior Geologist. He served in this position until the company was sold in 2006. Mr. Elliott has more than 30 years experience in the oil and gas industry, and, throughout his career, has served in both staff and management positions. Mr. Elliott graduated from Thiel College with a Bachelor degree in Geology.

Robert N. Skinner has served as our Vice President of Operations and Engineering—Permian since October 2011. He was Executive Vice President at Laredo Petroleum-Dallas, Inc. from July 2011 to October 2011. From June 2006 to July 2011, he served as Executive Vice President—Operations of Broad Oak. He was Vice President—Operations of Camden Resources, Inc. from April 2000 to June 2006. Mr. Skinner graduated from Texas Tech University with a Bachelor of Science degree in Petroleum Engineering.

Diane T. Wood joined Laredo in October 2010 as Controller. Prior to joining Laredo, she was the Chief Financial Officer and Vice President—Finance for Cherokee Nation Businesses, LLC from December 2007 to June 2010. Between July and September 2010, Ms. Wood conducted an employment search which resulted in her position at Laredo. Immediately prior to her position with Cherokee Nation Businesses, LLC, Ms. Wood was an independent consultant from January 2007 until November 2007. She was the Chief Financial Officer for Genisoy Foods from September 2005 to December 2006. Ms. Wood's experience includes 10 years in public accounting, primarily performing audits of oil and gas companies, and 15 years of industry experience in oil and gas, consumer food products and acquisitions. Ms. Wood is a certified public accountant in the State of Oklahoma. Ms. Wood graduated from the University of Tulsa with a Bachelor of Science in Business Administration, with a degree in accounting.

Executive Compensation

Compensation Discussion and Analysis

The following discussion and analysis contains statements regarding our and our named executive officers' future performance targets and goals. These targets and goals are disclosed in the limited context of our compensation programs and should not be understood to be statements of management's expectations or estimates of results or other guidance.

Introduction

The following compensation discussion and analysis describes the material elements of compensation for our named executive officers as determined by the compensation committee of Laredo LLC's board of directors (the "compensation committee") for the periods prior to the completion of the proposed initial public offering of LPH's common stock. In particular, this "Compensation Discussion and Analysis" (1) provides an overview of our historical and proposed compensation policies and programs; (2) explains our compensation objectives, policies and practices with respect to our executive officers; and (3) identifies the elements of compensation for each of the individuals identified in the following table, who we refer to in this "Compensation Discussion and Analysis" section as our "named executive officers."

Named executive officers

For the 2010 fiscal year, our named executive officers are:

Name	Principal position
Randy A. Foutch	Chairman and Chief Executive Officer
W. Mark Womble	Senior Vice President and Chief Financial Officer
Jerry R. Schuyler	President and Chief Operating Officer
Patrick J. Curth	Senior Vice President—Exploration and Land
John E. Minton	Senior Vice President—Reservoir Engineering

Messrs. Foutch and Womble are named executive officers by reason of their positions as the principal executive and financial officers of Laredo Inc., and each of Messrs. Schuyler, Curth and Minton are named executive officers by reason of their being the three most highly compensated officers of Laredo Inc. other than Messrs. Foutch and Womble.

Administration of our compensation programs

During 2010, our executive compensation program was overseen by the compensation committee. The purpose of the compensation committee is to oversee the administration of compensation programs for all officers and employees of Laredo LLC and its subsidiaries, including Laredo Inc. Officer compensation is reviewed annually for possible adjustments by the compensation committee. If the proposed initial public offering of LPH's common stock is consummated, compensatory arrangements with our named executive officers will remain the responsibility of our compensation committee.

The following discussion of our compensation programs and philosophy describes the material elements of compensation for our named executive officers as determined by the compensation committee for the periods prior to the date of this prospectus. Based on input from the compensation consultant advising the compensation committee, we also highlight under the heading titled "—Other matters—Changes to our compensation program," material changes to our compensation program that we have adopted in connection with, and for periods continuing after, the proposed initial public

offering of LPH's common stock, if consummated, and other changes adopted in 2011 by the compensation committee.

Compensation philosophy and objectives of our executive compensation program

Historically, we have sought to grow our privately owned energy company focused on the exploration and development of oil and natural gas in the Permian and Mid-Continent regions of the United States. Our compensation philosophy has been primarily focused on recruiting and motivating individuals to help us continue that growth. Our executive compensation program is designed to attract, retain and motivate our highly qualified and committed personnel by compensating them with both long-term incentive compensation in the form of equity based incentive awards and cash compensation comprised of salary and the possibility of annual bonuses. With respect to long-term incentive compensation, we provide our officers and certain other key employees an opportunity to invest in our equity on the same terms as our institutional equity investor and award profit units to all employees so they can benefit financially from the continued success of Laredo. Annual bonus amounts, which are entirely discretionary, reward our employees for overall company performance with consideration given to individual performance during the year relative to our continually evolving company objectives.

Although we strive to keep our executive officers' total cash compensation at levels that we believe are generally competitive with comparable positions of similar responsibility within our industry, no particular baseline (e.g., median or percentile) or particularized survey data has historically been employed for comparison or compensation-setting purposes. We periodically assessed the competitiveness of the compensation packages for our executive officers and made appropriate adjustments to our program when we deemed it necessary. Any adjustment to our executive officers' compensation requires the recommendation of the compensation committee and the approval of the board of directors.

Over the course of the several months preceding the proposed initial public offering of LPH's common stock, we have undertaken various reporting company preparedness initiatives to ensure the competiveness of our executive compensation programs and further align the interests of our executive officers and other employees with the long-term objectives of Laredo. In particular, we engaged a compensation consultant to review the compensation we provide to our executive officers, recommend prospective compensation changes and identify potential areas where our compensation programs could be more competitive as discussed under the headings "—Role of external advisors" and "—Other matters—Changes to our compensation program."

Implementing our objectives

Executive compensation decisions have historically been made on an annual basis by the compensation committee with input from Randy A. Foutch, our Chairman and Chief Executive Officer, Jerry R. Schuyler, our President and Chief Operating Officer, and W. Mark Womble, our Senior Vice President and Chief Financial Officer. Although the compensation committee considers the input received from these executive officers, compensation decisions are ultimately recommended by the compensation committee and approved by the board of directors.

From time to time, Messrs. Foutch, Schuyler and Womble obtained and reviewed external market information to assess Laredo's ability to provide competitive compensation packages to our executive officers and recommend an adjustment to the compensation levels, when necessary. In making executive compensation decisions and recommendations, Messrs. Foutch, Schuyler and Womble considered the executive officers' performance during the year and Laredo's performance during the year. Moreover, an executive officer's expanded role at Laredo could also serve as a basis for adjustment. Specifically, Messrs. Foutch, Schuyler and Womble provided recommendations to the compensation committee regarding the compensation levels for our existing executive officers (including

themselves) and our compensation program as a whole. The compensation committee may adjust base salary levels and then determine the amounts of discretionary cash bonus awards and the amount of any equity grants for each of our executive officers.

While the compensation committee gave considerable weight to Messrs. Foutch, Schuyler and Womble's input on compensation matters, the board of directors, after considering the recommendations of the compensation committee, has the final decision making authority on all officer compensation matters. No other executive officers have assumed a role in the evaluation, design or administration of our executive officer compensation program.

Role of external advisors

In July 2011, our compensation committee engaged Cogent Compensation Partners, Inc. ("Cogent") to serve as its independent compensation advisor. Cogent does not currently provide any other services to Laredo. The compensation committee's objective when engaging Cogent was to assess our level of competitiveness for executive-level talent and provide recommendations for attracting, motivating and retaining key employees in light of our transition into the new obligations we will face as a SEC registrant. As part of its engagement, Cogent:

- Collected and reviewed all relevant company information, including our historical executive compensation data and our organizational structure, and conducted interviews with our executive officers and our institutional equity investor to gain insight into the vision, business strategy, culture and effectiveness of our current executive compensation program as well as expectations for the future;
- With the feedback from the compensation committee and management, established a peer group of companies to use for executive compensation comparisons;
- Developed a working compensation strategy upon which to base suggestions for going-forward program changes;
- Developed a framework for annual and long-term incentive compensation programs;
- Assessed the competitiveness of our compensation program's position relative to the market for our top executive officers and our stated compensation philosophy; and
- Prepared a report of its analyses, findings and recommendations for our executive and director compensation programs.

Cogent's report was presented to the board of directors as a whole in August 2011. The report was utilized by the compensation committee when making their recommendations to the board of directors for the compensation programs and adjustments to the current programs that were adopted in connection with, and for periods continuing after, the proposed initial public offering of LPH's common stock, if consummated.

Competitive benchmarking

Cogent was engaged in part to assess the compensation levels of our top executive officers relative to the market and Laredo's peer group of companies, as set forth below. Cogent used the following parameters when constructing the peer group for its assessment: (1) resource-focused exploration and production companies that are publicly traded, (2) companies with a good performance track record, (3) companies with a strong management team with technical expertise, and (4) companies with revenue between $100 million and $1 billion. Using these parameters and collaborating with Messrs. Foutch, Schuyler and Womble and members of the compensation committee, Cogent developed and recommended a 17-company, industry reference peer group (the "Cogent Peer Group"), which was

recommended by the compensation committee and approved by the board of directors. The Cogent Peer Group included the following companies:

- Berry Petroleum Company
- Bill Barrett Corporation
- Brigham Exploration Company
- Cabot Oil & Gas Corporation
- Carrizo Oil & Gas, Inc.
- Comstock Resources, Inc.
- Concho Resources Inc.
- Continental Resources, Inc.
- EXCO Resources, Inc.
- Forest Oil Corporation
- LINN Energy LLC
- Oasis Petroleum Inc.
- Quicksilver Resources, Inc.
- Range Resources Corporation
- Sandridge Energy, Inc.
- SM Energy Company
- Swift Energy Company

Given Cogent's engagement and their analysis, described under the heading "—Other matters—Changes to our compensation program," compensation program changes were adopted by the board of directors so as to target base salary and annual incentive compensation around the market median, and long-term incentive compensation with the opportunity to earn between the median and upper quartile so that total direct compensation levels would be between the median and the upper quartile among the Cogent Peer Group. We believe that targeting this level of compensation helps us achieve our overall total rewards strategy and executive compensation objectives outlined above. The details of our ongoing compensation program, as adjusted, are discussed more fully under "—Other matters—Changes to our compensation program."

Elements of compensation

Compensation of our executive officers has historically included the following key components:

- Base salaries;
- Annual discretionary cash bonus awards, based primarily on the overall company performance, with consideration also given to relative individual performance; and
- Long-term equity-based incentive awards, based primarily on the relative contribution of various officer positions, with consideration given to relative individual performance.

Base salaries

Base salaries are designed to provide a fixed level of cash compensation for services rendered during the year. Base salaries are reviewed annually, at a minimum, but are not adjusted if the compensation committee believes that our executives are currently compensated at proper levels in light of either our internal performance or external market factors.

In addition to providing a base salary that we believe is competitive with other, similarly situated, independent oil and gas exploration and production companies, we also consider internal pay equity factors to appropriately align each of our named executive officer's salary levels relative to the salary levels of our other officers so that it accurately reflects the officer's relative skills, responsibilities, experience and contributions to Laredo. To that end, annual salary adjustments are based on a subjective analysis of many individual factors, including the:

- responsibilities of the officer;
- scope, level of expertise and experience required for the officer's position;
- strategic impact of the officer's position;
- potential future contribution of the officer; and
- actual performance of the officer during the year.

In addition to the individual factors listed above, we also take into consideration our overall business performance and implementation of company objectives. While these factors generally provide context for making salary decisions, base salary decisions do not depend directly on attainment of specific goals or performance levels and no specific weighting is given to one factor over another.

In February 2010, the compensation committee approved a 5% base salary increase for John Minton in connection with his promotion to Senior Vice President—Reservoir Engineering and to adjust his base salary in order to provide him with fixed compensation comparable to market levels for similarly situated executives at the company. Messrs. Foutch, Womble, Schuyler and Curth did not receive a base salary increase during 2010. In February of 2011, the compensation committee approved a base salary increase of 3% for Messrs. Foutch, Womble, Schuyler and Curth and a 4% base salary increase for John Minton due to our performance during 2010 and in order to provide the named executive officers with fixed compensation comparable to market levels for similarly situated executives in the industry.

Annual discretionary cash bonus awards

Discretionary cash bonus awards are a key part of each named executive officer's annual compensation package. The compensation committee believes that discretionary cash bonuses are an appropriate way to further our goals of attracting, retaining and rewarding highly qualified and experienced officers. Discretionary cash bonuses are generally awarded annually following completion of the service year for which bonuses are payable and are based primarily on Laredo's performance for such service year, but consideration is also given to individual performance and specific contribution to Laredo's success and performance.

For the 2010 fiscal year, discretionary cash bonuses were determined in two parts at the sole discretion of the compensation committee for ultimate approval by the board of directors. 50% of the discretionary cash bonus awards for each named executive officer was determined by the 2010 Bonus Performance Metric Results described below, while the remaining 50% was subjectively determined by the compensation committee, while considering input provided by Mr. Foutch regarding individual performance factors such as leadership, commitment, attitude, motivational effect, level of responsibility and overall contribution to Laredo's success. Although our cash bonus program includes Laredo

performance goals and objectives, our compensation committee has the ultimate discretion to recommend whether to award any, and the amount of, cash bonus awards, if any, even if the Bonus Performance Metric Results satisfy the Bonus Performance Metric Targets.

The 2010 Bonus Performance Metric Results consisted of the following performance metric categories and targets for Laredo (the targets reflected in Laredo's 2010 internal budget), with the percentile as recommended by the compensation committee and approved by the board of directors:

Performance metric	2010 targets	2010 results	Relative weighting
Drilling Capital Efficiency ($/MCFE)	$ 2.88	$ 2.83	25%
Calculated by dividing the drilling dollars spent by the net Proved Developed Producing (PDP) reserves added			
Drilling ROR (%)	20%	25%	25%
The rate of return on a well by well basis at pre-drill commodity prices and actual costs			
Production (BCFE)	17.5	18.6	15%
New Reserves (BCFE)	51.4	68.8	15%
Proved Developed Producing (PDP) and Proved Developed Not Producing (PDNP) reserves added in the wells drilled in 2010			
Direct Lifting Cost ($/MCFE)	$ 0.52	$ 0.53	10%
Finding Cost ($/MCFE)	$ 0.80	$ 0.94	10%
The total exploration costs and developmental costs divided by the total proven reserves added during the year (BCFE)			

The historical discretionary cash bonus target for all named executive officers has been 100% of their respective annual base salary. Based on Laredo's 2010 accomplishments and the 2010 performance results, Messrs. Foutch, Schuyler and Womble recommended to the compensation committee an average payout of 100% of the discretionary cash bonus target for the named executive officers. The compensation committee recommended, and the board of directors approved, a payout of 100% of the discretionary cash bonus target to Messrs. Foutch, Womble, Schuyler and Curth and a payout of 106% of the discretionary cash bonus target to Mr. Minton in connection with his promotion to Senior Vice President—Reservoir Engineering.

For the portion of the 2011 fiscal year preceding the date of this prospectus, the performance metric categories include all of the 2010 performance metric categories and a General and Administrative Expenses performance metric category has been added. The relative weighting of the performance metric categories are reallocated each year as recommended by the compensation committee and approved by the board of directors.

Long-term equity based incentive awards

Our historical long-term equity-based incentive program was designed to provide our employees, including our named executive officers, with an incentive to focus on our long-term success and to act as a long-term retention tool by aligning the interests of our employees with those of our equityholders. We granted restricted units in Laredo LLC to our named executive officers and certain independent directors as a means of providing them with long-term equity incentive compensation that may directly profit from any success we achieve. This structure enabled us to identify a fixed number of restricted units on which distributions will flow through Laredo LLC to our named executive officers and directors. The grant of some of Laredo LLC's Series B-1, Series B-2, Series C, Series D and Series E Units (collectively, the "restricted units") were awarded at least annually, at the discretion of the compensation committee, and were based primarily on the relative value of each named executive officer's position, with consideration given to their individual performance. Specifically, individual performance factors such as leadership, commitment, attitude, motivational effect, level of responsibility and overall contribution to Laredo's success were also considered.

On February 1, 2010 we granted certain Laredo LLC Series D Units to each of our named executive officers pursuant to certain restricted unit agreements. These restricted units are intended to constitute "profits interests" in Laredo LLC that will participate solely in any future profits and distributions of Laredo LLC. The allocation of numbers of restricted units in Laredo LLC that were granted to each named executive officer was determined at levels that primarily considered the relative importance of each executive's position with Laredo, the maintenance of their percentage ownership of the relevant series of restricted units, as well as each executive's performance and contribution to Laredo, as described above. The outstanding restricted units by series as of December 31, 2010 were as follows: 5,615,400 Series B-1 Units, 2,383,000 Series B-2 Units, 7,260,000 Series C Units, 9,611,600 Series D Units and 6,562,000 Series E Units. Therefore, the aggregate amount of outstanding restricted units as of December 31, 2010 was 31,432,000.

The restricted units have a four year vesting schedule, vesting 20% on the grant date and 20% on each of the next four anniversaries of the grant date. Pursuant to the restricted unit agreement executed by Laredo LLC and each named executive officer, in the event of a termination of employment for cause, the named executive officer will forfeit all restricted units to Laredo LLC, including unvested restricted units and vested restricted units, and all rights arising from such restricted units and from being a holder thereof. In the event of a termination of employment without cause or an officer's resignation, the named executive officer will forfeit all unvested restricted units to Laredo LLC and all rights arising from such restricted units and from being a holder thereof. In the event of a termination without cause or an officer's resignation, we may elect to redeem his vested restricted units at a price equal to the fair market value of such units.

If the named executive officer's employment with Laredo is terminated upon the death of the named executive officer or because the named executive officer is determined to be disabled by the board of directors, then all unvested units held by the named executive officer will automatically vest. Under the restricted unit agreement, a named executive officer will be considered to have incurred a "disability" in the event of the officer's inability to perform, even with reasonable accommodation, on a full-time basis the employment duties and responsibilities due to accident, physical or mental illness, or other circumstance; provided, however, that such inability continues for a period exceeding 180 days during any 12-month period.

For a discussion of the treatment of our long-term equity based incentive awards as a result of the proposed initial public offering of LPH's common stock and corporate reorganization, see "Potential Corporate Reorganization."

Other benefits

- Health and welfare benefits. Our named executive officers are eligible to participate in all of our employee health and welfare benefit plans on the same basis as other employees (subject to applicable law) to meet their health and welfare needs. These plans include medical and dental insurance, as well as medical and dependent care flexible spending accounts. These benefits are provided in order to ensure that we are able to competitively attract and retain officers and other employees. This is a fixed component of compensation, and these benefits are provided on a non-discriminatory basis to all employees.

- Retirement benefits. Our named executive officers also participate in our 401(k) defined contribution plan on the same basis as our other employees. The plan allows eligible employees to make tax-deferred contributions up to 100% of their annual compensation, not to exceed annual limits established by the federal government. We make matching contributions of up to 6% of an employee's compensation and may make additional discretionary contributions.

- Perquisites. We believe that the total mix of compensation and benefits provided to our executive officers is currently competitive and, therefore, perquisites should not play a significant role in our executive officers' total compensation.

- Other benefits. As described in detail in "Certain Relationships and Related Party Transactions—Other Related Party Transactions," our board of directors has adopted an aircraft use policy for Mr. Foutch, whereby his personally owned aircraft can be used for business travel, subject to certain conditions. For safety reasons, we reimburse or pay for certain operational expenses, such as the training and certification expenses of Mr. Foutch and the cost of aircraft safety and mechanical inspections. These paid-for expenses, however, represent only a partial refund of the total costs and expenses of operating the aircraft. For further details, see the Summary Compensation Table below and "Certain Relationships and Related Party Transactions—Other Related Party Transactions."

Employment, severance or change in control agreements

We do not currently maintain any employment agreements. On November 9, 2011, LPH adopted the Laredo Petroleum Holdings, Inc. Change in Control Executive Severance Plan, which will become effective if the proposed initial public offering of its common stock is consummated and will provide severance payments and benefits to our named executive officers and eligible persons with the title of vice president and above, as determined by our compensation committee.

Other matters

Risk assessment

The compensation committee has reviewed our compensation policies as generally applicable to our employees and believes that our policies do not encourage excessive and unnecessary risk-taking, and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on us.

Our compensation philosophy and culture support the use of base salary, discretionary cash bonuses and long-term incentive restricted unit compensation that are generally uniform in design and operation throughout our organization and with all levels of employees. In addition, the following specific factors, in particular, reduce the likelihood of excessive risk-taking:

- Our overall compensation levels are competitive with the market; and

- Our compensation mix is balanced among (i) fixed components like base salary and benefits, (ii) discretionary cash bonuses and (iii) long-term incentive units that reward our employees based on long-term overall financial performance, operational measures and individual performance.

Furthermore, we provide our officers the opportunity to invest in our equity, and all of our named executive officers have made such an investment, thereby aligning their interests with those of our equity holders.

In summary, because the compensation committee focuses on Laredo's performance, with only some consideration given to the specific individual performance of the employee when making compensation decisions, we believe our historical compensation programs did not encourage excessive and unnecessary risk taking by executive officers (or other employees). These programs were designed to encourage employees to remain focused on both our short and long-term operational and financial goals. We set performance goals that we believe were reasonable in light of our past performance and market conditions.

Changes to our compensation program

Actions taken after the 2010 fiscal year

Base salaries: As mentioned above under "—Compensation Discussion and Analysis—Elements of compensation—Base salaries", during 2011, the compensation committee approved a base salary increase of 3% for Messrs. Foutch, Womble, Schuyler and Curth and a 4% base salary increase for John E. Minton due to Laredo's performance during 2010 and in order to provide the named executive officers with fixed compensation comparable to market levels for similarly situated executive officers in the industry.

Annual discretionary cash bonus awards: As mentioned above under "—Compensation Discussion and Analysis—Elements of compensation—Annual discretionary cash bonus awards", for the portion of the 2011 fiscal year preceding the date of this prospectus, the performance metric categories for the annual discretionary cash bonus awards will include all of the 2010 performance metric categories and a General and Administrative Expenses performance metric category will be added. The relative weighting of the performance metric categories are reallocated each year as recommended by the compensation committee and approved by the board of directors.

Adjustments to compensation program proposed by Cogent: After a review of our current compensation practices and survey of the Cogent Peer Group, Cogent proposed a number of changes to base salary as well as annual and long-term incentive targets, that are intended to provide more typical public company base salary and incentive arrangements as compared to the Cogent Peer Group. Cogent proposed that the following changes be adopted:

Base salary

Name	Current salary	Proposed salary
Randy A. Foutch	$ 466,800	$ 600,000
W. Mark Womble	$ 275,000	$ 350,000
Jerry R. Schuyler	$ 315,000	$ 375,000
Patrick J. Curth	$ 275,000	$ 330,000
John E. Minton	$ 230,000	$ 260,000

Based on these proposals, the compensation committee recommended, and the board of directors approved, increases in the base salaries of our executive officers as shown in the table above, effective as of September 1, 2011. The rationale for increasing base salaries was to adjust base salaries to approximately the median of the Cogent Peer Group, consistent with our compensation strategy. Cogent reported that prior to the adjustments, current base salaries of Laredo's named executive officers were approximately 85% of the market median.

Incentive compensation

Cogent also proposed setting annual incentive targets and long-term incentive targets as a percentage of base salary, and assumes (for purposes of the annual incentive plan) that Laredo adopt a more traditional performance-based annual bonus plan. Cogent's suggestion for a new annual incentive plan includes determining the bonus calculation as follows: 25% based on financial metrics and individual performance and 75% based on operational metrics. The chart below shows the new target award levels for each named executive under the annual and long-term incentive programs.

Name	Annual incentive target	Long-term incentive target
Randy A. Foutch	100% of Base Salary	450% of Base Salary
W. Mark Womble	80%	275%
Jerry R. Schuyler	85%	275%
Patrick J. Curth	70%	275%
John E. Minton	60%	150%

Based on these proposals, the compensation committee recommended, and the board of directors approved, an annual bonus program that provides for 50% of a named executive officer's annual incentive to be non-formulaic at the compensation committee's discretion, based on the company's performance relative to such factors as, without limitation, Adjusted EBITDA and cash flow amounts, relative total shareholder return, individual performance and such other factors as may be determined by the compensation committee to be appropriate, and 50% to be determined based upon pre-established performance criteria consisting of the following operational metrics: (i) drilling capital efficiency, (ii) drilling ROR (%), (iii) production, (iv) new reserves, (v) direct lifting costs, (vi) finding costs, and (vii) general and administrative expense.

Threshold, target and maximum annual incentives under this newly adopted program have not been established for our named executive officers for the 2011 fiscal year or any period following the date of this prospectus. Target incentive levels for each executive are listed above. Award levels are calculated on a threshold level of 50% of target and a maximum of 200% of target.

Adoption of long-term incentive plan: In contemplation of the proposed initial public offering of LPH's common stock, the compensation committee recommended and the board of directors of LPH adopted the Laredo Petroleum Holdings, Inc. 2011 Omnibus Equity Incentive Plan, which provides for performance awards, restricted stock and stock options to eligible employees, directors and consultants. This plan will not become effective unless the initial public offering of LPH's common stock is consummated. Grants of equity-based compensation or target long-term incentives under this new program have not been established for our named executive officers for the 2011 year or any period after the date of this prospectus.

The Laredo Petroleum Holdings, Inc. 2011 Omnibus Equity Incentive Plan is further described below.

Adoption of change in control severance policy: LPH has adopted the Laredo Petroleum Holdings, Inc. Change in Control Executive Severance Plan, which will become effective if the proposed initial public offering of LPH's common stock is consummated and covers our named executive officers and eligible persons with the title of vice president and above, as selected by our compensation committee. The policy provides an eligible participant with a lump sum cash severance payment and continued health benefits in the event that the participant experiences a qualifying termination within the one year period following the occurrence of a qualifying change in control event. In the event that an eligible executive's employment is terminated without cause or for good reason within the one-year period following the occurrence of a change in control, the executive would become entitled to receive 100% (in the case of our chief executive officer, 300%, and in the case of our other

named executive officers, 200%) of the executive's base salary and 100% of the executive's target bonus. In addition, the executive would receive company paid COBRA continuation coverage for up to twelve months following the date of termination.

Recent grants of restricted units: On July 1, 2011, the limited liability company agreement of Laredo LLC was amended and restated. The amendment and restatement, among other things, created three new series of incentive units, which are subject to the same vesting requirements as the other restricted units. On August 10, 2011, Laredo LLC granted an aggregate of approximately 5.3 million Series F Units to legacy Laredo employees, including to the named executive officers, and approximately 1.2 million Series G Units and approximately 0.7 million BOE Incentive Units to certain new employees from Broad Oak, all of which were authorized pursuant to the limited liability company agreement. For a description of the proposed corporate reorganization, see "Potential Corporate Reorganization."

Equity ownership guidelines

The compensation committee recommended and the board of directors approved stock ownership guidelines for directors and the executive management team in order to further align the interest of our directors and officers with those of our stockholders. If the proposed initial public offering of LPH's common stock is consummated, individuals have three years to reach the following stock ownership guidelines (as a multiple of base salary): (i) Chief Executive Officer: 5x, (ii) President and Chief Operating Officer: 3x, (iii) Senior Vice President: 2x, (iv) Vice President: 1x and (v) directors: $400,000 worth of company stock. Stock actually owned, as well as stock awarded under restricted stock awards, are included for purposes of satisfying these guidelines. No stock potentially exercisable under stock options is included.

Tax and accounting implications

Internal Revenue Code Section 162(m) denies a federal income tax deduction for certain compensation in excess of $1 million per year paid to the chief executive officer and the three other most highly-paid executive officers (other than the chief executive officer and chief financial officer) of a publicly-traded corporation. Certain types of compensation, including compensation based on performance criteria that are approved in advance by stockholders, are excluded from the deduction limit. In addition, "grandfather" provisions may apply to certain compensation arrangements that were entered into by a corporation before it was publicly held. In view of these grandfather provisions, we believe that Section 162(m) of the Internal Revenue Code will not limit our tax deductions for executive compensation for the first three fiscal years following the consummation of the proposed initial public offering, if consummated. Going forward, our policy is to qualify compensation paid to our executive officers for deductibility for federal income tax purposes to the extent feasible. However, to retain highly skilled executives and remain competitive with other employers, the compensation committee will have the right to authorize compensation that would not otherwise be deductible under Section 162(m) or otherwise.

Summary compensation

The following table summarizes, with respect to our named executive officers, information relating to the compensation earned for services rendered in all capacities during the fiscal year ended December 31, 2010.

Summary compensation table for the year ended December 31, 2010

Name and principal position	Salary ($)(1)	Bonus ($)	Stock awards ($)(2)(3)	All other compensation ($)(4)	Total ($)
Randy A. Foutch, Chairman and Chief Executive Officer	452,100	453,200	0	183,408(5)	1,088,708
W. Mark Womble, Senior Vice President and Chief Financial Officer	266,350	267,000	0	17,022	550,372
Jerry R. Schuyler, President and Chief Operating Officer	305,158	305,900	0	17,022	628,080
Patrick J. Curth, Senior Vice President—Exploration and Land	266,350	267,000	0	17,022	550,372
John E. Minton, Senior Vice President—Reservoir Engineering	220,083	235,000	0	16,983	472,066

(1) We review compensation in the first quarter of each fiscal year. Salary amounts in this table reflect the actual base salary payments earned in 2010.

(2) We awarded restricted unit awards to our named executive officers, which we describe above under the heading "—Compensation Discussion and Analysis—Elements of compensation—Long-term equity based incentive awards."

(3) The amounts reported under "Stock Awards" reflect the aggregate grant date fair value for restricted units granted to our named executive officers during the fiscal year ended December 31, 2010, calculated in accordance with FASB Accounting Standards Codification ("ASC") topic 718 ("ASC 718"), Compensation—Unit Compensation. The restricted units vest 20% on the grant date and 20% on each of the next four anniversaries of the grant date. The fair value of equity compensation awards was calculated at the end of each calendar quarter and at December 31, 2010 using Laredo's estimated market value. The market value calculated is applied to awards granted during the current quarter. The estimated market value is calculated based on the value of Laredo's proved reserves using published market prices held flat after year five and then applying the following present value factors to the cash flows for proved reserves: 8% to proved developed properties, 15% to proved developed nonproducing properties and 20% to proved undeveloped properties. The aggregate calculated values are then adjusted by the net value of Laredo's other non-oil and gas assets and liabilities to arrive at a net asset value. The net asset value is then adjusted for equity capital invested and the corresponding 7% preference amount to arrive at the net value. The net value is then allocated to each class of outstanding units, based upon unit sharing ratios and unit threshold values to arrive at the fair market value for each respective award (see Notes E and F in our audited combined financial statements included elsewhere in this prospectus for further information).

(4) Includes the aggregate value of matching contributions to our 401(k) plan and the dollar value of life insurance coverage during 2010.

(5) During 2010, $166,386 represents the portion of the expenses paid by us which would otherwise have been paid by Mr. Foutch for the use of his personally owned aircraft not directly related to business. These payments represent only a partial refund of the total costs and expenses of flying the aircraft. For further details, see "Certain Relationships and Related Party Transactions—Other Related Party Transactions."

Grants of plan-based awards for fiscal year 2010

The following table provides information concerning each restricted unit award (referred to in the table as "stock awards") granted to our named executive officers under any plan that has been transferred during the fiscal year ended December 31, 2010.

Grants of plan-based awards table for the year ended December 31, 2010

Name	Grant date	All other stock awards(1) (#)	Grant date fair value of stock and option awards(2) ($)
Randy A. Foutch	2/1/2010	1,476,000	0
W. Mark Womble	2/1/2010	268,000	0
Jerry R. Schuyler	2/1/2010	468,000	0
Patrick J. Curth	2/1/2010	289,000	0
John E. Minton	2/1/2010	135,000	0

(1) Represents the number of Series D Units in Laredo LLC granted pursuant to the restricted unit agreement. The restricted units vest ratably over four years at each anniversary of the grant. For more information concerning these awards, see the discussion above in "—Compensation Discussion and Analysis—Elements of compensation—Long-term equity based incentive awards."

(2) See footnote 3 to the Summary Compensation Table for a description of the calculation of the grant date fair value for the equity awards.

For more information concerning our equity, consisting of the preferred units and the restricted units, see Notes E and F in our audited combined financial statements included elsewhere in this prospectus.

Narrative disclosure to summary compensation table and grants of plan-based awards table

The following is a discussion of material factors necessary to an understanding of the information disclosed in the Summary compensation table and the Grants of plan-based awards table set forth above.

Restricted stock awards

The stock awards reflected above in the "Grants of plan-based awards table" consists of Series D Units in Laredo LLC. These restricted units are intended to constitute "profits interests" in Laredo LLC that would have participated solely in any future profits and distributions of Laredo LLC. The allocation of numbers of restricted units in Laredo LLC that were granted to each named executive officer was determined at levels that primarily considered the relative importance of each executive's title and position with Laredo, the maintenance of their percentage ownership of the relevant series of restricted units, as well as each executive's performance and contribution to Laredo. Absent a termination of employment prior to full vesting of the restricted units, the restricted units have a four year vesting schedule, vesting 20% on the grant date and 20% on each of the next four anniversaries of the grant date. Treatment of these units is described under "Potential Corporate Reorganization."

Base salary and discretionary cash bonus awards in proportion to total compensation

The following table sets forth the approximate percentage of each named executive officer's total compensation that we paid in the form of base salary and cash bonus awards during fiscal 2010. We view the various components of compensation as related but distinct and emphasize "performance" by tying significant portions of total compensation to short- and long-term financial and strategic goals, currently in the form of base salaries, annual discretionary cash bonus awards and long-term equity based incentive awards. Our compensation philosophy is designed to align the interests of our employees with those of our equity holders. While the current value of the cash compensation components outweighs the current value of the incentive-based grant of the restricted units, this proportion does not reflect the concept that the future value of our equity is an incentive for the long-term success of Laredo. For more information regarding the restricted unit awards, see the "Grants of plan-based awards table" above. We also attempt to set each officer's base salary in line with comparable positions with our peers and to award an annual cash bonus based on the achievement of overall company strategic goals and each individual's relative contribution to those goals.

Name	Percentage of total compensation
Randy A. Foutch	83%
W. Mark Womble	97%
Jerry R. Schuyler	97%
Patrick J. Curth	97%
John E. Minton	96%

Laredo Petroleum Holdings, Inc. 2011 Omnibus Equity Incentive Plan

LPH has adopted the Laredo Petroleum Holdings, Inc. 2011 Omnibus Equity Incentive Plan, or the 2011 Plan, which will become effective if the proposed initial public offering of LPH's common stock is consummated. The purpose of the 2011 Plan is to provide a means for Laredo to attract and retain key personnel and for Laredo's directors, officers, employees, consultants and advisors to acquire and maintain an equity interest in Laredo, thereby strengthening their commitment to the welfare of Laredo and aligning their interests with those of Laredo's stockholders. Under the 2011 Plan, awards of stock options, including both incentive stock options and nonstatutory stock options, stock appreciation rights, restricted stock and restricted stock units, stock bonus awards and performance compensation awards may be granted. For a description of these types of rights and awards, see the 2011 Plan. Subject to adjustment for certain corporate events, 10 million shares is the maximum number of shares of our common stock authorized and reserved for issuance under the 2011 Plan.

Eligibility. Our employees, consultants and directors and those of our affiliated companies, as well as those whom we reasonably expect to become our employees, consultants and directors or those of our affiliated companies are eligible for awards, provided that incentive stock options may be granted only to employees. A written agreement between LPH and each participant will evidence the terms of each award granted under the 2011 Plan.

Shares subject to the 2011 Plan. The shares that may be issued pursuant to awards will be LPH's common stock, $0.01 par value per share, and the maximum aggregate amount of common stock which may be issued upon exercise of all awards under the 2011 Plan, including incentive stock options, may not exceed 10 million shares, subject to adjustment to reflect certain corporate transactions or changes in our capital structure. In addition, the maximum number of shares with respect to which options and/or stock appreciation rights may be granted to any participant in any one year period is limited to 10 million shares, the maximum number of shares with respect to which incentive stock options may be granted under the 2011 Plan may not exceed 10 million shares, no more than 10 million shares may be earned in respect of performance compensation awards denominated in shares granted to any single

participant for a single calendar year during a performance period, or in the event that the performance compensation award is paid in cash, other securities, other awards or other property, no more than the fair market value of 10 million shares of common stock on the last day of the performance period to which the award related, and the maximum amount that can be paid to any single participant in one calendar year pursuant to a cash bonus award is $5 million, in each case, subject to adjustment for certain corporate events.

If any award under the 2011 Plan expires or otherwise terminates, in whole or in part, without having been exercised in full, the common stock withheld from issuance under that award will become available for future issuance under the 2011 Plan. If shares issued under the 2011 Plan are reacquired by LPH pursuant to the terms of any forfeiture provision, those shares will become available for future awards under the 2011 Plan. Awards that can only be settled in cash will not be treated as shares of common stock granted for purposes of the 2011 Plan.

Administration. LPH's board of directors, or a committee of members of LPH's board of directors appointed by LPH's board of directors, may administer the 2011 Plan, and that administrator is referred to in this summary as the "administrator." Among other responsibilities, the administrator selects participants from among the eligible individuals, determines the number of shares of common stock that will be subject to each award and determines the terms and conditions of each award, including exercise price, methods of payment and vesting schedules. LPH's board of directors may amend or terminate the 2011 Plan at any time. Amendments will not be effective without stockholder approval if stockholder approval is required by applicable law or stock exchange requirements.

Adjustments in capitalization. Subject to the terms of an award agreement, if there is a specified type of change in LPH's common stock, such as stock or extraordinary cash dividends, stock splits, reverse stock splits, recapitalizations, reorganizations, mergers, consolidations, combinations, exchanges or other relevant changes in capitalization, appropriate equitable adjustments or substitutions will be made to the various limits under, and the share terms of, the 2011 Plan and the awards granted thereunder, including the maximum number of shares reserved under the 2011 Plan, the maximum number of shares with respect to which any participant may be granted awards and the number, price or kind of shares of common stock or other consideration subject to awards to the extent necessary to preserve the economic intent of the award. In addition, subject to the terms of an award agreement, in the event of certain mergers, the sale of all or substantially all of LPH's assets, LPH's reorganization or liquidation, or LPH's agreement to enter into any such transaction, the administrator may cancel outstanding awards and cause participants to receive, in cash, stock or a combination thereof, the value of the awards.

Change in control. In the event of a change in control, all options and stock appreciation rights subject to an award will become fully vested and immediately exercisable and any restricted period imposed upon restricted awards will expire immediately (including a waiver of applicable performance goals). Accelerated exercisability and lapse of restricted periods will, to the extent practicable, occur at a time which allows participants to participate in the change in control. In the event of a change of control, all incomplete performance periods will end, the administrator will determine the extent to which performance goals have been met, and such awards will be paid based upon the degree to which performance goals were achieved.

Nontransferability. In general, each award granted under the 2011 Plan may be exercisable only by a participant during the participant's lifetime or, if permissible under applicable law, by the participant's legal guardian or representative. Except in very limited circumstances, no award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a participant other than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance will be void and unenforceable against us. However, the designation of a beneficiary will not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

Section 409A. The provisions of the 2011 Plan and the awards granted under the 2011 Plan are intended to comply with or be exempt from the provisions of Section 409A of the Internal Revenue Code and the regulations thereunder so as to avoid the imposition of an additional tax under Section 409A of the Internal Revenue Code.

Outstanding equity awards at 2010 fiscal year-end

The following table provides information concerning restricted unit awards that had not vested for our named executive officers as of December 31, 2010.

Outstanding equity awards table as of December 31, 2010

Name	Shares/units not vested(1)(2) (#)	Market value of shares/units not vested(3) ($)
Randy A. Foutch		
Series B-1	470,000	0
Series B-2	334,000	0
Series C	820,000	0
Series D	2,059,800	0
Series E	1,602,000	0
W. Mark Womble		
Series B-1	97,200	0
Series B-2	60,400	0
Series C	220,000	0
Series D	374,000	0
Series E	399,000	0
Jerry R. Schuyler		
Series B-1	170,200	0
Series B-2	108,800	0
Series C	380,000	0
Series D	653,400	0
Series E	684,000	0
Patrick J. Curth		
Series B-1	93,800	0
Series B-2	65,600	0
Series C	190,000	0
Series D	403,400	0
Series E	285,000	0
John E. Minton		
Series B-1	40,000	0
Series B-2	20,000	0
Series C	70,000	0
Series D	186,000	0
Series E	90,000	0

(1) Represents the number of restricted units in Laredo LLC granted pursuant to the restricted unit agreement. For more information concerning these restricted unit awards, see the discussion above under "—Compensation Discussion and Analysis—Elements of compensation—Long-term equity based incentive awards." As described below under

"—Compensation Discussion and Analysis—Potential payments upon termination or change of control," the restricted unit awards may terminate upon the officer's termination of employment. Please see footnote 2 below for a description of the vesting schedule for the awards that remained outstanding as of December 31, 2010.

(2) The restricted units have a four year vesting schedule, vesting 20% on the grant date and 20% on each of the next four anniversaries of the grant date.

(3) The market value was calculated in accordance with ASC 718, Compensation—Unit Compensation. The fair value of equity compensation awards was calculated at the end of each calendar quarter and at December 31, 2010 using Laredo's estimated market value. The market value calculated is applied to awards granted during the current quarter. The estimated market value is calculated based on the value of Laredo's proved reserves using published market prices held flat after year five and then applying the following present value factors to the cash flows for proved reserves: 8% to proved developed properties, 15% to proved developed nonproducing properties and 20% to proved undeveloped properties. The aggregate calculated values are then adjusted by the net value of Laredo's other non-oil and gas assets and liabilities to arrive at a net asset value. The net asset value is then adjusted for equity capital invested and the corresponding 7% preference amount to arrive at the net value. The net value is then allocated to each class of outstanding units, based upon unit sharing ratios and unit threshold values to arrive at the fair market value for each respective award (see Notes E and F in our audited combined financial statements included elsewhere in this prospectus for further information).

For more information concerning our equity, consisting of the preferred units and the restricted units, see Notes E and F in our audited combined financial statements included elsewhere in this prospectus.

Units vested in fiscal year 2010

The following table provides information concerning the vesting of restricted unit awards (referred to in the table as "stock awards"), during fiscal 2010 on an aggregated basis with respect to each of our named executive officers.

Stock vested for the year ended December 31, 2010

Name	Stock awards	
	Shares acquired on vesting(1) (#)	Value realized on vesting(2) ($)
Randy A. Foutch		
Series B-1	405,000	0
Series B-2	167,000	0
Series C	560,000	0
Series D	588,200	0
Series E	534,000	0
W. Mark Womble		
Series B-1	73,600	0
Series B-2	30,200	0
Series C	140,000	0
Series D	106,800	0
Series E	133,000	0
Jerry R. Schuyler		
Series B-1	126,600	0
Series B-2	54,400	0
Series C	240,000	0
Series D	186,600	0
Series E	228,000	0
Patrick J. Curth		
Series B-1	79,400	0
Series B-2	32,800	0
Series C	120,000	0
Series D	115,200	0
Series E	95,000	0
John E. Minton		
Series B-1	30,000	0
Series B-2	10,000	0
Series C	40,000	0
Series D	53,000	0
Series E	30,000	0

(1) The number of shares acquired on vesting represents the gross number of units vested. There were no payroll taxes withheld from these awards.

(2) The value realized upon vesting was the gross number of units vested multiplied by the fair market value of the units. The fair market value of the units as of December 31, 2010 was $0.00. The value was calculated in accordance with ASC 718, Compensation—Unit Compensation. The fair value of equity compensation awards was calculated at the end of each calendar quarter and at December 31, 2010 using Laredo's estimated market value. The market value calculated is applied to awards granted during the current quarter. The

estimated market value is calculated based on the value of Laredo's proved reserves using published market prices held flat after year five and then applying the following present value factors to the cash flows for proved reserves: 8% to proved developed properties, 15% to proved developed nonproducing properties and 20% to proved undeveloped properties. The aggregate calculated values are then adjusted by the net value of Laredo's other non-oil and gas assets and liabilities to arrive at a net asset value. The net asset value is then adjusted for equity capital invested and the corresponding 7% preference amount to arrive at the net value. The net value is then allocated to each class of outstanding units, based upon unit sharing ratios and unit threshold values to arrive at the fair market value for each respective award (see Notes E and F in our audited combined financial statements included elsewhere in this prospectus for further information).

Pension benefits

We maintain a 401(k) Plan for our employees, including our named executive officers, but at this time we do not sponsor or maintain a pension plan for any of our employees.

Nonqualified deferred compensation

We do not provide a deferred compensation plan for our employees at this time.

Potential payments upon termination or change in control

As described above, we do not maintain individual employment agreements. Laredo has adopted the Laredo Petroleum Holdings, Inc. Change in Control Executive Severance Plan, which will become effective if the proposed initial public offering of LPH's common stock is consummated. The plan will provide severance payments and benefits to our named executive officers and eligible persons with the title of vice president and above, as determined by our compensation committee.

Each of the named executive officers has been awarded restricted units by Laredo LLC that may be affected by the officer's termination of employment or the occurrence of certain corporate events. As mentioned above under the heading "—Compensation Discussion and Analysis—Elements of compensation—Long-term equity based incentive awards," pursuant to the restricted unit agreement executed by Laredo LLC and each named executive officer, in the event of a termination of employment for cause, the named executive officer will forfeit all restricted units to Laredo LLC, including unvested restricted units and vested restricted units, and all rights arising from such restricted units and from being a holder thereof. In the event of a termination of employment without cause or an officer's resignation, the named executive officer will forfeit all unvested restricted units to Laredo LLC and all rights arising from such restricted units and from being a holder thereof. For a period of one year from the date of termination of the named executive officer's employment, in the event of a termination of employment for cause, we may also elect to redeem his Series A-1 Units and Series A-2 Units (collectively, the "preferred units") at a price per unit equal to the lesser of the fair market value or original purchase price. In the event of a termination without cause or an officer's resignation, we may elect to redeem his preferred units and vested restricted units at a price equal to the fair market value of such units.

If the named executive officer's employment with Laredo is terminated upon the death of the named executive officer or because the named executive officer is determined to be disabled by the board of directors, then all of his unvested restricted units will automatically vest. Under the restricted unit agreement, a named executive officer will be considered to have incurred a "disability" in the event of the officer's inability to perform, even with reasonable accommodation, on a full-time basis the employment duties and responsibilities due to accident, physical or mental illness, or other

circumstance; provided, however, that such inability continues for a period exceeding 180 days during any 12-month period.

Pursuant to the restricted unit agreement executed by Laredo LLC and each named executive officer, in the event of a change of control, all unvested restricted units will become fully vested as of the date of the change of control, provided that the named executive officer remains employed by Laredo Inc. through the date of such change of control. According to the limited liability company agreement of Laredo LLC, a "change of control" generally includes the occurrence of (i) at any time prior to a qualified public offering (which is defined to be any firm commitment underwritten initial public offering of equity securities pursuant to an effective registration statement of at least $100,000,000, whereby such equity securities are authorized and approved for listing on the New York Stock Exchange or admitted to trading and quoted in the Nasdaq Global Market system), the holders of preferred units dispose of in the aggregate 80% of the outstanding preferred units by way of unit disposition or pursuant to any merger or other business combination of Laredo LLC, (ii) at any time after a qualified public offering, any person acquires beneficial ownership of securities of Laredo LLC, or any of its subsidiaries, representing 40% or more of the combined voting power of the outstanding securities (provided, however, that if the surviving entity becomes a subsidiary of another entity, then the outstanding securities shall be deemed to refer to the outstanding securities of the parent entity), (iii) at any time after a qualified public offering, a majority of the members of the board of directors who served on the date of the qualified public offering no longer serve as directors; or (iv) at any time after a qualified public offering, the consummation of a merger or consolidation of the IPO issuer with any other corporation, other than a merger or consolidation which would result in the voting securities of the IPO issuer outstanding immediately prior thereto continuing to represent more than 40% of the combined voting power of the voting securities of the IPO issuer outstanding immediately after such merger or consolidation.

Potential payments upon termination or change in control table for fiscal 2010

The information set forth in the table below is based on the assumption that the applicable triggering event under the restricted unit agreement to which each named officer was a party occurred on December 31, 2010, the last business day of fiscal 2010. Accordingly, the information reported in the table indicates the value of units that would vest by reason of a termination under the circumstances described above, or upon a change of control, and is our best estimation of our obligations to each named executive officer and will only be determinable with any certainty upon the occurrence of the applicable event. The fair market value per unit of each applicable unit in Laredo LLC was $0.00 on December 31, 2010.

Name	Occurrence of a termination event ($)	Occurrence of a change of control ($)(6)
Randy A. Foutch(1)	0	0
W. Mark Womble(2)	0	0
Jerry R. Schuyler(3)	0	0
Patrick J. Curth(4)	0	0
John E. Minton(5)	0	0

(1) As of December 31, 2010, Randy A. Foutch held 470,000 unvested Series B-1 restricted units, 334,000 unvested Series B-2 restricted units, 820,000 unvested Series C restricted units, 2,059,800 unvested Series D restricted units and 1,602,000 unvested Series E restricted units.

(2) As of December 31, 2010, W. Mark Womble held 97,200 unvested Series B-1 restricted units, 60,400 unvested Series B-2 restricted units, 220,000 unvested Series C restricted

units, 374,000 unvested Series D restricted units and 399,000 unvested Series E restricted units.

(3) As of December 31, 2010, Jerry R. Schuyler held 170,200 unvested Series B-1 restricted units, 108,800 unvested Series B-2 restricted units, 380,000 unvested Series C restricted units, 653,400 unvested Series D restricted units and 684,000 unvested Series E restricted units.

(4) As of December 31, 2010, Patrick J. Curth held 93,800 unvested Series B-1 restricted units, 65,600 unvested Series B-2 restricted units, 190,000 unvested Series C restricted units, 403,400 unvested Series D restricted units and 285,000 unvested Series E restricted units.

(5) As of December 31, 2010, John E. Minton held 40,000 unvested Series B-1 restricted units, 20,000 unvested Series B-2 restricted units, 70,000 unvested Series C restricted units, 186,000 unvested Series D restricted units and 90,000 unvested Series E restricted units.

(6) The value was calculated in accordance with ASC 718, Compensation—Unit Compensation. The fair value of equity compensation awards was calculated at the end of each calendar quarter and at December 31, 2010 using Laredo's estimated market value. The market value calculated is applied to awards granted during the current quarter. The estimated market value is calculated based on the value of Laredo's proved reserves using published market prices held flat after year five and then applying the following present value factors to the cash flows for proved reserves: 8% to proved developed properties, 15% to proved developed nonproducing properties and 20% to proved undeveloped properties. The aggregate calculated values are then adjusted by the net value of Laredo's other non-oil and gas assets and liabilities to arrive at a net asset value. The net asset value is then adjusted for equity capital invested and the corresponding 7% preference amount to arrive at the net value. The net value is then allocated to each class of outstanding units, based upon unit sharing ratios and unit threshold values to arrive at the fair market value for each respective award (see Notes E and F in our audited combined financial statements included elsewhere in this prospectus for further information).

Compensation of directors

For the 2010 fiscal year, the members of the board of directors did not receive cash compensation for their services as directors. The independent directors are eligible to receive restricted units under our long-term equity based incentive program. However, the directors appointed by Warburg Pincus receive no equity compensation for their services as a director.

An employee/member of the board of directors receives no additional compensation for services as a director. Accordingly, the Summary Compensation Table reflects the total compensation received by Randy A. Foutch and Jerry R. Schuyler.

Our independent directors may be reimbursed for their expenses to attend board meetings. However, the directors appointed by Warburg Pincus receive no reimbursement for expenses to attend board meetings.

As mentioned above under "—Compensation Discussion and Analysis—Elements of compensation—Long-term equity based incentive awards", we grant restricted units in Laredo LLC to our directors as a means of providing them with long-term equity incentive compensation that may directly profit from any success we achieve. This structure enables us to identify a fixed number of restricted units on which distributions will flow through Laredo LLC to our directors. We believe that

providing equity compensation from Laredo LLC allows us to retain the ability to incentivize our directors to focus on our long-term success.

Pursuant to certain restricted unit agreements, on February 1, 2010 we granted certain Laredo LLC Series D Units to directors Bill Parker and Pamela Pierce, and on February 16, 2010, we granted certain Laredo LLC Series D Units and Series E Units to directors Ambassador Francis Rooney and Donald D. Wolf. These restricted units are intended to constitute "profits interests" in Laredo LLC that will participate solely in any future profits of Laredo LLC that result from any distributions on our units that are held by Laredo LLC.

The following table summarizes, with respect to our non-employee directors, information relating to the compensation earned for services rendered as directors during the fiscal year ended December 31, 2010. Prior to the consummation of the proposed initial public offering of LPH's common stock and corporate reorganization, the stock awards will be converted into common stock or common stock awards in connection with the corporate reorganization. See "Potential Corporate Reorganization."

Director compensation table for the year ended December 31, 2010

Name	Stock awards(1)	All other compensation ($)	Total ($)
Jeffrey Harris	—	—	—
Peter R. Kagan	—	—	—
James R. Levy	—	—	—
B.Z. (Bill) Parker(2)			
Series D	30,000	—	—
Pamela S. Pierce(3)			
Series D	30,000	—	—
Ambassador Francis Rooney(4)			
Series D	70,000	—	—
Series E	78,000	—	—
Donald D. Wolf(5)			
Series D	70,000	—	—
Series E	78,000	—	—

(1) We awarded the restricted unit awards as described above under "—Compensation Discussion and Analysis—Elements of compensation—Long-term equity based incentive awards". The amounts reported as Stock Awards represent the grant date fair value of restricted unit grants awarded to or in respect of our directors during 2010, computed in accordance with ASC 718, Compensation—Unit Compensation. Restricted units vest ratably over four years at each anniversary of the grant. The fair value of equity compensation awards was calculated at the end of each calendar quarter and at December 31, 2010 using Laredo's estimated market value. The market value calculated is applied to awards granted during the current quarter. The estimated market value is calculated based on the value of Laredo's proved reserves using published market prices held flat after year five and then applying the following present value factors to the cash flows for proved reserves: 8% to proved developed properties, 15% to proved developed nonproducing properties and 20% to proved undeveloped properties. The aggregate calculated values are then adjusted by the net value of Laredo's other non-oil and gas assets and liabilities to arrive at a net asset value. The net asset value is then adjusted for equity capital invested and the corresponding 7% preference amount to arrive at the net

value. The net value is then allocated to each class of outstanding units, based upon unit sharing ratios and unit threshold values to arrive at the fair market value for each respective award (see Notes E and F in our audited combined financial statements included elsewhere in this prospectus for further information).

(2) At December 31, 2010, the director held 28,000 Series B-1 restricted units, 17,000 Series B-2 restricted units, 40,000 Series C restricted units, 60,000 Series D restricted units and 38,000 Series E restricted units.

(3) At December 31, 2010, the director held 28,000 Series B-1 restricted units, 17,000 Series B-2 restricted units, 40,000 Series C restricted units, 60,000 Series D restricted units and 38,000 Series E restricted units.

(4) At December 31, 2010, the director held 70,000 Series D restricted units and 78,000 Series E restricted units.

(5) At December 31, 2010, the director held 70,000 Series D restricted units and 78,000 Series E restricted units.

Director compensation post proposed public offering of LPH's common stock and corporate reorganization, if consummated

Based on a competitive review by Cogent of outside director compensation paid by our peers, the board of directors adopted the compensation arrangement for Laredo following the consummation of the proposed initial public offering of LPH's common stock described below.

- Annual Cash Retainer—$40,000 (directors can elect to have their cash retainer paid in the form of restricted stock)
- Committee Chairman Fees—
  - Chairman of Audit Committee: $15,000/year paid in restricted stock
  - Chairman of Compensation Committee: $12,500/year paid in restricted stock
  - Chairman of Other Committees: $12,500/year paid in restricted stock
- Annual Stock Grant—Equivalent value of $160,000 in restricted stock.

Directors who are also employees of Laredo will not receive any additional compensation for serving on the board of directors.

Corporate Governance Matters

Board of Directors

Our board of directors consists of nine members, including our Chief Executive Officer and our President and Chief Operating Officer. The board of directors reviewed the independence of our directors using the independence standards of the New York Stock Exchange, or NYSE, and based on this review, determined that Messrs. Kagan, Levy, Parker, Rooney, Segner, Wolf and Ms. Pierce are independent within the meaning of the NYSE listing standards currently in effect.

Audit committee

The members of our audit committee are Messrs. Parker, Segner, Levy and Wolf. Our board of directors has determined that Messrs. Parker, Segner and Wolf are "independent" under the standards of the New York Stock Exchange and SEC regulations. This committee oversees, reviews, acts on and reports on various auditing and accounting matters to our board of directors, including: the selection of

our independent accountants, the scope of our annual audits, fees to be paid to the independent accountants, the performance of our independent accountants and our accounting practices. In addition, the audit committee will oversee our compliance programs relating to legal and regulatory requirements. If the initial public offering of common stock of LPH is consummated, we will rely on the phase-in rules of the SEC and NYSE with respect to the independence of our audit committee. These rules permit us to have an audit committee that has one member that is independent upon the effectiveness of the registration statement for such offering, a majority of members that are independent within 90 days thereafter and all members that are independent within one year thereafter.

Compensation committee

The members of the compensation committee are Messrs. Wolf, Rooney, Kagan and Ms. Pierce. This committee establishes salaries, incentives and other forms of compensation for officers and other employees. Our compensation committee also administers our incentive compensation and benefit plans.

Nominating and governance committee

The members of our nominating and governance committee are Messrs. Rooney, Parker, Segner, Wolf and Ms. Pierce. This committee identifies, evaluates and recommends qualified nominees to serve on our board of directors, develops and oversees our internal corporate governance processes and maintains a management succession plan.

Compensation Committee Interlocks and Insider Participation

None of our executive officers has served as a director or member of the compensation committee of any other entity whose executive officers served as a director or member of our compensation committee.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

All of the common stock of Laredo Inc. is owned by Laredo LLC. The following table sets forth certain information as of November 25, 2011 regarding the beneficial ownership of Laredo LLC's voting units by (1) beneficial owners of 5% or more of the voting units, (2) each of our directors, (3) each of our named executive officers and (4) all of our directors and executive officers as a group.

Name of beneficial owner	Number of A-1 equity units	Percent of A-1 equity units outstanding	Number of A-2 equity units	Percent of A-2 equity units outstanding	Number of BOE Preferred equity units	Percent of BOE Preferred equity units outstanding	Percent of total equity units outstanding(4)
Warburg Pincus Private Equity IX, L.P(1).	58,970,000	98.46%	—	—	86,547,514	97.26%	77.05%
Warburg Pincus Private Equity X O&G, L.P(1).	—	—	39,370,002	98.47%	—	—	20.84%
Randy A. Foutch(2)	300,000	0.50%	80,000	0.20%	60,225	0.07%	0.23%
Jerry R. Schuyler	120,000	0.20%	26,667	0.07%	—	—	0.08%
W. Mark Womble	60,000	0.10%	20,000	0.05%	—	—	0.04%
Patrick J. Curth	50,000	0.08%	6,667	0.02%	—	—	0.03%
John E. Minton	20,000	0.03%	6,667	0.02%	—	—	0.01%
Peter R. Kagan(3)	—	—	—	—	—	—	—
James R. Levy	—	—	—	—	—	—	—
B.Z. (Bill) Parker	50,000	0.08%	33,333	0.08%	—	—	0.04%
Pamela S. Pierce	60,000	0.10%	40,000	0.10%	—	—	0.05%
Francis Rooney	—	—	266,667	0.67%	—	—	0.14%
Edmund P. Segner, III	—	—	—	—	—	—	—
Donald D. Wolf	—	—	26,667	0.07%	—	—	0.01%
Directors and executive officers as a group (14 persons)	680,000	1.14%	513,335	1.28%	60,225	0.07%	0.66%

(1) The unitholders are Warburg Pincus Private Equity IX, L.P., a Delaware limited partnership, together with affiliated partnerships ("WP IX"), and Warburg Pincus Private Equity X O&G, L.P., a Delaware limited partnership, together with affiliated partnerships ("WP O&G"). The total number of units owned by Warburg Pincus Private Equity IX, L.P. includes 5,389,549 BOE Perferred units owned by WP IX Finance LP, an affiliated partnership, or 2.85% of the total equity units outstanding, and the total number of units owned by Warburg Pincus Private Equity X O&G, L.P. includes 1,220,471 A-2 units owned by Warburg Pincus X Partners, L.P., an affiliated partnership, or 0.65% of the total equity units outstanding. Warburg Pincus IX, LLC, a New York limited liability company ("WPIX LLC"), an indirect subsidiary of Warburg Pincus & Co., a New York general partnership ("WP"), is the general partner of WP IX. Warburg Pincus X, L.P., a Delaware limited partnership ("WP X GP") is the general partner of the WP O&G. Warburg Pincus X, LLC, a Delaware limited liability company ("WP X LLC") is the general partner of WP X GP. Warburg Pincus Partners, LLC, a New York limited liability company ("WP Partners"), is the sole member of WPIX LLC and WP X LLC. WP is the managing member of WP Partners. Warburg Pincus LLC, a New York limited liability company ("WP LLC"), manages WP IX and WP O&G. The address of the Warburg Pincus entities is 450 Lexington Avenue, New York, New York 10017.

(2) Randy A. Foutch, our Chief Executive Officer and Chairman of the board is a limited partner of certain members of the Warburg Pincus Group.

(3) Mr. Kagan, director of Laredo, is a partner of WP and a Managing Director and Member of WP LLC. Mr. Kagan may be deemed to have an indirect pecuniary interest (within the meaning of Rule 16a-1 under the Securities Exchange Act of 1934) in an indeterminate portion of the common stock owned by WP IX and WP O&G. Charles R. Kaye and Joseph P. Landy are Managing General Partners of WP and Managing Members and Co-Presidents of WP LLC and may be deemed to control the Warburg

Pincus entities. Messrs. Kaye, Landy and Kagan disclaim beneficial ownership of all shares of common stock held by the Warburg Pincus entities.

(4) If the proposed initial public offering of LPH's common stock and corporate reorganization is consummated, LPH is expected to be owned approximately 80.5% by Warburg Pincus, 5.5% by our board of directors, management and employees and approximately 14.0% by public stockholders (assuming the midpoint of the offering price range set forth in the preliminary prospectus dated November 28, 2011 filed by LPH for the proposed initial public offering).

The address for all officers and directors is c/o Laredo Petroleum, Inc., 15 W. Sixth Street, Suite 1800, Tulsa, Oklahoma 74119.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Acquisition of Broad Oak Energy, Inc.

On July 1, 2011, we completed an acquisition of Broad Oak Energy, Inc., a Delaware corporation ("Broad Oak"), with Broad Oak becoming a wholly-owned subsidiary of Laredo Inc., for a combination of equity and cash. Warburg Pincus Private Equity IX, L.P., a Delaware limited partnership and the owner of the majority of our equity, was a majority stockholder in Broad Oak and received approximately $611.2 million in the form of units in Laredo LLC in the transaction. We changed the name of Broad Oak to Laredo Petroleum-Dallas, Inc. on July 19, 2011.

Corporate Reorganization

In connection with the potential initial public offering of LPH's common stock and a corporate reorganization, we will engage in certain transactions with certain affiliates and our existing equity holders. Please see "Potential Corporate Reorganization" for a description of these transactions.

Historical Transactions Relating to Laredo LLC

To date, our equity investors, including members of our management team and our independent directors, have invested approximately $710 million in us. The limited liability company agreement of Laredo LLC was initially entered into on May 21, 2007 and amended and restated on each of October 15, 2008 and July 1, 2011 among Warburg Pincus and members of our management, directors and employees. Pursuant to the limited liability company agreement, Warburg Pincus, members of our management, our directors and employees purchased preferred units and profits units in Laredo LLC.

Under the limited liability company agreement, if Laredo LLC proposes to issue certain additional equity securities, certain of the existing holders of Laredo LLC's units who are "accredited investors" under the Securities Act will have the right to purchase a pro rata amount of such securities. Certain of the units are subject to rights of first refusal held by certain members. In addition, if certain members seek to sell any units to a third party, such members must offer to include in such sale certain units held by other unit holders. In addition, the Warburg Pincus Group (comprising Warburg Pincus Private Equity IX, L.P., Warburg Pincus Private Equity X O&G, L.P. and their affiliates) has the right to require all holders of units to sell all of their units in certain sale transactions in accordance with the provisions of the limited liability company agreement.

None of Laredo LLC's outstanding units are entitled to current cash distributions or are convertible into indebtedness. Although Laredo LLC is required to make distributions to cover any income taxes allocated to each unitholder, the unitholders have no other rights to cash distributions (except in the case of certain liquidation events). We do not anticipate making any such tax distributions in the foreseeable future.

The limited liability company agreement of Laredo LLC provides that Laredo LLC's members will, upon the potential corporate reorganization, be entitled to certain demand and "piggyback" registration rights regarding the shares of common stock owned by them after the proposed initial public offering of LPH's common stock, if consummated. Under these registration rights, Warburg Pincus may require Laredo to file a registration statement for the public sale of their shares of common stock. In addition, any time LPH proposes to file a registration statement with respect to an offering of shares, each of the members who received shares of common stock in the corporate reorganization will have the right to include his, her or its shares in that offering. The underwriters of any underwritten offering will have the right to limit the number of shares of common stock to be included in such underwritten offering by such stockholders. We will pay all expenses relating to any demand or piggyback registration, except for underwriters' or brokers' commission or discounts. The shares of common stock owned by these stockholders will no longer have registration rights under the registration rights agreements to the

extent they have been sold to the public either pursuant to a registration statement or under Rule 144 promulgated under the Securities Act or are otherwise eligible for resale pursuant to Rule 144 under the Securities Act.

Upon completion of our corporate reorganization to be completed simultaneously with, or prior to, the consummation of the potential initial public offering of LPH's common stock, the limited liability company agreement of Laredo LLC will no longer be in effect.

Gas Gathering and Processing Arrangement with Targa

Laredo has a gas gathering and processing arrangement with affiliates of Targa Resources, Inc. ("Targa"). Warburg Pincus Private Equity IX, L.P., a majority equityholder in Laredo, and other Warburg Pincus affiliates hold investment interests in Targa. Mr. Kagan, one of our directors, is on the board of directors of affiliates of Targa. Our net oil and gas sales to Targa were approximately $55.1 million and $35.0 million during the nine months ended September 30, 2011 and for the year ended December 31, 2010, respectively.

Other Related Party Transactions

Our board of directors has adopted an aircraft use policy for our Chairman and Chief Executive Officer Randy A. Foutch, whereby his personally owned aircraft can be used for Laredo business travel, subject to certain conditions. Mr. Foutch travels extensively for company business, often on short notice and to areas that have limited access to direct commercial flights, so our board of directors has determined that the use of Mr. Foutch's aircraft is an efficient and cost-effective option that is beneficial to us. On occasion, other Laredo Inc. employees fly with Mr. Foutch when convenient or necessary on these business trips at no extra cost to us. Mr. Foutch's aircraft is owned by a family limited partnership that he controls. Although Mr. Foutch is a fully qualified pilot with a single pilot rating and has flown his aircraft solo for business while working for other companies in the past, we believe it is in our best interest to require the presence of a fully-licensed and qualified co-pilot and certain specified safety and mechanical inspections to assure the airworthiness of the aircraft. The expenses covered by us consist of the salary of the co-pilot and his out-of-pocket expenses on business trips, the training and certification expenses of Mr. Foutch and the co-pilot, and the cost of aircraft safety and mechanical inspections. In addition, we reimburse Mr. Foutch for the use of this aircraft for company business in an amount equal to the cost of a first class commercial airline ticket to such destination or the cost of a charter flight if commercial flights are not available to such destination. During 2010, we incurred approximately $401,600 in expenses for business trips pursuant to this policy. These payments represent only a partial refund of the total costs and expenses of flying the aircraft, including the additional fixed costs required to be incurred under the policy, and as a result Mr. Foutch incurs a loss each year on the aircraft. All amounts reimbursed to Mr. Foutch are approved by our Chief Financial Officer in accordance with the board approved policy.

Procedures for Approval of Related Party Transactions

Our board of directors will adopt a written related party transactions policy prior to the completion of the potential initial public offering of LPH's common stock. Pursuant to this policy, the audit committee will review all material facts of all related party transactions and either approve or disapprove entry into the related party transaction, subject to certain limited exceptions. In determining whether to approve or disapprove entry into a related party transaction, the audit committee shall take into account, among other factors, the following: (1) whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and (2) the extent of the related person's interest in the transaction. Further, the policy will require that all related party transactions required to be disclosed in our filings with the SEC be so disclosed in accordance with applicable laws, rules and regulations. A copy of the policy will be available on our website at www.laredopetro.com prior to or upon completion of the potential initial public offering of LPH's common stock, if consummated. Information on our website or any other website is not incorporated by reference into, and does not constitute part of, this prospectus.

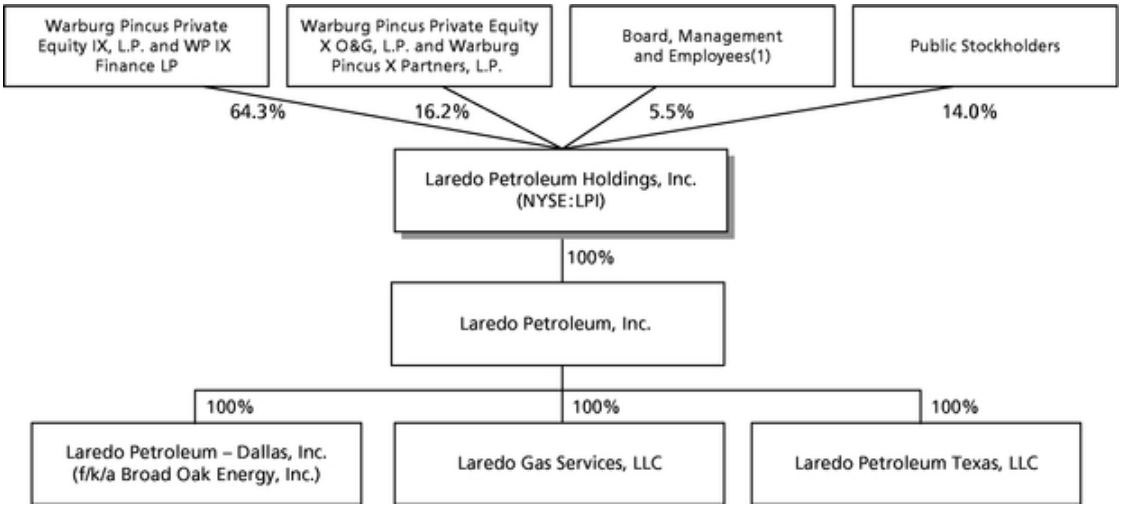
POTENTIAL CORPORATE REORGANIZATION

LPH is a Delaware corporation that was formed for the purpose of an initial public offering of its common stock. Pursuant to the terms of a corporate reorganization that will be completed concurrently with, or prior to, the closing of the initial public offering of LPH's common stock, LPH will merge with Laredo LLC, with LPH being the surviving entity. LPH will become a guarantor of the notes immediately prior to the corporate reorganization, if consummated.

All of the outstanding preferred equity units of Laredo LLC will be exchanged for shares of LPH common stock in accordance with the limited liability company agreement of Laredo LLC. In addition, under the Laredo LLC limited liability company agreement and the restricted unit agreements, certain series of Laredo LLC incentive equity units will also be exchanged into LPH common stock, depending upon the initial public offering price of the common stock in the initial public offering of LPH's common stock. To the extent any of such incentive units are subject to vesting requirements, the common stock issuable in exchange therefor will also be subject to such requirements.

Ownership structure immediately after giving effect to the proposed initial public offering of LPH's common stock, if consummated

The following diagram depicts our expected ownership structure after giving effect to our proposed corporate reorganization and the initial public offering of LPH's common stock based on the midpoint of the offering price range set forth in the preliminary prospectus dated November 28, 2011 filed by LPH for the proposed initial public offering.



(1) Including former Broad Oak management, directors and employees.

If the potential initial public offering of LPH's common stock and the corporate reorganization are completed, the former holders of units in Laredo LLC are expected to own an aggregate of approximately 86% of LPH's common stock (based upon the midpoint of the offering price range set forth in the preliminary prospectus dated November 28, 2011 filed by LPH for the proposed initial public offering). Forms of Laredo Inc.'s amended and restated certificate of incorporation and amended and restated bylaws as will be in effect if the public offering and corporate reorganization are completed have been filed with the SEC as exhibits to the Form S-1 relating to the proposed initial public offering.

We refer to (i) the potential merger of LPH and Laredo LLC, (ii) the potential exchange of all of the outstanding preferred equity units and certain series of incentive equity units of Laredo LLC into shares of LPH's common stock in accordance with the limited liability company agreement of Laredo LLC and (iii) the potential consummation of the other related transactions collectively as our "corporate reorganization." There can be no assurance that the initial public offering of LPH's common stock will be consummated or the corporate reorganization will be effected as proposed.

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Secured Credit Facility

Laredo Inc. is the borrower under our third amended and restated revolving credit facility, as amended ("senior secured credit facility"), with Wells Fargo Bank, N.A. as the administrative agent. At November 25, 2011, we had outstanding borrowings of $375 million under our senior secured credit facility, which were subject to an average interest rate of approximately 2.25%. Additionally, our senior secured credit facility provides for the issuance of letters of credit, limited in the aggregate to the lesser of $20 million and the total availability thereunder. At November 25, 2011, we had letters of credit totaling $25 thousand issued but undrawn.

The borrowing base under our senior secured credit facility is redetermined semi-annually on May 1 and November 1 of each year by the lenders, based on, among other things, the financial institutions' evaluation of our oil and natural gas reserves. As of November 25, 2011, our senior secured credit facility had a borrowing base of $712.5 million. The next redetermination of our borrowing base is scheduled for May 1, 2012.

Our obligations under our senior secured credit facility are secured by a first priority lien on substantially all oil and natural gas properties of Laredo LLC and its subsidiaries (including Laredo Inc. but excluding LPH) as well as a first priority pledge on all ownership interests in Laredo Inc. and its existing and future subsidiaries. Our obligations under the senior secured credit facility are guaranteed by Laredo LLC and all of Laredo Inc.'s subsidiaries and may be guaranteed by any future subsidiaries. LPH currently has no material assets or liabilities but if an initial public offering of LPH's common stock and related corporate reorganization occur as described herein, LPH will become a guarantor of the senior secured credit facility as well as the notes.

We have a choice of borrowing at an Adjusted Base Rate or in Eurodollars. Adjusted Base Rate loans will bear interest at the Adjusted Base Rate plus an applicable margin between 0.75% and 1.75% and Eurodollar loans will bear interest at the adjusted LIBOR rate plus an applicable margin between 1.75% and 2.75%. We are also required to pay an annual commitment fee on the unused portion of each bank's commitment of ranging from 0.375% to 0.5%.

Our senior secured credit facility contains various covenants that limit our ability to, among other things, incur indebtedness, make restricted payments, grant liens, consolidate or merge, dispose of certain assets, make certain investments, engage in transactions with affiliates and hedge transactions and make certain acquisitions.

Our senior secured credit facility also requires us to maintain the following financial ratios for Laredo and its consolidated subs level: (a) consolidated current assets to consolidated current liabilities of not less than 1.00 to 1.00 and (b) consolidated EBITDAX to the sum of (i) consolidated net interest expense plus (ii) letter of credit fees of not less than 2.50 to 1.00.

DESCRIPTION OF THE NOTES

We will issue the new notes, and we issued the old notes, under an indenture dated as of January 20, 2011 (the "Indenture"), among us, the Parent Guarantor, the Subsidiary Guarantors and Wells Fargo Bank, National Association, as trustee (the "Trustee"). On January 20, 2011, we issued $350 million principal amount of notes under the Indenture and on October 19, 2011 we issued an additional $200 million principal amount of notes under the Indenture. References to the "notes" in this "Description of the Notes" include both the outstanding old notes and the new notes offered hereby unless otherwise indicated. References in this "Description of the Notes" to "Issue Date" mean January 20, 2011, the date on which the initial old notes were issued. The terms of the notes include those expressly set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). The Indenture is unlimited in aggregate principal amount. We may issue an unlimited principal amount of additional notes having identical terms and conditions as the notes (the "Additional Notes"). We will only be permitted to issue such Additional Notes in compliance with the covenant described under the subheading "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock." Any Additional Notes will be part of the same series as the notes that will vote on all matters with the holders of the notes. Unless the context otherwise requires, for all purposes of the Indenture and this "Description of the Notes," references to the notes include the new notes and the old notes and any Additional Notes actually issued.

This "Description of the Notes" is intended to be a useful overview of the material provisions of the notes and the Indenture. Since this description is only a summary, you should refer to these documents for a complete description of the obligations of the Issuer and the Guarantors and your rights. A copy of the Indenture has been filed as an exhibit to the registration statement of which the prospectus is a part.

You will find the definitions of capitalized terms used in this "Description of the Notes" under the heading "—Certain Definitions." For purposes of this description, references to "the Company," "the Issuer," "we," "our" and "us" refer only to Laredo Inc., the issuer of the notes, and references to "the Parent Guarantor" refer only to Laredo LLC or, if the corporate reorganization is consummated, LPH and not to any of its subsidiaries.

The registered holder of a new note will be treated as the owner of it for all purposes. Only registered holders of the notes have rights under the Indenture, and all references to "holders" in this description are to registered holders of the notes.

If the exchange offer contemplated by this prospectus is consummated, holders of old notes who do not exchange those notes for new notes in the exchange offer will vote together with holders of new notes for all relevant purposes under the Indenture. In that regard, the Indenture requires that certain actions by the holders thereunder must be taken, and certain rights must be exercised, by specified minimum percentages of the aggregate principal amount of the outstanding securities issued under the Indenture. In determining whether holders of the requisite percentage in principal amount have given any notice, consent or waiver or taken any other action permitted under the Indenture, any old notes that remain outstanding after the exchange offer will be aggregated with the new notes, and the holders of such old notes and the new notes will vote together as a single class for all such purposes. Accordingly, all references herein to specified percentages in aggregate principal amount of the notes outstanding shall be deemed to mean, at any time after the exchange offer is consummated, such percentages in aggregate principal amount of the old notes and the new notes then outstanding.

Brief Description of the Notes and the Guarantees

The Notes

The notes:

- will be general unsecured senior obligations of the Company;
- will rank equally in right of payment with all existing and future senior Indebtedness of the Company;
- will rank senior in right of payment to any future subordinated Indebtedness of the Company; and
- will be fully and unconditionally guaranteed by the Guarantors on a senior basis.

The Guarantees

Each guarantee of the notes:

- will be a general unsecured senior obligation of the Guarantor;
- will rank equally in right of payment with all existing and future senior Indebtedness of the Guarantor; and
- will rank senior in right of payment to any future subordinated Indebtedness of the Guarantor.

The notes will be effectively junior in right of payment to all of the Company's and the Guarantors' existing and future secured indebtedness, including debt under the Senior Credit Agreement, to the extent of the value of the assets securing such indebtedness. The notes will be structurally subordinated to any existing and future indebtedness and other liabilities, including claims of trade creditors, of any Subsidiary of the Company that does not guarantee the notes. In the event of a bankruptcy, administrative receivership, composition, insolvency, liquidation or reorganization of any of the non-guarantor Subsidiaries, such Subsidiaries will pay the holders of their liabilities, including trade payables, before they will be able to distribute any of their assets to the Company or a Guarantor. As of September 30, 2011, on a pro forma basis as adjusted after giving effect the offering of $200 million of the old notes on October 19, 2011 and the application of the net proceeds therefrom, the Company and the Guarantors would have had approximately $325 million of secured indebtedness outstanding and would have been able to draw up to approximately $325 million of additional secured debt under the Senior Credit Agreement. The Indenture permits the Company and the Guarantors to incur additional Indebtedness, including secured Indebtedness.

Principal, Maturity and Interest

The new notes will mature on February 15, 2019, will be limited to an aggregate principal amount to $550 million and will be unsecured senior obligations of the Company. The Indenture provides for the issuance of an unlimited amount of Additional Notes having identical terms and conditions to the new notes offered hereby (in all respects other than at the option of the Company as to the payment of interest accruing prior to the issue date of such Additional Notes or as to the first payment of interest following the issue date of such Additional Notes), subject to compliance with the covenants contained in the Indenture. Such Additional Notes shall be consolidated and form a single series with the notes and have the same terms as to status, redemption or otherwise as the notes. For purposes of this "Description of the Notes," reference to the notes includes Additional Notes unless otherwise indicated. There can be no assurance as to when or whether the Company will issue any such Additional Notes or as to the aggregate principal amount of such Additional Notes.

Interest on the notes will accrue at the rate of $9^{1}/_{2}$% per annum and will be payable semiannually in cash on each February 15 and August 15, commencing on the first such date next following the date on which the exchange offer is consummated, to the Holders (as defined below) of record on the

immediately preceding February 1 and August 1, as the case may be. Interest on the notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Issue Date. Interest will be computed on the basis of a 360-day year comprising twelve 30-day months.

If an interest payment date falls on a day that is not a business day, the interest payment to be made on such interest payment date will be made, without penalty, on the next succeeding business day with the same force and effect as if made on such interest payment date.

Any additional interest due will be paid on the same dates as interest on the notes. The new notes issued in exchange for the old notes pursuant to the exchange offer will be considered part of the same series of notes, and all references herein to "notes" include the new notes unless otherwise indicated.

The principal of and premium, if any, and interest on the notes will be payable and the notes will be exchangeable and transferable, at the office or agency of the paying agent and registrar maintained for such purposes or, at the option of the Company, payment of interest may be paid by check mailed to the address of the person entitled thereto as such address appears in the security register of Holders. The Company may change the paying agent and registrar without notice to the Holders. The registered holder of any note (a "Holder") will be treated as the owner for all purposes. Only registered Holders have rights under the Indenture. The notes will be issued only in registered form without coupons and only in denominations of $2,000 or whole multiples of $1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange or redemption of notes, but the Company may require payment in certain circumstances of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The old notes, the new notes and any Additional Notes will be treated as a single class of securities under the Indenture, including, without limitation, for purposes of waivers, amendments, redemptions and offers to purchase.

The notes will not be entitled to the benefit of any sinking fund.

Guarantees

Each of (a) the Parent Guarantor and (b) the Parent Guarantor's existing direct and indirect domestic Restricted Subsidiaries (other than LPH) is a Guarantor. The payment of the principal of, premium, if any, and interest on the notes, when and as the same become due and payable, are guaranteed, jointly and severally, on a senior unsecured basis (the "Guarantees") by the Guarantors. In addition, if (a) any Person becomes a direct or indirect domestic Restricted Subsidiary, (b) any Unrestricted Subsidiary is redesignated as a Restricted Subsidiary, or (c) any other Restricted Subsidiary of the Parent Guarantor issues or guarantees any Indebtedness and, in the case of (a), (b) or (c), such Restricted Subsidiary is or becomes a guarantor or obligor in respect of any Indebtedness of the Parent Guarantor, the Company or any of the direct or indirect domestic Restricted Subsidiaries in an aggregate principal amount exceeding $5 million, the Parent Guarantor shall cause each such Restricted Subsidiary to enter into a supplemental indenture pursuant to which such Restricted Subsidiary shall agree to guarantee the Company's obligations under the notes jointly and severally with any other Guarantors, fully and unconditionally, on a senior unsecured basis. See "—Certain Covenants—Issuances of Guarantees by Restricted Subsidiaries." Non-Guarantor Restricted Subsidiaries and Foreign Subsidiaries will not be required to issue a Guarantee under certain circumstances as described under "—Certain Covenants—Issuances of Guarantees by Restricted Subsidiaries." As of the date of this prospectus, the Parent Guarantor has no Foreign Subsidiaries and no Non-Guarantor Restricted Subsidiaries (other than LPH). The Guarantors as of the date of this prospectus are the Parent Guarantor, Laredo Petroleum—Dallas, Inc., Laredo Petroleum Texas, LLC and Laredo Gas Services, LLC. LPH currently has no material assets or liabilities and is not currently a guarantor of the notes or a guarantor or a guarantor of the senior secured credit facility. If the corporate reorganization described herein is consummated, immediately prior thereto LPH will become

a guarantor of the notes and thereupon Laredo LLC will merge into LPH, with LPH being the surviving entity and thereby becoming the Parent Guarantor.

The obligations of each Guarantor under its Guarantee are limited to the maximum amount which, after giving effect to all other contingent and fixed liabilities of such Guarantor, and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under the Indenture, will result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under Federal or state law. See "Risk Factors—Federal and state fraudulent transfer laws may permit a court to void the notes and the guarantees, subordinate claims in respect of the notes and the guarantees and require noteholders to return payments received and, if that occurs, you may not receive any payments on the notes." Each Guarantor that makes a payment or distribution under its Guarantee will be entitled to a contribution from any other Guarantor in a pro rata amount based on the adjusted net assets of each Guarantor determined in accordance with GAAP.

Each Subsidiary Guarantor may consolidate with or merge into or sell its assets to the Parent Guarantor, the Company or another Restricted Subsidiary that is a Subsidiary Guarantor without limitation, or with or to other Persons upon the terms and conditions set forth in the Indenture. See "—Certain Covenants—Consolidation, Merger and Sale of Assets."

The Guarantee of a Subsidiary Guarantor will be released automatically:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger or consolidation) to one or more Persons that are not (either before or after giving effect to such transaction) the Parent Guarantor, the Company or a Restricted Subsidiary, if the sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor complies with the covenant described under "—Certain Covenants—Asset Sales";

(2) in connection with any sale of all of the Capital Stock of a Subsidiary Guarantor to one or more Persons that are not (either before or after giving effect to such transaction) the Parent Guarantor, the Company or a Restricted Subsidiary, if the sale of all such Capital Stock of that Subsidiary Guarantor complies with the covenant described under "—Certain Covenants—Asset Sales";

(3) if the Parent Guarantor properly designates such Subsidiary Guarantor as a Non-Guarantor Restricted Subsidiary and such Restricted Subsidiary is not required at such time to issue a Guarantee of the notes pursuant to the covenant described under "—Certain Covenants—Issuances of Guarantees by Restricted Subsidiaries";

(4) if the Parent Guarantor properly designates any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary;

(5) if a Subsidiary Guarantor under any Credit Facility is released from its guarantee issued pursuant to the terms of any Credit Facility of the Parent Guarantor, the Company or any direct or indirect Restricted Subsidiary, and such Subsidiary Guarantor is not an obligor under any Indebtedness of the Parent Guarantor, the Company or any domestic Restricted Subsidiary other than the notes in excess of $5 million in aggregate principal amount;

(6) upon the liquidation or dissolution of such Subsidiary Guarantor; *provided* no Default or Event of Default has occurred and is continuing; or

(7) if legal or covenant defeasance of the notes has been effected or the notes are discharged in accordance with the procedures described below under "—Defeasance or Covenant Defeasance of Indenture" or "—Satisfaction and Discharge";

provided that any such release and discharge pursuant to clauses (1), (2), (3), (4), (5), (6) and (7) above shall occur only to the extent that all obligations of such Subsidiary Guarantor under all of its guarantees of, and under all of its pledges of assets or other security interests which secure any, Indebtedness of the Parent Guarantor, the Company and the domestic Restricted Subsidiaries (other than the notes) having an aggregate principal amount in excess of $5 million shall also terminate at such time.

The Parent Guarantor will be released from its obligations under the Indenture and its Guarantee only if legal or covenant defeasance of the notes has been effected or the notes are discharged in accordance with the procedures described below under "—Defeasance or Covenant Defeasance of Indenture" or "—Satisfaction and Discharge."

Optional Redemption

On or after February 15, 2015, the Company may redeem all or a portion of the notes, on not less than 30 nor more than 60 days' prior notice, in amounts of $2,000 or whole multiples of $1,000 in excess thereof at the following redemption prices (expressed as percentages of the principal amount), plus accrued and unpaid interest, if any, thereon, to the applicable redemption date (subject to the rights of Holders of record on relevant record dates to receive interest due on an interest payment date), if redeemed during the twelve month period beginning on February 15th of the years indicated below:

Year	Redemption Price
2015	104.750%
2016	102.375%
2017 and thereafter	100.000%

In addition, at any time and from time to time prior to February 15, 2014, the Company may use the net proceeds of one or more Equity Offerings to redeem up to an aggregate of 35% of the aggregate principal amount of notes issued under the Indenture (including the principal amount of any Additional Notes issued under the Indenture) at a redemption price equal to 109.500% of the aggregate principal amount of the notes redeemed, plus accrued and unpaid interest, if any, to the redemption date (subject to the rights of Holders of record on relevant record dates to receive interest due on an interest payment date). At least 65% of the aggregate principal amount of notes (including the principal amount of any Additional Notes issued under the Indenture) must remain outstanding immediately after the occurrence of such redemption. In order to effect this redemption, the Company must complete such redemption no later than 180 days after the closing of the related Equity Offering. Notice of any redemption pursuant to this paragraph may be given prior to the completion of the applicable Equity Offering, and any such redemption or notice may at the Company's discretion be subject to one or more conditions precedent including but not limited to completion of such Equity Offering. If any such conditions do not occur, the Company will provide prompt written notice to the Trustee rescinding such redemption, and such redemption and notice of redemption shall be rescinded and of no force or effect. Upon receipt of such notice, the Trustee will promptly send a copy of such notice to the Holders of the notes to be redeemed in the same manner in which the notice of redemption was given.

The notes may also be redeemed, in whole or in part, at any time or from time to time prior to February 15, 2015 at the option of the Company at a redemption price equal to 100% of the principal amount of the notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and additional interest, if any, to, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

"*Applicable Premium*" means, with respect to any note on any applicable redemption date, the greater of: (1) 1.0% of the principal amount of such note; and (2) the excess, if any, of: (a) the present value at such redemption date of (i) the redemption price of such note at February 15, 2015 (such redemption price being set forth in the table appearing above) plus (ii) all required interest payments (excluding accrued and unpaid interest to such redemption date) due on such note through February 15, 2015, computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over (b) the principal amount of such note.

"*Treasury Rate*" means, as of any redemption date, the weekly average yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) equal to the period from the redemption date to February 15, 2015; *provided*, *however*, that if the period from the redemption date to February 15, 2015 is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities that have a constant maturity closest to and greater than the period from the redemption date to February 15, 2015 and the United States Treasury securities that have a constant maturity closest to and less than the period from the redemption date to February 15, 2015 for which such yields are given, except that if the period from the redemption date to February 15, 2015 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used. The Company will (1) calculate the Treasury Rate on the third business day preceding the applicable redemption date and (2) prior to such redemption date, deliver to the Trustee an officers' certificate setting forth the Applicable Premium and the Treasury Rate and showing the calculation of each in reasonable detail.

Notices of optional redemption will be mailed by first class mail at least 30 but no more than 60 days before the redemption date to each Holder of notes to be redeemed at its registered address, except that optional redemption notices may be mailed more than 60 days prior to a redemption date in connection with a legal or covenant defeasance of the notes or a satisfaction and discharge of the Indenture.

If less than all of the notes are to be redeemed, the Trustee shall select the notes to be redeemed in compliance with the requirements of the principal national security exchange, if any, on which the notes are listed, or if the notes are not listed, on a pro rata basis (or in the case of Global Notes (as defined below), on as nearly a pro rata basis as is practicable, subject to the procedures of DTC or any other depositary), by lot or by any other method the Trustee shall deem fair and reasonable. notes redeemed in part must be redeemed only in amounts of $2,000 or whole multiples of $1,000 in excess thereof (subject to the procedures of DTC or any other depositary). Redemption pursuant to the provisions relating to an Equity Offering must be made on a pro rata basis or on as nearly a pro rata basis as practicable (subject to the procedures of DTC or any other depositary).

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the principal amount of that note that is to be redeemed. A replacement note in principal amount equal to the unredeemed portion of the old note will be issued in the name of the Holder upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on notes or portions of notes called for redemption.

The notice of redemption with respect to the redemption described in the third paragraph under this "—Optional Redemption" need not set forth the Applicable Premium but only the manner of calculation thereof. The Company will notify the Trustee of the Applicable Premium with respect to

any redemption promptly after the calculation, and the Trustee shall not be responsible for such calculation. Any redemption or notice of redemption may, at the Company's discretion, be subject to one or more conditions precedent and, in the case of redemption with the net proceeds of an Equity Offering, be given prior to the completion of the related Equity Offering.

In addition to the Company's right to redeem the notes as set forth above, the Company or its affiliates may from time to time purchase the notes in open-market transactions, privately negotiated transactions, tender offers, exchange offers or otherwise, upon such terms and at such prices as the Company or its affiliates may determine, which may be more or less than the consideration for which the notes offered hereby are being sold and could be for cash or other consideration.

Mandatory Redemption

The Company is not required to make mandatory redemption or sinking fund payments with respect to the notes.

Change of Control

If a Change of Control occurs, each Holder will have the right to require that the Company purchase all or any part (in amounts of $2,000 or whole multiples of $1,000 in excess thereof) of such Holder's notes pursuant to the offer described below (the "Change of Control Offer"). In the Change of Control Offer, the Company will offer to purchase all of the notes, at a purchase price (the "Change of Control Purchase Price") in cash in an amount equal to 101% of the principal amount of such notes, plus accrued and unpaid interest, if any, to the date of purchase (the "Change of Control Purchase Date") (subject to the rights of Holders of record on relevant record dates to receive interest due on an interest payment date).

Within 30 days after any Change of Control or, at the Company's option, prior to such Change of Control but after it is publicly announced, the Company must notify the Trustee and give written notice of the Change of Control to each Holder, by first class mail, postage prepaid, at his address appearing in the security register or otherwise in accordance with the procedures of DTC. The notice must state, among other things,

- that a Change of Control has occurred or will occur and the date of such event;
- the circumstances and relevant facts regarding such Change of Control;
- the Change of Control Purchase Price and the Change of Control Purchase Date, which shall be fixed by the Company on a business day no earlier than 30 days nor later than 60 days from the date the notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act; *provided* that the Change of Control Purchase Date may not occur prior to the Change of Control;
- that any note not tendered will continue to accrue interest;
- that, unless the Company defaults in the payment of the Change of Control Purchase Price, any notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and
- other procedures that a Holder must follow to accept a Change of Control Offer or to withdraw acceptance of the Change of Control Offer.

Holders electing to have a note purchased pursuant to a Change of Control Offer will be required to surrender the note to the paying agent for the notes at the address specified in the notice prior to the close of business on the third business day prior to the Change of Control Purchase Date. If the Change of Control Purchase Date is on or after an interest record date and on or before the related

interest payment date, any accrued and unpaid interest will be paid to the Holder of record at the close of business on the record date, and no additional interest will be payable to Holders who tender pursuant to the Change of Control Offer.

Any Change of Control Offer that is made prior to the occurrence of a Change of Control may at the Company's discretion be subject to one or more conditions precedent, including but not limited to the occurrence of a Change of Control.

If a Change of Control Offer is made, the Company may not have available funds sufficient to pay the Change of Control Purchase Price for all of the notes that might be delivered by Holders seeking to accept the Change of Control Offer. The failure of the Company to make or consummate the Change of Control Offer or pay the Change of Control Purchase Price when due may give the Trustee and the Holders rights described under "—Events of Default."

The Senior Credit Agreement provides that certain change-of-control events with respect to the Company would constitute a default thereunder, which could obligate the Company to repay amounts outstanding under such indebtedness upon an acceleration of the Indebtedness issued thereunder. A default under the Senior Credit Agreement would result in a default under the Indenture if the lenders holding a certain percentage of the commitments thereunder accelerate the debt under the Senior Credit Agreement. Any future credit agreements or agreements relating to other indebtedness to which the Parent Guarantor or the Company becomes a party may contain similar restrictions and provisions. In the event a Change of Control occurs at a time when the Company is prohibited from purchasing notes, the Company could seek the consent of the lenders holding a certain percentage of the commitments thereunder under those agreements to the purchase of the notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company will remain prohibited from purchasing notes. In such case, the Company's purchase of tendered notes may result in an Event of Default under the Indenture if the lenders under the Senior Credit Agreement accelerate Indebtedness under the Senior Credit Agreement in an aggregate principal amount in excess of $20 million. See "Risk Factors—We may not be able to repurchase the notes in certain circumstances."

The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the assets of the Company. The term "all or substantially all" as used in the definition of Change of Control has not been interpreted under New York law (which is the governing law of the Indenture) to represent a specific quantitative test. Therefore, if Holders elected to exercise their rights under the Indenture and the Company elected to contest such election, it is not clear how a court interpreting New York law would interpret the phrase. In addition, Holders may not be entitled to require the Company to repurchase their notes in certain circumstances involving a significant change in the composition of the Board of Directors of the Company, including in connection with a proxy contest, where the Company's Board of Directors does not endorse a dissident slate of directors but approves them for purposes of the Indenture. You should note, however, that recent case law suggests that, in the event incumbent directors are replaced as a result of a contested election, the Company may nevertheless avoid triggering a Change of Control if the outgoing directors were to approve the new directors for purposes of such Change of Control clause.

The existence of a Holder's right to require the Company to repurchase such Holder's notes upon a Change of Control may deter a third party from acquiring the Parent Guarantor or the Company in a transaction which constitutes a Change of Control.

The provisions of the Indenture do not afford Holders the right to require the Company to repurchase the notes in the event of a highly leveraged transaction or certain transactions with management or affiliates of the Parent Guarantor or the Company, including a reorganization, restructuring, merger or similar transaction (including, in certain circumstances, an acquisition of the

Company by management or its affiliates) involving the Parent Guarantor or the Company that may adversely affect Holders, if such transaction is not a transaction defined as a Change of Control. A transaction involving the management or affiliates of the Parent Guarantor or the Company, or a transaction involving a recapitalization of the Parent Guarantor or the Company, will result in a Change of Control if it is the type of transaction specified by such definition.

The Company will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Change of Control" provisions of the Indenture, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the "Change of Control" provisions of the Indenture by virtue thereof.

The Company will not be required to make a Change of Control Offer (1) upon a Change of Control, if the Parent Guarantor or a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements described in the Indenture applicable to a Change of Control Offer made by the Company and purchases all notes validly tendered and not withdrawn under such Change of Control Offer or (2) if notice of redemption for 100% of the aggregate principal amount of the outstanding notes has been given pursuant to the Indenture as described under "—Optional Redemption," unless and until there is a default in payment of the applicable redemption price.

In the event that upon consummation of a Change of Control Offer less than 10% of the aggregate principal amount of the notes (including Additional Notes) that were originally issued are held by Holders other than the Company or Affiliates thereof, the Company will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the notes that remain outstanding following such purchase at a redemption price equal to 101% of the aggregate principal amount of the notes redeemed plus accrued and unpaid interest, if any, thereon to the date of redemption, subject to the right of the Holders of record on relevant record dates to receive interest due on an interest payment date.

The provisions under the Indenture relative to the Company's obligation to make an offer to repurchase the notes as a result of a Change of Control may be waived or modified or terminated with the consent of the Holders of a majority in principal amount of the notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for the notes) prior to the occurrence of such Change of Control.

Certain Covenants

Covenant Suspension

If at any time (1) the notes are rated at least Baa3 by Moody's and at least BBB- by S&P (or, if either such entity ceases to rate the notes for reasons outside of the control of the Parent Guarantor, at least the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Parent Guarantor as a replacement agency); and (2) at such time no Event of Default shall have occurred and is continuing then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions in this prospectus (the "Suspended Covenants") will be suspended:

(1) "—Certain Covenants—Asset Sales";

(2) "—Certain Covenants—Restricted Payments";

(3) "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock";

(4) "—Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries";

(5) clauses (1) and (3) described below under "—Certain Covenants—Sale and Leaseback Transactions";

(6) clause (5) of the first paragraph under "—Certain Covenants—Consolidation, Merger and Sale of Assets";

(7) "—Certain Covenants—Transactions with Affiliates";

(8) "—Certain Covenants—Unrestricted Subsidiaries"; and

(9) "—Certain Covenants—Issuances of Guarantees by Restricted Subsidiaries."

During any period that the foregoing covenants have been suspended (each such period, a "Suspension Period"), the Parent Guarantor's Board of Directors may not designate any of its Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant described under "—Unrestricted Subsidiaries."

Notwithstanding the foregoing, if the rating assigned by either such rating agency should subsequently decline to below Baa3 or BBB-, respectively, the foregoing covenants will be reinstituted as of and from the date of such rating decline (such date, a "Reversion Date").

For purposes of calculating the amount available to be made as Restricted Payments under clause (a)(3) of the first paragraph of the covenant described under "—Restricted Payments," calculations under that clause will be made with reference to the date of the Restricted Payment, as set forth in that clause. Accordingly (x) Restricted Payments made during the Suspension Period that would not otherwise be permitted pursuant to any of clauses (b)(1) through (b)(14) of the covenant described under "—Restricted Payments" will reduce the amount available to be made as Restricted Payments under clause (a)(3) of the first paragraph of such covenant; *provided*, *however*, that the amount available to be made as a Restricted Payment shall not be reduced to below zero solely as a result of such Restricted Payments but may be reduced to below zero as a result of negative cumulative Consolidated Net Income during the Suspension Period for purposes of clause (a)(3)(A) of such covenant and (y) the items specified in clauses (a)(3)(A) through (F) of such covenant that occur during the Suspension Period will increase the amount available to be made as Restricted Payments under clause (a)(3) of such covenant. For purposes of the covenant described under "—Asset Sales," on each Reversion Date, the unutilized Excess Proceeds will be reset to zero. No Default or Event of Default will be deemed to have occurred or exist on the Reversion Date (or thereafter) under any Suspended Covenant, solely as a result of, or as a result of the continued existence on or after the Reversion Date of facts and circumstances arising from, any actions taken by the Parent Guarantor, the Company or any Restricted Subsidiaries thereof, or events occurring, or performance on or after the Reversion Date of any obligations arising from transactions which occurred, during the Suspension Period.

The Indenture contains covenants including, among others, the following:

Incurrence of Indebtedness and Issuance of Disqualified Stock

(a) The Parent Guarantor will not, and will not cause or permit the Company or any Restricted Subsidiary to, create, issue, incur, assume, guarantee or otherwise in any manner become directly or indirectly liable for the payment of or otherwise incur, contingently or otherwise (collectively, "incur"), any Indebtedness (including any Acquired Debt and the issuance of Disqualified Stock or the issuance of Preferred Stock by the Company or a Restricted Subsidiary), unless such Indebtedness is incurred by

the Parent Guarantor, the Company or any Guarantor and, in each case, after giving pro forma effect to such incurrence and the receipt and application of the proceeds therefrom, the Parent Guarantor's Consolidated Fixed Charge Coverage Ratio for the most recent four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness taken as one period would be equal to or greater than 2.25 to 1.0.

(b) Notwithstanding the foregoing, the Parent Guarantor, the Company and, to the extent specifically set forth below, the Restricted Subsidiaries may incur each and all of the following (collectively, "Permitted Debt"):

(1) Indebtedness of the Company or any Guarantor (whether as borrowers or guarantors) under one or more Credit Facilities in an aggregate principal amount at any one time outstanding not to exceed the greater of (x) $250 million and (y) the sum of $100 million and 30% of Adjusted Consolidated Net Tangible Assets determined as of the date of the incurrence of such Indebtedness;

(2) Indebtedness of the Company or any Guarantor pursuant to the notes (including any new notes but excluding any Additional Notes) and any Guarantee of the notes (including any Guarantee of the new notes but excluding any Guarantee of Additional Notes);

(3) Indebtedness of the Company or any Guarantor outstanding on the Issue Date, and not otherwise referred to in this definition of "Permitted Debt";

(4) intercompany Indebtedness between or among the Parent Guarantor, the Company and any Restricted Subsidiary; *provided*, *however*, that:

(A) if the Company or any Guarantor is the obligor on such Indebtedness and such Indebtedness is owed to a Restricted Subsidiary other than a Guarantor, such Indebtedness must be either (x) expressly subordinated to the prior payment in full in cash of all obligations with respect to the notes, in the case of the Company, or the Guarantees, in the case of a Guarantor, or (y) Capital Stock; and

(B) any subsequent issuance or transfer of Capital Stock that results in any such Indebtedness being held by a Person other than the Parent Guarantor, the Company or a Restricted Subsidiary (other than pursuant to a Credit Facility) and any sale or other transfer of any such Indebtedness to a Person that is not either the Parent Guarantor, the Company or a Restricted Subsidiary, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Parent Guarantor, the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (4);

(5) guarantees by the Company or any Guarantor of any Indebtedness of the Parent Guarantor, the Company or any Restricted Subsidiary that is permitted to be incurred under the Indenture;

(6) Indebtedness of the Parent Guarantor, the Company or any Restricted Subsidiary represented by Capital Lease Obligations (whether or not incurred pursuant to sale and leaseback transactions) or Purchase Money Obligations or other Indebtedness incurred or assumed in connection with the acquisition, construction, improvement or development of real or personal, movable or immovable, property, in each case incurred for the purpose of financing or Refinancing all or any part of the purchase price or cost of acquisition, construction, improvement or development of property used in the business of the Parent Guarantor, the Company or any Restricted Subsidiary (together with improvements, additions, accessions and contractual rights relating primarily thereto), in an aggregate principal amount outstanding at any time pursuant to this clause (6) not to exceed the greater of (x) $25 million and (y) 2.0%

of Adjusted Consolidated Net Tangible Assets determined as of the date of the incurrence of such Indebtedness;

(7) Indebtedness of the Parent Guarantor, the Company or any Restricted Subsidiary in connection with (A) one or more standby letters of credit issued by the Parent Guarantor, the Company or a Restricted Subsidiary in the ordinary course of business and (B) other self-insurance obligations, letters of credit, surety, bid, performance, appeal or similar bonds, bankers' acceptances, completion guarantees or similar instruments and any guarantees or letters of credit functioning as or supporting any of the foregoing instruments; *provided* that, in each case contemplated by this clause (7), upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing; *provided*, further, that with respect to clauses (A) and (B), such Indebtedness is not in connection with the borrowing of money;

(8) Indebtedness of the Parent Guarantor, the Company or any Guarantor; *provided* that sufficient net proceeds thereof are promptly deposited to defease or satisfy all of the notes as described below under "—Defeasance or Covenant Defeasance of Indenture" or "—Satisfaction and Discharge";

(9) Permitted Refinancing Indebtedness of the Company or any Guarantor issued to Refinance any Indebtedness, including any Disqualified Stock, incurred pursuant to paragraph (a) of this covenant and clauses (2), (3), (11) and this clause (9) of this paragraph (b) of this definition of "Permitted Debt";

(10) Indebtedness consisting of the financing of insurance premiums in customary amounts consistent with the operations and business of the Parent Guarantor, the Company and the Restricted Subsidiaries;

(11) Permitted Acquisition Indebtedness;

(12) Cash Management Obligations of the Company or any Guarantor in an aggregate amount not to exceed $7.5 million outstanding at any one time;

(13) Preferred Stock (other than Disqualified Stock) of the Parent Guarantor, the Company or any Restricted Subsidiary; and

(14) Indebtedness of the Parent Guarantor, the Company or any Restricted Subsidiary in addition to that described in clauses (1) through (13) above, so long as the aggregate principal amount of all such Indebtedness incurred pursuant to this clause (14) outstanding at any one time in the aggregate shall not exceed the greater of (x) $35 million and (y) 2.5% of Adjusted Consolidated Net Tangible Assets determined as of the date of the incurrence of such Indebtedness.

For purposes of determining compliance with this covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of "Permitted Debt" or is permitted to be incurred pursuant to the first paragraph of this covenant, the Company in its sole discretion may classify or reclassify (or later classify or reclassify) in whole or in part such item of Indebtedness in any manner (including by dividing and classifying such item of Indebtedness in more than one type of Indebtedness permitted under this covenant) that complies with this covenant; *provided* that Indebtedness under the Senior Credit Agreement, if any, which is in existence on the Issue Date shall be considered incurred under clause (1) of the second paragraph of this covenant, subject to any subsequent classification or reclassification or division permitted pursuant to this paragraph.

Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness.

Accrual of interest, accretion or amortization of original issue discount or accretion of principal as to a security issued at a discount and the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the accretion or payment of dividends on any Disqualified Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Stock or Preferred Stock, the obligation to pay a premium in respect of Indebtedness arising in connection with the issuance of a notice of redemption or making of a mandatory offer to purchase such Indebtedness, and unrealized losses or charges in respect of Hedging Obligations (including those resulting from the application of ASC 815), each will not be deemed to be an incurrence of Indebtedness for purposes of this covenant; *provided*, in each such case, that the amount thereof as accrued shall be included as required in the calculation of the Consolidated Fixed Charge Coverage Ratio of the Parent Guarantor.

For purposes of determining compliance with any U.S. dollar denominated restriction on the incurrence of Indebtedness denominated in a foreign currency, the U.S. dollar equivalent principal amount of such Indebtedness incurred pursuant thereto shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Parent Guarantor, the Company and the Restricted Subsidiaries may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rates of currencies. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

For purposes of determining any particular amount of Indebtedness under this covenant, (i) guarantees of, or obligations in respect of letters of credit relating to, Indebtedness otherwise included in the determination of such amount shall not also be included and (ii) if obligations in respect of letters of credit are incurred pursuant to a Credit Facility and are being treated as incurred pursuant to clause (1) of the definition of "Permitted Debt" and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included. If Indebtedness is secured by a letter of credit that serves only to secure such Indebtedness, then the total amount deemed incurred shall be equal to the greater of (x) the principal of such Indebtedness and (y) the amount that may be drawn under such letter of credit.

For purposes of the Indenture, no Indebtedness will be deemed to be subordinate or junior in right of payment to other Indebtedness solely by virtue of not having the benefit of a Lien on assets, or guarantee of a Person, that benefits the other Indebtedness or having the benefit of such a Lien or guarantee ranking subordinate or junior to a Lien or guarantee benefiting the other Indebtedness.

Restricted Payments

(a) The Parent Guarantor, will not, and will not cause or permit the Company or any Restricted Subsidiary to, directly or indirectly:

(1) pay any dividend on, or make any distribution to holders of, any shares of the Parent Guarantor's Capital Stock (other than dividends or distributions payable solely to the Parent Guarantor, the Company or a Restricted Subsidiary or in shares of the Parent Guarantor's

Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock);

(2) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, the Parent Guarantor's Capital Stock or options, warrants or other rights to acquire such Capital Stock other than through the exchange therefor solely of Qualified Capital Stock of the Parent Guarantor and other than any acquisition or retirement for value from, or payment to, the Parent Guarantor, the Company or any Restricted Subsidiary;

(3) make any principal payment on, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to any scheduled principal payment, sinking fund payment or maturity, any Subordinated Indebtedness, other than (x) Subordinated Indebtedness permitted under clause (4) of the second paragraph of the covenant described under "—Incurrence of Indebtedness and Issuance of Disqualified Stock" or (y) Subordinated Indebtedness acquired for value in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of acquisition for value;

(4) pay any dividend or distribution on any Capital Stock of the Company or any Restricted Subsidiary to any Person (other than (i) to the Parent Guarantor, the Company or any Restricted Subsidiary or any Guarantor or (ii) dividends or distributions made by the Company or a Restricted Subsidiary on a pro rata basis to all stockholders of the Company or such Restricted Subsidiary); or

(5) make any Investment in any Person (other than any Permitted Investments);

(any of the foregoing actions described in clauses (1) through (5) above, other than any such action that is a Permitted Payment (as defined below), collectively, "Restricted Payments") (the amount of any such Restricted Payment, if other than cash, shall be the Fair Market Value of the assets proposed to be transferred, as determined by the Board of Directors of the Parent Guarantor, whose determination shall be conclusive and evidenced by a board resolution), unless

(1) immediately after giving effect to such proposed Restricted Payment on a pro forma basis, no Default or Event of Default shall have occurred and be continuing;

(2) immediately after giving effect to such Restricted Payment on a pro forma basis, the Parent Guarantor or the Company could incur $1.00 of additional Indebtedness (other than Permitted Debt) under the provisions described under paragraph (a) of the covenant described under "—Incurrence of Indebtedness and Issuance of Disqualified Stock"; and

(3) after giving effect to the proposed Restricted Payment, the aggregate amount of all such Restricted Payments (including any Designation Amounts not effected as Permitted Investments or Permitted Payments) declared or made after the Issue Date does not exceed the sum of:

(A) 50% of the aggregate Consolidated Net Income of the Parent Guarantor accrued on a cumulative basis during the period beginning on the first day of the Parent Guarantor's fiscal quarter beginning on or immediately prior to the Issue Date and ending on the last day of the Parent Guarantor's last fiscal quarter ending prior to the date of the Restricted Payment (or, if such aggregate cumulative Consolidated Net Income shall be a loss, minus 100% of such loss);

(B) the aggregate Net Cash Proceeds, or the Fair Market Value of property (including any property received in any asset or other acquisition) other than cash, received after the Issue Date by the Parent Guarantor either (i) as capital contributions in the form of common equity or other Qualified Capital Stock to the Parent Guarantor or (ii) from the issuance or sale (other than to the Company or any Restricted Subsidiary) of Qualified

Capital Stock of the Parent Guarantor or any options, warrants or rights to purchase such Qualified Capital Stock of the Parent Guarantor (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness as set forth below in clause (2) or (3) of paragraph (b) below) (and excluding the Net Cash Proceeds from the issuance of Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Parent Guarantor, the Company or any Restricted Subsidiary until and to the extent such borrowing is repaid);

(C) the aggregate Net Cash Proceeds, or the Fair Market Value of property other than cash, received after the Issue Date by the Parent Guarantor (other than from the Company or any Restricted Subsidiary) upon the exercise of any options, warrants or rights to purchase Qualified Capital Stock of the Parent Guarantor (and excluding the Net Cash Proceeds from the exercise of any options, warrants or rights to purchase Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Parent Guarantor, the Company or any Restricted Subsidiary until and to the extent such borrowing is repaid);

(D) the aggregate Net Cash Proceeds, or the Fair Market Value of property other than cash, received after the Issue Date by the Parent Guarantor from the conversion or exchange, if any, of debt securities or Disqualified Stock or other Indebtedness of the Parent Guarantor, the Company or the Restricted Subsidiaries into or for Qualified Capital Stock of the Parent Guarantor plus, to the extent such debt securities or Disqualified Stock were issued after the Issue Date, the aggregate of Net Cash Proceeds, or the Fair Market Value of property other than cash, received from their original issuance (and excluding the Net Cash Proceeds from the conversion or exchange of debt securities or Disqualified Stock financed, directly or indirectly, using funds borrowed from the Parent Guarantor, the Company or any Restricted Subsidiary until and to the extent such borrowing is repaid);

(E) (i) in the case of a net reduction in any Investment constituting a Restricted Payment (including any Investment in an Unrestricted Subsidiary) made after the Issue Date resulting from dividends, distributions, redemptions or repurchases, proceeds of sales or other dispositions thereof, interest payments, repayments of loans or advances, or other transfers of cash or properties (including transfers as a result of merger or liquidation), in each case to the Parent Guarantor, the Company or to any Restricted Subsidiary from any Person (other than the Parent Guarantor, the Company or a Restricted Subsidiary), an amount (in each such case to the extent not included in Consolidated Net Income) equal to the amount received with respect to such Investment, less the cost of the disposition of such Investment and net of taxes, and (ii) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary (as long as the designation of such Subsidiary as an Unrestricted Subsidiary was deemed a Restricted Payment), the Fair Market Value of the Parent Guarantor's interest in such Subsidiary at the time of such redesignation; and

(F) any amount which previously qualified as a Restricted Payment on account of any guarantee entered into by the Parent Guarantor, the Company or any Restricted Subsidiary; *provided* that such guarantee has not been called upon and the obligation arising under such guarantee no longer exists.

(b) Notwithstanding the foregoing, and in the case of clauses (2) through (9) and (11) through (14) below, so long as no Default or Event of Default is continuing or would arise therefrom, the foregoing provisions shall not prohibit the following actions (each of clauses (1) through (14), together

with the transactions expressly excluded from clauses (1), (2), (3) and (4) of paragraph (a) of this covenant, being referred to as a "Permitted Payment"):

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment was permitted by the provisions of paragraph (a) of this covenant, in which event such payment shall have been deemed to have been paid on such date of declaration and shall not have been deemed a "Permitted Payment" for purposes of the calculation required by paragraph (a) of this covenant;

(2) the purchase, repurchase, redemption or other acquisition or retirement for value of any shares of any class of Capital Stock of the Parent Guarantor in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or in an amount not in excess of the Net Cash Proceeds of a substantially concurrent (i) contribution (other than from a Restricted Subsidiary) to the equity capital of the Parent Guarantor in respect of or (ii) issuance and sale for cash (other than to the Company or a Restricted Subsidiary) of, other shares of Qualified Capital Stock of the Parent Guarantor; *provided* that the Net Cash Proceeds from such contribution or such issuance of such shares of Qualified Capital Stock shall be excluded from clause (3)(B) of paragraph (a) of this covenant;

(3) the purchase, repurchase, redemption, defeasance, satisfaction and discharge, or other acquisition or retirement for value or payment of principal of any Subordinated Indebtedness in exchange for, or in an amount not in excess of the Net Cash Proceeds of a substantially concurrent (i) contribution (other than from the Company or a Restricted Subsidiary) to the equity capital of the Parent Guarantor in respect of, or (ii) issuance and sale for cash (other than to the Company or a Restricted Subsidiary) of, any Qualified Capital Stock of the Parent Guarantor; *provided* that the Net Cash Proceeds from such contribution or such issuance of such shares of Qualified Capital Stock shall be excluded from clause (3)(B) of paragraph (a) of this covenant;

(4) the purchase, repurchase, redemption, defeasance, satisfaction and discharge, refinancing, acquisition or retirement for value or payment of principal of any Subordinated Indebtedness (other than Disqualified Stock) through the substantially concurrent issuance of Permitted Refinancing Indebtedness;

(5) the purchase, repurchase, redemption, defeasance, satisfaction and discharge or other acquisition or retirement for value of Disqualified Stock of the Parent Guarantor in exchange for, or out of the Net Cash Proceeds of a substantially concurrent sale of, Disqualified Stock of the Parent Guarantor that, in each case, is permitted to be incurred pursuant to the covenant described under "—Incurrence of Indebtedness and Issuance of Disqualified Stock";

(6) the repurchase, redemption, retirement or other acquisition for value of any Capital Stock of the Parent Guarantor held by any current or former officers, directors or employees of the Parent Guarantor or any of its Subsidiaries (or permitted transferees of such current or former officers, directors or employees) pursuant to the terms of agreements (including employment agreements) or plans approved by the Parent Guarantor's Board of Directors; *provided* that the aggregate amount of such repurchases, redemptions, retirements and acquisitions pursuant to this clause (6) will not, in the aggregate, exceed $2 million per fiscal year (with unused amounts to be carried over to succeeding fiscal years); *provided* such amount in any calendar year may be increased by an amount not to exceed (a) the cash proceeds received after the Issue Date by the Parent Guarantor, the Company or any Restricted Subsidiary from the sale of Capital Stock of the Parent Guarantor (other than Disqualified Stock) to any such officers, directors or employees (provided such amounts are not included in clause (3)(B) of the definition of Restricted Payments) plus (b) the cash

proceeds of key man life insurance policies received after the Issue Date by the Parent Guarantor, the Company and the Restricted Subsidiaries less (c) the amount of Permitted Payments previously effected by using amounts specified in the foregoing clauses (a) and (b);

(7) loans and advances made to officers, directors or employees of the Parent Guarantor, the Company or any Restricted Subsidiary, in each case, as permitted by Section 402 of the Sarbanes Oxley Act of 2002 (to the extent applicable to the Parent Guarantor, the Company or such Restricted Subsidiary) and approved by the Board of Directors of the Parent Guarantor in an aggregate amount not to exceed $2 million outstanding at any one time, the proceeds of which are used solely (i) to purchase Qualified Capital Stock of the Parent Guarantor in connection with a restricted stock or employee stock purchase plan, or to exercise stock options received pursuant to an employee or director stock option plan or other incentive plan, in a principal amount not to exceed the exercise price of such stock options or (ii) to refinance loans or advances, together with accrued interest thereon, made pursuant to item (i) of this clause (7);

(8) the purchase by the Parent Guarantor of fractional shares arising out of stock dividends, splits or combinations or business combinations or conversion of convertible or exchangeable securities of debt or equity issued by the Parent Guarantor or otherwise;

(9) dividends on Disqualified Stock issued after the Issue Date in accordance with the covenant described under "—Incurrence of Indebtedness and Issuance of Disqualified Stock" if such dividends are included in the calculation of Consolidated Interest Expense;

(10) the purchase, redemption or other acquisition or retirement for value of Indebtedness that is subordinated or junior in right of payment to the notes or a Guarantee at a purchase price not greater than (i) 101% of the principal amount of such subordinated or junior Indebtedness and accrued and unpaid interest thereon in the event of a Change of Control or (ii) 100% of the principal amount of such subordinated or junior Indebtedness and accrued and unpaid interest thereon in the event of an Asset Sale, in each case plus accrued interest, in connection with any change of control offer or prepayment offer required by the terms of such Indebtedness, but only if:

(A) in the case of a Change of Control, the Company has first complied with and fully satisfied its obligations described under "—Change of Control"; or

(B) in the case of an Asset Sale, the Company has complied with and fully satisfied its obligations in accordance with the covenant described under "—Asset Sales";

(11) the purchase, repurchase, redemption or other acquisition or retirement for value of Capital Stock deemed to occur upon the exercise, conversion or exchange of stock options, warrants, convertible securities or other rights to acquire Capital Stock (including any such rights to acquire Capital Stock held by any current or former officers, directors or employees of the Parent Guarantor, the Company or any Restricted Subsidiary (or permitted transferees thereof)) if such Capital Stock represents a portion of the exercise, conversion or exchange price thereof and any purchase, repurchase, redemption or other acquisition or retirement for value of Capital Stock made in satisfaction of withholding tax obligations in connection with any exercise, conversion or exchange of stock options, warrants, convertible securities or other rights to acquire Capital Stock;

(12) any payments to dissenting equityholders not to exceed $5.0 million in the aggregate after the Issue Date (x) pursuant to applicable law or (y) in connection with the settlement or other satisfaction of claims made pursuant to or in connection with a consolidation, merger or transfer of assets in connection with a transaction that is not prohibited by the Indenture;

(13) any redemption of share purchase rights at a redemption price not to exceed $0.01 per right; and

(14) any payment or other transaction otherwise constituting a Restricted Payment that when combined with all other outstanding payments or other transactions pursuant to this clause (14) since the Issue Date are in an aggregate outstanding amount not exceeding $20 million.

In determining whether any Restricted Payment (or payment or other transaction that, except for being a Permitted Payment, would constitute a Restricted Payment) is permitted by the foregoing covenant, the Company may allocate or re-allocate all or any portion of such Restricted Payment or other such transaction among clauses (1) through (14) of the preceding paragraph (b) or among such clauses and paragraph (a) of this covenant, including the second set of clauses (1), (2) and (3) thereof; *provided* that at the time of such allocation or re-allocation all such Restricted Payments and such other transactions or allocated portions thereof, all outstanding prior Restricted Payments and such other transactions, would be permitted under the various provisions of the foregoing covenant. The amount of all Restricted Payments and other such transactions (other than cash) shall be the Fair Market Value on the date of the transfer, incurrence or issuance of such non-cash Restricted Payment or other such transaction.

A contribution or sale will be deemed to be "substantially concurrent" if the related purchase, repurchase, redemption, defeasance, satisfaction and discharge, retirement or other acquisition for value or payment of principal occurs within 90 days before or after such contribution or sale.

Transactions with Affiliates

The Parent Guarantor will not, and will not cause or permit the Company or any Restricted Subsidiary to, directly or indirectly, enter into any Transaction (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with or for the benefit of any Affiliate of the Parent Guarantor (other than the Parent Guarantor, the Company or a Restricted Subsidiary) involving aggregate consideration in excess of $2 million, unless such Transaction is entered into in good faith and

(1) such Transaction is on terms that are not materially less favorable to the Parent Guarantor, the Company or such Restricted Subsidiary, as the case may be, than those that would be available in a comparable Transaction in arm's length dealings with a party that is not an Affiliate of the Company,

(2) with respect to any Transaction involving aggregate value in excess of $10 million, the Company delivers an officers' certificate to the Trustee certifying that such Transaction complies with clause (1) above, and

(3) with respect to any Transaction involving aggregate value in excess of $25 million, such Transaction is approved by a majority of the Disinterested Directors of the Board of Directors of the Parent Guarantor;

provided that this provision shall not apply to:

(i) employee benefit arrangements with any officer or director of the Parent Guarantor, the Company or any Restricted Subsidiary and payments, issuances of securities or other transactions pursuant thereto, including under any employment or severance agreement, stock option or stock incentive plans, long term incentive plans, other compensation arrangements and customary insurance or indemnification arrangements with officers or directors of the Parent Guarantor, the Company or any Restricted Subsidiary, in each case either entered into

in the ordinary course of business or approved by the Disinterested Directors of the Board of Directors of the Parent Guarantor,

(ii) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture; *provided* that in the reasonable determination of the Board of Directors of the Parent Guarantor or the senior management of the Parent Guarantor, such transactions are on terms not materially less favorable to the Parent Guarantor, the Company or the relevant Restricted Subsidiary than those that could reasonably be expected to be obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate of the Parent Guarantor,

(iii) the payment of reasonable and customary compensation and fees to officers or directors of the Parent Guarantor, the Company or any Restricted Subsidiary who are not employees of the Parent Guarantor or any Affiliate of the Parent Guarantor,

(iv) loans or advances to officers, directors and employees of the Parent Guarantor, the Company or any Restricted Subsidiary made in the ordinary course of business in an aggregate amount not to exceed $2 million outstanding at any one time,

(v) any Restricted Payments or Permitted Payments made in compliance with the covenant described under "—Restricted Payments" or any Permitted Investments (other than Permitted Investments permitted pursuant to clauses (1)(iv) and (15) of the definition thereof (to the extent involving, prior to the making of such Permitted Investment, any Person other than the Parent Guarantor or a Subsidiary of the Parent Guarantor)),

(vi) any Transaction undertaken pursuant to (a) any contracts or agreements in existence on the Issue Date (as in effect on the Issue Date) (b) any amendment or replacement of any such agreements or (c) any agreements entered into hereafter that are similar to any such agreements, so long as, in the case of clause (b) or (c), the terms of any such amendment or replacement agreement or future agreement are, on the whole, no less advantageous to the Parent Guarantor or the Company or no less favorable to the Holders in any material respect than the agreement so amended or replaced or the similar agreement referred to in the preceding clause (a) or (b), respectively,

(vii) in the case of (1) contracts for (A) drilling or other oil-field services or supplies, (B) the sale, storage, gathering or transport of Hydrocarbons or (C) the lease or rental of office or storage space or (2) other operation-type contracts, any such contracts that are entered into in the ordinary course of business on terms substantially similar to those contained in similar contracts entered into by the Parent Guarantor, the Company or any Restricted Subsidiary and third parties or, if none of the Parent Guarantor, the Company nor any Restricted Subsidiary has entered into a similar contract with a third party, on terms no less favorable than those available from third parties on an arm's length basis, as determined (i) in the case of contracts involving aggregate value of $50 million or less, by the Board of Directors of the Parent Guarantor or the senior management of the Parent Guarantor or (ii) in the case of contracts involving aggregate value in excess of $50 million, by the Disinterested Directors of the Board of Directors of the Parent Guarantor,

(viii) any Transaction with a Person that is an Affiliate of the Parent Guarantor solely because the Parent Guarantor owns, directly or through a Subsidiary, an equity interest in, or controls, such Person,

(ix) any sale or other issuance of Qualified Capital Stock of the Parent Guarantor to, or receipt of a capital contribution from, an Affiliate (or a Person that becomes an Affiliate) of the Parent Guarantor,

(x) any Transaction between the Parent Guarantor, the Company or any Restricted Subsidiary on the one hand and any Person deemed to be an Affiliate solely because one or more directors of such Person is also a director of the Parent Guarantor, the Company or a Restricted Subsidiary, on the other hand; *provided* that such director or directors abstain from voting as a director of the Parent Guarantor, the Company or the Restricted Subsidiary, as applicable, in connection with the approval of the Transaction,

(xi) indemnities of officers, directors and employees of the Parent Guarantor, the Company or any Restricted Subsidiary permitted by law, statutory provision or employment agreement or other arrangement entered into in the ordinary course of business by the Parent Guarantor, the Company or any Restricted Subsidiary,

(xii) (a) guarantees by the Parent Guarantor, the Company or any Restricted Subsidiary of performance of obligations of Unrestricted Subsidiaries in the ordinary course of business, except for guarantees of Indebtedness in respect of borrowed money, and (b) pledges by the Parent Guarantor, the Company or any Restricted Subsidiary of Capital Stock in Unrestricted Subsidiaries for the benefit of lenders or other creditors of Unrestricted Subsidiaries, and

(xiii) any transaction in which the Parent Guarantor, the Company or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an independent advisor stating that such transaction is fair to the Parent Guarantor, the Company or such Restricted Subsidiary from a financial point of view or that such transaction meets the requirements of clause (1) of this paragraph.

Liens

The Parent Guarantor will not, and will not cause or permit the Company or any Restricted Subsidiary to, directly or indirectly, create or incur, in order to secure any Indebtedness, any Lien of any kind, other than Permitted Liens, upon any property or assets (including any intercompany notes) of the Parent Guarantor, the Company or any Restricted Subsidiary owned on the Issue Date or acquired after the Issue Date, or assign or convey, in order to secure any Indebtedness, any right to receive any income or profits therefrom, other than Permitted Liens, unless the notes (or a Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with (or, in the case of Subordinated Indebtedness, prior or senior thereto, with the same relative priority as the notes shall have with respect to such Subordinated Indebtedness) the Indebtedness for so long as such Indebtedness is secured by such Lien.

Notwithstanding the foregoing, any Lien securing the notes or a Guarantee granted pursuant to the immediately preceding paragraph shall be automatically and unconditionally released and discharged upon:

(i) the release of all other Liens that resulted in the grant of such Lien to secure the notes or Guarantees pursuant to the preceding paragraph,

(ii) any sale, exchange or transfer to any Person not an Affiliate of the Company of the property or assets secured by such Lien,

(iii) any sale, exchange or transfer to any Person not an Affiliate of the Company of all of the Capital Stock held by the Parent Guarantor, the Company or any Restricted Subsidiary in, or all or substantially all the assets of, any Restricted Subsidiary creating such Lien, or

(iv) if such Lien secures a Guarantee, the release of such Guarantee in accordance with the Indenture.

Asset Sales

(a) The Parent Guarantor will not, and will not permit the Company or any Restricted Subsidiary to, consummate any Asset Sale unless (i) the Parent Guarantor, the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets and property subject to such Asset Sale (such Fair Market Value to be determined on the date of contractually agreeing to effect such Asset Sale) and (ii) (A) at least 75% of the consideration paid to the Parent Guarantor, the Company or such Restricted Subsidiary from such Asset Sale and all other Asset Sales since the Issue Date, on a cumulative basis, is in the form of cash, Cash Equivalents, Liquid Securities, Exchanged Properties (including pursuant to Asset Swaps) or the assumption by the acquiring Person of Indebtedness or other liabilities of the Parent Guarantor, the Company or a Restricted Subsidiary (other than liabilities of the Parent Guarantor, the Company or a Restricted Subsidiary that are by their terms subordinated to the notes) as a result of which the Parent Guarantor, the Company and the remaining Restricted Subsidiaries are no longer liable for such liabilities (or in lieu of such absence of liability, the acquiring Person or its parent company agrees to indemnify and hold the Parent Guarantor, the Company or such Restricted Subsidiary harmless from and against any loss, liability or cost in respect of such assumed liabilities accompanied by the posting of a letter of credit (issued by a commercial bank that has an Investment Grade Rating) in favor of the Parent Guarantor, the Company or such Restricted Subsidiary for the full amount of such liabilities and for so long as such liabilities remain outstanding unless such indemnifying party (or its long term debt securities) shall have an Investment Grade Rating (with no indication of a negative outlook or credit watch with negative implications, in any case, that contemplates such indemnifying party (or its long term debt securities) failing to have an Investment Grade Rating) at the time the indemnity is entered into) ("Permitted Consideration") or (B) the Fair Market Value of all forms of such consideration other than Permitted Consideration since the Issue Date does not exceed in the aggregate 5% of the Adjusted Consolidated Net Tangible Assets of the Parent Guarantor determined at the time such Asset Sale is made.

(b) During the 365 days after the receipt by the Parent Guarantor, the Company or a Restricted Subsidiary of Net Available Cash from an Asset Sale, such Net Available Cash may be applied by the Parent Guarantor, the Company or such Restricted Subsidiary, to the extent the Parent Guarantor, the Company or such Restricted Subsidiary elects (or is required by the terms of any Pari Passu Indebtedness of the Parent Guarantor, the Company or a Restricted Subsidiary), to:

(1) repay (or cash-collateralize) Indebtedness of the Parent Guarantor, the Company or any Restricted Subsidiary under any Credit Facility (excluding (i) any Subordinated Indebtedness and (ii) any Indebtedness owed to the Company or an Affiliate of the Company);

(2) reinvest in Additional Assets (including by means of an Investment in Additional Assets by the Parent Guarantor, the Company or a Restricted Subsidiary with Net Available Cash received by the Parent Guarantor, the Company or another Restricted Subsidiary) or make capital expenditures in the Oil and Gas Business;

(3) purchase notes;

(4) purchase or repay on a permanent basis other Indebtedness (excluding (i) any Subordinated Indebtedness and (ii) any notes or other Indebtedness owed to the Company or an Affiliate of the Company); *provided* that the Company shall equally and ratably redeem or purchase notes as described under "—Optional Redemption," through open market purchases (to the extent such purchases are at or above 100% of the principal amount thereof) or by making an offer (in accordance with the procedures set forth below for a Prepayment Offer) to all Holders to purchase the notes at 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, on the amount of notes that would otherwise be prepaid; or

(5) make any combination of payment, repayment, investment or reinvestment permitted by the foregoing clauses (1) through (4).

The requirement of clause (b)(2) above shall be deemed to be satisfied if an agreement (including a lease, whether a capital lease or an operating lease) committing to make the acquisitions or investment referred to therein is entered into by the Parent Guarantor, the Company or any Restricted Subsidiary within the time period specified in this paragraph (b) and such Net Available Cash is subsequently applied in accordance with such agreement within six months following such agreement.

Pending the final application of any such Net Available Cash, the Company may temporarily reduce Indebtedness under any Credit Facility or otherwise expend or invest such Net Available Cash in any manner that is not prohibited by the Indenture.

(c) Any Net Available Cash from an Asset Sale not applied in accordance with paragraph (b) above within 365 days from the date of such Asset Sale shall constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $25 million, the Company will be required to make an offer to purchase notes having an aggregate principal amount equal to the aggregate amount of Excess Proceeds (the "Prepayment Offer") at a purchase price equal to 100% of the principal amount of such notes plus accrued and unpaid interest, if any, to the Asset Sale Purchase Date (as defined in paragraph (d) below) in accordance with the procedures (including prorating in the event of over subscription) set forth in the Indenture, but, if the terms of any Pari Passu Indebtedness require that a Pari Passu Offer be made contemporaneously with the Prepayment Offer, then the Excess Proceeds shall be prorated between the Prepayment Offer and such Pari Passu Offer in accordance with the aggregate outstanding principal amounts of the notes and such Pari Passu Indebtedness (based on principal amounts of notes and Pari Passu Indebtedness (or, in the case of Pari Passu Indebtedness issued with significant original issue discount, based on the accreted value thereof) tendered), and the aggregate principal amount of notes for which the Prepayment Offer is made shall be reduced accordingly. If the aggregate principal amount of notes tendered by Holders thereof exceeds the amount of available Excess Proceeds, then such Excess Proceeds will be allocated pro rata according to the principal amount of the notes tendered and the Trustee will select the notes to be purchased in accordance with the Indenture and in minimum principal amount of $2,000 and integral multiples of $1,000 in excess of $2,000. To the extent that any portion of the amount of Excess Proceeds remains after compliance with the second sentence of this paragraph (c) and *provided* that all Holders of notes have been given the opportunity to tender their notes for purchase as described in paragraph (d) below in accordance with the Indenture, the Parent Guarantor, the Company or the Restricted Subsidiaries may use such remaining amount for purposes permitted by the Indenture and the amount of Excess Proceeds will be reset to zero. The Company may satisfy the foregoing obligation with respect to any Excess Proceeds by making a Prepayment Offer prior to the expiration of the relevant 365 day period or with respect to Excess Proceeds of $25 million or less.

(d) Within 30 days after the 365th day following the date of an Asset Sale, the Company shall, if it is obligated to make a Prepayment Offer pursuant to paragraph (c) above, send a written Prepayment Offer notice, by first class mail or otherwise in accordance with the procedures of DTC, to the Holders of the notes (the "Prepayment Offer Notice"), with a copy to the Trustee, accompanied by such information regarding the Company and its Subsidiaries as the Company believes will enable such Holders of the notes to make an informed decision with respect to the Prepayment Offer. The Prepayment Offer Notice will state, among other things:

(1) that the Company is offering to purchase notes pursuant to the provisions of the Indenture;

(2) that any note (or any portion thereof) accepted for payment (and duly paid on the Asset Sale Purchase Date) pursuant to the Prepayment Offer shall cease to accrue interest on the Asset Sale Purchase Date;

(3) that any notes (or portions thereof) not properly tendered will continue to accrue interest;

(4) the purchase price and purchase date, which shall be, subject to any contrary requirements of applicable law, no less than 30 days nor more than 60 days after the date the Prepayment Offer Notice is mailed (the "Asset Sale Purchase Date");

(5) the amount of Excess Proceeds available to purchase notes;

(6) a description of the procedure which Holders of notes must follow in order to tender their notes and the procedures that Holders of notes must follow in order to withdraw an election to tender their notes for payment; and

(7) all other instructions and materials necessary to enable Holders to tender notes pursuant to the Prepayment Offer.

(e) The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws or regulations thereunder to the extent such laws and regulations are applicable in connection with the purchase of notes as described above. To the extent that the provisions of any securities laws or regulations conflict with the provisions relating to the Prepayment Offer, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described above by virtue thereof.

The provisions under the Indenture relative to the Company's obligation to make an offer to repurchase the notes as a result of an Asset Sale may be waived or modified with the written consent of a majority in principal amount of the outstanding notes (including Additional Notes) until the Prepayment Offer is required to be made.

If the Asset Sale Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Holder of record as of the close of business on such interest record date, and no additional interest will be paid to the Holder who tenders notes pursuant to the Prepayment Offer.

Issuances of Guarantees by Restricted Subsidiaries

The Parent Guarantor will provide to the Trustee, on or prior to the 30th day after the date that any Restricted Subsidiary (which is not a Guarantor) becomes a guarantor or obligor in respect of any Indebtedness of the Parent Guarantor, the Company or any Restricted Subsidiary in an aggregate principal amount exceeding $5 million, a supplemental indenture to the Indenture, executed by such Restricted Subsidiary, providing for a full and unconditional guarantee on a senior unsecured basis by such Restricted Subsidiary's obligations under the notes and the Indenture to the same extent as that set forth in the Indenture, subject to such Restricted Subsidiary ceasing to be a Guarantor when its Guarantee is released in accordance with the terms of the Indenture.

Notwithstanding the foregoing (i) no Foreign Subsidiary shall be required to execute any such supplemental indenture unless such Foreign Subsidiary has guaranteed (or is otherwise an obligor of) other Indebtedness (including Indebtedness under a Credit Facility) of the Parent Guarantor, the Company or a Restricted Subsidiary that is not a Foreign Subsidiary in an aggregate principal amount exceeding $5 million, and (ii) no Restricted Subsidiary shall be required to execute any such supplemental indenture if the Consolidated Net Worth of such Restricted Subsidiary, together with the Consolidated Net Worth of all other Non-Guarantor Restricted Subsidiaries, as of such date, does not exceed in the aggregate $5 million. To the extent the collective Consolidated Net Worth of the Parent Guarantor's Non-Guarantor Restricted Subsidiaries, as of the date of the creation of, acquisition of or Investment in a Non-Guarantor Restricted Subsidiary, exceeds $5 million, the Parent Guarantor shall cause, within 30 days after such date, one or more of such Non-Guarantor Restricted Subsidiaries to similarly execute and deliver to the Trustee a supplemental indenture to the Indenture providing for a

full and unconditional guarantee on a senior unsecured basis by such Restricted Subsidiary's obligations under the notes and the Indenture to the same extent as that set forth in the Indenture, such that the collective Consolidated Net Worth of all remaining Non-Guarantor Restricted Subsidiaries does not exceed $5 million.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) The Parent Guarantor will not, and will not cause or permit the Company or any Restricted Subsidiary to, directly or indirectly, create or otherwise cause to come into existence or become effective any consensual encumbrance or restriction on the ability of the Company or any Restricted Subsidiary to:

(1) pay dividends or make any other distribution on its Capital Stock to the Parent Guarantor, the Company or any Restricted Subsidiary (it being understood that the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to pay dividends or make distributions on Capital Stock),

(2) pay any Indebtedness owed to the Parent Guarantor, the Company or any other Restricted Subsidiary (it being understood that the subordination of Indebtedness owed to the Parent Guarantor, the Company or any Restricted Subsidiary to other Indebtedness owed by the Parent Guarantor, the Company or any Restricted Subsidiary shall not be deemed a restriction on the ability to pay such Indebtedness),

(3) make loans or advances to the Parent Guarantor, the Company or any other Restricted Subsidiary (it being understood that the subordination of loans or advances made by the Parent Guarantor, the Company or any Restricted Subsidiary to other Indebtedness incurred by the Parent Guarantor, the Company or any Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances), or

(4) transfer any of its properties or assets to the Parent Guarantor, the Company or any other Restricted Subsidiary.

(b) However, paragraph (a) above will not prohibit any encumbrance or restriction created, existing or becoming effective under or by reason of:

(1) any agreement (including the Senior Credit Agreement) in effect on the Issue Date;

(2) any agreement or instrument with respect to a Restricted Subsidiary that is not a Restricted Subsidiary on the Issue Date, in existence at the time such Person becomes a Restricted Subsidiary and not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary; provided that such encumbrances and restrictions are not applicable to, or to the properties or assets of, the Parent Guarantor, the Company or any Restricted Subsidiary other than such Subsidiary which is becoming a Restricted Subsidiary;

(3) any agreement or instrument governing any Acquired Debt or other agreement of any entity merged into or consolidated with, or the assets of which are acquired by, the Parent Guarantor, the Company or any Restricted Subsidiary, so long as such encumbrance or restriction (A) was not entered into in contemplation of the acquisition, merger or consolidation transaction, and (B) is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets or subsidiaries of the Person, so acquired, so long as the agreement containing such restriction does not violate any other provision of the Indenture;

(4) any applicable law or any requirement of any regulatory body;

(5) customary restrictions and conditions contained in the security documents evidencing any Liens securing obligations or Indebtedness or agreements relating to Capital Lease Obligations (provided that such Liens are otherwise permitted to be incurred under the provisions of the covenant described under "—Liens" and such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this covenant) that limit the right of the debtor or lessee to dispose of the assets subject to such Liens;

(6) provisions restricting subletting or assignment of any lease governing a leasehold interest (including leases governing leasehold interests or farm-in agreements or farm-out agreements relating to leasehold interests in Oil and Gas Properties) of the Parent Guarantor, the Company or any Restricted Subsidiary, or restrictions in licenses (including, without limitation, licenses of intellectual property) relating to the property covered thereby, or other encumbrances or restrictions in agreements or instruments relating to specific assets or property that restrict generally the transfers of such assets or property; provided that such encumbrances or restrictions do not materially impact the ability of the Company to permit payments on the notes when due as required by the terms of the Indenture;

(7) agreements with respect to asset sales, including the sale or other disposition of all or substantially all the Capital Stock of a Restricted Subsidiary, permitted to be made under the provisions of the covenant described under "—Asset Sales" that limit the transfer of such assets or assets of such Restricted Subsidiary (or distribution on such Capital Stock) pending the closing of such sale;

(8) shareholders', partnership, joint venture and similar agreements entered into in the ordinary course of business; provided that such encumbrances or restrictions do not apply to any Restricted Subsidiaries other than the applicable company, partnership, joint venture or other entity;

(9) cash, Cash Equivalents or other deposits, or net worth requirements or similar requirements, imposed by suppliers, landlords or customers under contracts entered into in the ordinary course of business;

(10) any Credit Facility or agreement governing Indebtedness of the Parent Guarantor, the Company or any Restricted Subsidiary permitted to be incurred under the provisions of the covenant described under "—Incurrence of Indebtedness and Issuance of Disqualified Stock"; provided that such encumbrances or restrictions are not materially more restrictive, taken as a whole, as determined by the Company in good faith, than those contained in the Senior Credit Agreement or in the Indenture as in effect on the Issue Date;

(11) restrictions of the nature described in clause (4) of the preceding paragraph (a) by reason of customary non-assignment provisions in Hydrocarbon purchase or sale or exchange contracts, agreements, licenses and leases entered into in the ordinary course of business;

(12) Commodity Agreements, Currency Agreements or Interest Rate Agreements permitted from time to time under the Indenture;

(13) any Preferred Stock issued by the Company or a Restricted Subsidiary; provided that issuance of such Preferred Stock is permitted pursuant to the covenant described under "—Incurrence of Indebtedness and Issuance of Disqualified Stock" and the terms of such Preferred Stock do not expressly restrict the ability of the Company or such Restricted Subsidiary to pay dividends or make any other distributions on its Capital Stock (other than requirements to pay dividends or liquidation preferences on such Preferred Stock prior to paying any dividends or making any other distributions on such other Capital Stock);

(14) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being Refinanced;

(15) encumbrances and restrictions contained in contracts entered into in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of, or from the ability of the Parent Guarantor, the Company and the Restricted Subsidiaries to realize the value of, property or assets of the Parent Guarantor, the Company or any Restricted Subsidiary in any manner material to the Parent Guarantor, the Company or any Restricted Subsidiary; and

(16) any agreement, amendment, modification, restatement, extension, renewal, supplement, refunding, replacement or Refinancing that amends, modifies, restates, extends, renews, refunds, replaces or Refinances the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (15), or in this clause (16); provided that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect taken as a whole, as determined by the Company in good faith, than those under or pursuant to the agreement so amended, modified, restated, extended, renewed, refunded, replaced or Refinanced.

Sale and Leaseback Transactions

The Parent Guarantor will not, and will not permit the Company or any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; provided, that the Parent Guarantor, the Company or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

(1) the Parent Guarantor, the Company or such Subsidiary could have incurred Indebtedness at the time of such Sale and Leaseback Transaction on a pro forma basis (on the assumption such transaction occurred on the first day of the four-quarter period for which financial statements are available ending immediately prior to such transaction with the appropriate adjustments with respect to such transaction being included in such pro forma calculation) in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction pursuant to the Consolidated Fixed Charge Coverage Ratio test set forth in paragraph (a) of the covenant described under "—Incurrence of Indebtedness and Issuance of Disqualified Stock";

(2) the gross cash proceeds of such Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(3) the transfer of assets in such Sale and Leaseback Transaction is permitted by, and the Company applies the proceeds of such transaction in the same manner and to the same extent as Net Available Cash and Excess Proceeds from an Asset Sale in compliance with, the covenant described under "—Asset Sales."

Unrestricted Subsidiaries

The Board of Directors of the Parent Guarantor may designate after the Issue Date any of its Subsidiaries (other than the Company) as an Unrestricted Subsidiary under the Indenture (a "Designation") only if:

(a) no Default or Event of Default shall have occurred and be continuing at the time of or after giving effect to such Designation;

(b) (x) the Parent Guarantor would be permitted to make an Investment at the time of Designation (assuming the effectiveness of such Designation) pursuant to paragraph (a) of the covenant described under "—Restricted Payments" above or as a Permitted Payment or Permitted Investment in an amount (the "Designation Amount") equal to the greater of (1) the net book value of the Parent Guarantor's interest in such Subsidiary calculated in accordance with GAAP and (2) the Fair Market Value of the Parent Guarantor's interest in such Subsidiary as determined in good faith by the Parent Guarantor's Board of Directors, or (y) the Designation Amount is less than $1,000;

(c) such Unrestricted Subsidiary does not own any Capital Stock in any Restricted Subsidiary which is not simultaneously being designated an Unrestricted Subsidiary;

(d) such Unrestricted Subsidiary is not liable, directly or indirectly, with respect to any Indebtedness other than Unrestricted Subsidiary Indebtedness; provided that an Unrestricted Subsidiary may provide a Guarantee for the notes; and

(e) such Unrestricted Subsidiary is not a party to any agreement, contract, arrangement or understanding at such time with the Parent Guarantor, the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Parent Guarantor, the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company or, in the event such condition is not satisfied, the value of such agreement, contract, arrangement or understanding to such Unrestricted Subsidiary shall be deemed a Restricted Payment.

In the event of any such Designation, the Parent Guarantor shall be deemed, for all purposes of the Indenture, to have made an Investment equal to the Designation Amount that, as designated by the Parent Guarantor, constitutes a Restricted Payment pursuant to paragraph (a) of the covenant described under "—Restricted Payments" or a Permitted Payment or Permitted Investment.

The Indenture will also provide that the Parent Guarantor shall not and shall not cause or permit the Company or any Restricted Subsidiary to at any time:

(a) provide credit support for, guarantee or subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness) or enter into or become a party to any agreement, contract, arrangement or understanding with any Unrestricted Subsidiary, the terms of which, together with the terms of all other agreements, contracts, arrangements and understandings with such Unrestricted Subsidiary, taken as a whole, in the good-faith judgment of the Board of Directors, are less favorable to the Parent Guarantor, the Company and the Restricted Subsidiaries than those that would be available in a comparable transaction in arm's length dealings with a party that is not an Affiliate of the Company; provided that this covenant shall not be deemed to prevent Permitted Investments, Restricted Payments or Permitted Payments in Unrestricted Subsidiaries that are otherwise allowed under the Indenture, or

(b) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary (other than by pledge of the Capital Stock thereof).

For purposes of the foregoing, the Designation of a Subsidiary of the Parent Guarantor as an Unrestricted Subsidiary shall be deemed to be the Designation of all of the Subsidiaries of such Subsidiary as Unrestricted Subsidiaries. Unless so designated as an Unrestricted Subsidiary, any Person that becomes a Subsidiary of the Parent Guarantor will be classified as a Restricted Subsidiary.

The Parent Guarantor may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "Revocation") if:

(a) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to such Revocation;

(b) all Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if incurred at such time, have been permitted to be incurred for all purposes of the Indenture; and

(c) unless such redesignated Subsidiary shall not have any Indebtedness outstanding (other than Indebtedness that would be Permitted Debt), immediately after giving effect to such proposed Revocation, and after giving pro forma effect to the incurrence of any such Indebtedness of such redesignated Subsidiary as if such Indebtedness was incurred on the date of the Revocation, the Parent Guarantor or the Company could incur $1.00 of additional Indebtedness (other than Permitted Debt) pursuant to the covenant described under "—Incurrence of Indebtedness and Issuance of Disqualified Stock."

All Designations and Revocations must be evidenced by a resolution of the Board of Directors of the Parent Guarantor delivered to the Trustee certifying compliance with the foregoing provisions of this covenant.

Payments for Consent

The Indenture provides that none of the Parent Guarantor, the Company nor any Restricted Subsidiary will, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the notes unless such consideration is offered to be paid or is paid to all Holders of notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Reports

The Indenture provides that, whether or not required by the rules and regulations of the Commission, so long as any notes are outstanding, the Parent Guarantor will furnish to Holders of notes or cause the Trustee to furnish to the Holders of notes or file with the Commission for public availability

(1) all quarterly and annual financial information that would be required to be filed with the Commission on Forms 10-Q and 10-K if the Parent Guarantor were required to file such reports, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report thereon by the Parent Guarantor's independent auditors, which financial information shall be filed within (or prior to effectiveness of an exchange offer registration statement within 15 days after) the time period for such reports specified in the Commission's rules and regulations; and

(2) after effectiveness of an exchange offer registration statement, within the time periods specified in the Commission's rules and regulations, the information that would be required to be filed with the Commission in current reports on Form 8-K if the Parent Guarantor were required to file such reports;

provided, however, that, in the case of clause (1) or (2), if the last day of any such time period is not a business day, such information will be due on the next succeeding business day. All such information will be prepared in all material respects in accordance with all of the rules and regulations of the Commission applicable to such information.

If the Parent Guarantor has designated any of its Subsidiaries as Unrestricted Subsidiaries (other than Unrestricted Subsidiaries that, when taken together with all other Unrestricted Subsidiaries, are "minor" within the meaning of Rule 3-10 of Regulation S-X, substituting 5% for 3% where applicable), then the quarterly and annual financial information required by the preceding paragraphs will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, or in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the Parent Guarantor, the Company and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Parent Guarantor.

This covenant does not impose any duty on the Company or the Parent Guarantor under the Sarbanes Oxley Act of 2002 and the related Commission rules that would not otherwise be applicable.

The Parent Guarantor has agreed that, for so long as any of the notes remain outstanding and constitute "restricted securities" under Rule 144 and the Parent Guarantor is not subject to Section 13 or 15(d) of the Exchange Act, it will furnish to the Holders of the notes and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Parent Guarantor will be deemed to have furnished to the Holders and to prospective investors the information referred to in clauses (1) and (2) of the first paragraph of this covenant or the information referred to in the fourth paragraph of this covenant if the Parent Guarantor has posted such reports or information on the Parent Guarantor or Company Website with access to current and prospective investors. For purposes of this covenant, the term "Parent Guarantor or Company Website" means the collection of web pages that may be accessed on the World Wide Web using the URL address http://www.laredopetro.com or such other address as the Parent Guarantor may from time to time designate in writing to the Trustee. Information on such website shall not be deemed incorporated by reference into this prospectus.

Delivery of such reports, information and documents to the Trustee is for informational purposes only, and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on officers' certificates).

Consolidation, Merger and Sale of Assets

Neither the Parent Guarantor nor the Company will, in any Transaction, (x) consolidate with or merge with or into any other Person or (y) sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person, or (in the case of clause (y)) permit any of the Restricted Subsidiaries to enter into any Transaction, if such Transaction, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of (A) the Parent Guarantor, the Company and the Restricted Subsidiaries on a Consolidated basis to any other Person (other than the Company or one or more Restricted Subsidiaries) or of the Company and the Restricted Subsidiaries constituting Subsidiaries of the Company on a Consolidated basis to any other Person (other than one or more such Restricted Subsidiaries), unless at the time and after giving effect thereto:

(1) either (a) the Person (if other than the Parent Guarantor or the Company) formed by such consolidation or into which the Parent Guarantor or the Company is merged or the Person which acquires by sale, assignment, conveyance, transfer, lease or disposition all or substantially all of such properties and assets (the "Surviving Entity") will be a corporation, limited liability company or limited partnership duly organized and validly existing under the laws of the United

States of America, any state thereof or the District of Columbia or (b) the Parent Guarantor or the Company will be the Surviving Entity;

(2) if the Company is merging into, consolidating with or disposing of assets and is not the Surviving Entity, (a) the Surviving Entity (including if the Surviving Entity is the Parent Guarantor) shall expressly assume, by a supplemental indenture, in a form reasonably satisfactory to the Trustee, all the obligations of the Company under the notes and the Indenture and (b) if the Surviving Entity is a limited partnership, then a Subsidiary of the Surviving Entity that is a corporation or a limited liability company shall execute a supplemental indenture pursuant to which it shall become a co-obligor of the Surviving Entity's obligations under the notes and the Indenture;

(3) if the Parent Guarantor is merging into, consolidating with or disposing of assets and is not the Surviving Entity, the Surviving Entity (including if the Surviving Entity is the Company) shall expressly assume, by a supplemental indenture, in a form reasonably satisfactory to the Trustee, all the obligations of the Parent Guarantor under the Indenture and, if the Surviving Entity is not the Company or a Guarantor, under the Parent Guarantor's Guarantee of the notes;

(4) except in the case (a) a Restricted Subsidiary merges into, consolidates with or disposes of assets to the Company or the Parent Guarantor or (b) the Company or the Parent Guarantor merges into, consolidates with or disposes of assets to a Guarantor (or, in the case of the Parent Guarantor, the Company), immediately after giving effect to such transaction on a pro forma basis (and treating any Indebtedness not previously an obligation of the Parent Guarantor, the Company or any Restricted Subsidiary which becomes the obligation of the Parent Guarantor, the Company or any Restricted Subsidiary as a result of such transaction as having been incurred at the time of such transaction), no Default or Event of Default will have occurred and be continuing;

(5) except in the case (a) a Restricted Subsidiary merges into, consolidates with or disposes of assets to the Company or the Parent Guarantor or (b) the Company or the Parent Guarantor merges into, consolidates with or disposes of assets to a Guarantor (or, in the case of the Parent Guarantor, the Company), immediately after giving effect to such transaction on a pro forma basis (on the assumption that the transaction occurred on the first day of the four-quarter period for which financial statements are available ending immediately prior to the consummation of such transaction with the appropriate adjustments with respect to the transaction being included in such pro forma calculation), either (i) the Parent Guarantor (or the Surviving Entity if the Parent Guarantor is merging into, consolidating with or disposing of assets and is not the Surviving Entity) could on the first day following such four-quarter period incur $1.00 of additional Indebtedness (other than Permitted Debt) under the provisions of the covenant described under "—Incurrence of Indebtedness and Issuance of Disqualified Stock" or (ii) the Consolidated Fixed Charge Coverage Ratio for the Parent Guarantor (or the Surviving Entity if the Parent Guarantor is merging into, consolidating with or disposing of assets and is not the Surviving Entity) would be at least as great as the Consolidated Fixed Charge Coverage for the Parent Guarantor immediately prior to such transactions;

(6) if the Company is merging into, consolidating with or disposing of assets and is not the Surviving Entity, at the time of the transaction, each Guarantor, if any, unless it is the other party to the transactions described above, will have by supplemental indenture confirmed that its Guarantee shall apply to the Surviving Entity's obligations under the Indenture and the notes;

(7) at the time of the transaction, if any of the property or assets of the Parent Guarantor, the Company or any Restricted Subsidiary would thereupon become subject to any Lien, the provisions of the covenant described under "—Liens" are complied with; and

(8) at the time of the transaction, the Parent Guarantor or (if the Parent Guarantor is merging into, consolidating with or disposing of assets and is not the Surviving Entity) the Surviving Entity will have delivered, or caused to be delivered, to the Trustee an officers' certificate and an opinion of counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, transfer, lease or other transaction and the supplemental indenture in respect thereof comply with the Indenture.

Except for any Subsidiary Guarantor whose Guarantee is to be released in accordance with the Indenture in connection with a transaction complying with the provisions of the Indenture as provided under the fourth paragraph under "—Guarantees," each Subsidiary Guarantor will not, and the Parent Guarantor and the Company will not permit a Subsidiary Guarantor to, in a Transaction, (x) consolidate with or merge with or into any other Person (other than the Parent Guarantor, the Company or any other Subsidiary Guarantor) or (y) sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person (other than the Parent Guarantor, the Company or any other Subsidiary Guarantor), unless at the time and after giving effect thereto:

(1) one of the following is true: (a) a Subsidiary Guarantor or the Parent Guarantor or the Company will be the continuing Person in the case of a consolidation or merger involving the Subsidiary Guarantor; or (b) the Person (if other than a Subsidiary Guarantor, the Parent Guarantor or the Company) formed by such consolidation or into which such Subsidiary Guarantor is merged or the Person (if other than a Subsidiary Guarantor, the Parent Guarantor or the Company) which acquires by sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Subsidiary Guarantor (the "Surviving Guarantor Entity") will be a corporation, limited liability company, limited liability partnership, partnership, trust or other entity duly organized and validly existing under the laws of the United States of America, any state thereof or the District of Columbia and such Person expressly assumes, by a supplemental indenture, in a form reasonably satisfactory to the Trustee, all the obligations of such Subsidiary Guarantor under its Guarantee of the notes and the Indenture, and such Guarantee of such Surviving Guarantor Entity and the Indenture will remain in full force and effect; or (c) the Transaction, at the time thereof, is an Asset Sale and is effected in compliance with the covenant described under "—Asset Sales," to the extent applicable thereto;

(2) immediately before and immediately after giving effect to such transaction on a pro forma basis, no Default or Event of Default will have occurred and be continuing; and

(3) at the time of the transaction the Parent Guarantor will have delivered, or caused to be delivered, to the Trustee an officers' certificate and an opinion of counsel, each to the effect that such consolidation, merger, transfer, sale, assignment, conveyance, lease or other transaction and the supplemental indenture in respect thereof comply with the Indenture;

provided that this paragraph shall not apply to any Subsidiary Guarantor whose Guarantee of the notes is unconditionally released and discharged in accordance with the Indenture.

In the event of any Transaction described in and complying with the conditions listed in the two immediately preceding paragraphs in which the Company or any Guarantor, as the case may be, is not the continuing Person, the successor Person formed or remaining or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or such Guarantor, as the case may be, and (except in the case of a lease) the Company or such Guarantor, as the case may be, shall be discharged from all obligations and covenants under the Indenture and the notes or its Guarantee, as the case may be.

Notwithstanding the foregoing, the Company or any Guarantor may merge with an Affiliate incorporated or organized solely for the purpose of reincorporating or reorganizing the Company or

Guarantor in another jurisdiction to realize tax or other benefits or converting the Company or any Guarantor to an entity that is, or is taxable for federal income tax purposes as, a corporation or a combination of the foregoing.

An assumption of the Company's obligations under the notes and the Indenture by such successor Person, the addition of a co-obligor under the notes and the Indenture or an assumption of a Guarantor's obligations under its Guarantee by such successor Person might be deemed for United States federal income tax purposes to be an exchange of the notes for new notes by the beneficial owners thereof, resulting in recognition of gain or loss for such purposes and possibly other adverse tax consequences to such beneficial owners. Beneficial owners of the notes should consult their own tax advisors regarding the tax consequences of any such assumption or addition of a co-obligor under the notes.

Events of Default

Each of the following is an "Event of Default":

(1) there shall be a default in the payment of any interest on any note when it becomes due and payable, and such default shall continue for a period of 30 days;

(2) there shall be a default in the payment of the principal of (or premium, if any, on) any note at its Maturity (upon acceleration, optional or mandatory redemption, if any, required repurchase or otherwise);

(3) (a) there shall be a default in the performance or breach of the provisions described under the first paragraph of the covenant described under "—Certain Covenants—Consolidation, Merger and Sale of Assets," only as such relate to the Parent Guarantor or the Company (b) the Company shall have failed to make or consummate a Prepayment Offer in accordance with the provisions of the covenant described under "—Certain Covenants—Asset Sales" after the obligation of the Company to make a Prepayment Offer with respect to an Asset Sale has arisen, or (c) the Company shall have failed to make or consummate a Change of Control Offer in accordance with the provisions of "—Change of Control" after the occurrence of a Change of Control, and, in the case of clause (b), after written notice has been given, by certified mail, (1) to the Company by the Trustee or (2) to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding notes and, in the case of clauses (b) and (c), such default or breach shall continue for a period of 30 days;

(4) there shall be a default in the performance, or breach, of any covenant or agreement of the Company or any Guarantor under the Indenture or any Guarantee (other than a default in the performance, or breach, of a covenant or agreement which is specifically dealt with in clause (1), (2) or (3) above) and such default or breach shall continue for a period of 60 days (or 120 days in relation to the covenant described under "—Certain Covenants —Reports") after written notice has been given, by certified mail, (1) to the Company by the Trustee or (2) to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the outstanding notes;

(5) (a) any default in the payment of the principal, premium, if any, or interest on any Indebtedness shall have occurred under any of the agreements, indentures or instruments under which the Company, any Guarantor or any other Significant Subsidiary then has outstanding Indebtedness in excess of $20 million when the same shall become due and payable in full and such default shall have continued after the giving of any applicable notice and the expiration of any applicable grace period and shall not have been cured or waived and, if not already matured at its final maturity in accordance with its terms, the holder of such Indebtedness shall have the right to accelerate such Indebtedness or (b) an event of default as defined in any of the agreements, indentures or instruments described in clause (a) of this clause (5) shall have occurred

and the Indebtedness thereunder, if not already matured at its final maturity in accordance with its terms, shall have been accelerated;

(6) any Guarantee shall for any reason cease to be, or shall for any reason be asserted in writing by any Guarantor or the Company not to be, in full force and effect and enforceable in accordance with its terms, except to the extent contemplated by the Indenture and any such Guarantee;

(7) one or more judgments, orders or decrees of any court or regulatory or administrative agency for the payment of money in excess of $20 million (excluding amounts covered by enforceable insurance policies issued by solvent insurance carriers), either individually or in the aggregate, shall be rendered against the Company, any Guarantor or any other Significant Subsidiary or any of their respective properties and shall not be discharged and either (a) any creditor shall have commenced an enforcement proceeding in accordance with applicable law upon such judgment, order or decree or (b) there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal or otherwise, shall not be in effect; or

(8) the occurrence of certain events of bankruptcy, insolvency or reorganization with respect to the Parent Guarantor, the Company or any Significant Subsidiary.

If an Event of Default (other than as specified in clause (8) of the prior paragraph with respect to the Parent Guarantor or the Company) shall occur and be continuing with respect to the Indenture, the Trustee or the Holders of not less than 25% in aggregate principal amount of the notes then outstanding may declare all unpaid principal of, premium, if any, and accrued interest on all notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders of the notes) and upon any such declaration, such principal, premium, if any, and interest shall become due and payable immediately. If an Event of Default specified in clause (8) of the prior paragraph with respect to the Parent Guarantor or the Company occurs and is continuing, then all the notes shall ipso facto become due and payable immediately in an amount equal to the principal amount of the notes, together with accrued and unpaid interest, if any, to the date the notes become due and payable, without any declaration or other act on the part of the Trustee or any Holder of notes. Thereupon, the Trustee may, at its discretion, proceed to protect and enforce the rights of the Holders of notes by appropriate judicial proceedings.

After a declaration of acceleration, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the Holders of a majority in aggregate principal amount of notes outstanding by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(a) the Company has paid or deposited with the Trustee a sum sufficient to pay (1) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, (2) all overdue interest on all notes then outstanding, (3) the principal of, and premium, if any, on any notes then outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the notes and (4) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate borne by the notes;

(b) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(c) all Events of Default, other than the non-payment of principal of, premium, if any, and interest on the notes which have become due solely by such declaration of acceleration, have been cured or waived as provided in the Indenture.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

The Holders of a majority in aggregate principal amount of the notes outstanding may on behalf of the Holders of all outstanding notes waive any past default or Event of Default under the Indenture and its consequences, except a default or Event of Default (1) in the payment of the principal of, premium, if any, or interest on any note (which may only be waived with the consent of each Holder of notes affected) or (2) in respect of a covenant or provision which under the Indenture cannot be modified or amended without the consent of the Holder of each note affected by such modification or amendment.

If an Event of Default specified in clause (5) above shall have occurred and be continuing, such Event of Default and any consequential acceleration shall be automatically rescinded if (i) the Indebtedness that is the subject of such Event of Default shall have been repaid or (ii) if the default relating to such Indebtedness is waived or cured and if such Indebtedness shall have been accelerated, the holders thereof have rescinded their declaration of acceleration in respect of such Indebtedness.

No Holder of any of the notes has any right to institute any proceedings with respect to the Indenture or any remedy thereunder, unless the Holders of at least 25% in aggregate principal amount of the outstanding notes have made written request, and offered satisfactory indemnity to, the Trustee to institute such proceeding as Trustee under the notes and the Indenture, the Trustee has failed to institute such proceeding within 60 days after receipt of such notice and the Trustee, within such 60-day period, has not received directions inconsistent with such written request by Holders of a majority in aggregate principal amount of the outstanding notes. Such limitations do not, however, apply to a suit instituted by a Holder of a note for the enforcement of the payment of the principal of, premium, if any, or interest on such note on or after the respective due dates expressed in such note.

The Parent Guarantor is required to notify the Trustee in writing within 30 days after it becomes aware of the occurrence and continuance of any Default or Event of Default, unless such Default or Event of Default has been cured before the end of the 30-day period. The Parent Guarantor is required to deliver to the Trustee, on or before a date not more than 120 days after the end of each fiscal year, a written certificate as to compliance with the Indenture, including whether or not any Default has occurred. The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders of the notes unless such Holders offer to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred thereby.

No Personal Liability of Directors, Officers, Employees, Limited Partners and Stockholders

No director, officer, employee, member, limited partner or stockholder of the Parent Guarantor, the Company or any Restricted Subsidiary, as such, will have any liability for any obligations of the Parent Guarantor, the Company or the Restricted Subsidiaries under the notes, the Indenture or the Guarantees to which they are a party, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Defeasance or Covenant Defeasance of Indenture

The Company may, at its option and at any time, elect to have the obligations of the Company, any Guarantor and any other obligor upon the notes and the Guarantees discharged with respect to the outstanding notes ("defeasance"). Such defeasance means that the Company, any such Guarantor and any other obligor under the Indenture and the Guarantees shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding notes and the Guarantees, except for

(1) the rights of Holders of such outstanding notes to receive payments in respect of the principal of, premium, if any, and interest on such notes from Funds in Trust (as defined below) when such payments are due,

(2) the Company's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes, and the maintenance of an office or agency for payment and money for security payments held in trust,

(3) the rights, powers, trusts, duties and immunities of the Trustee, and

(4) the defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time, elect to have the obligations of the Company and any Guarantor released with respect to their obligations under "—Change of Control" and under all of the covenants that are described under "—Certain Covenants" (other than the covenant described in the first paragraph under "—Certain Covenants—Consolidation, Merger and Sale of Assets," except to the extent described below) and the operation of clauses (3) through (7) under "—Events of Default" and the limitations described in clause (3) of the first paragraph under "—Certain Covenants—Consolidation, Merger and Sale of Assets" ("covenant defeasance") and thereafter any omission to comply with such obligations shall not constitute a Default or an Event of Default with respect to the notes. In the event covenant defeasance occurs, certain events (not including non-payment, bankruptcy and insolvency events) described under "—Events of Default" will no longer constitute an Event of Default with respect to the notes.

In order to exercise either defeasance or covenant defeasance,

(a) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the notes cash in United States dollars, U.S. Government Obligations, or a combination thereof ("Funds in Trust"), in such amounts as, in the aggregate, will be sufficient, in the opinion of a nationally recognized firm of independent public accountants or a nationally recognized investment banking firm, to pay and discharge the principal of, premium, if any, and interest on the outstanding notes on the Stated Maturity (or the applicable redemption date, if at or prior to electing either defeasance or covenant defeasance, the Company has delivered to the Trustee an irrevocable notice to redeem all of the outstanding notes on such redemption date);

(b) in the case of defeasance, the Company shall have delivered to the Trustee an opinion of independent counsel in the United States stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of independent counsel in the United States shall confirm that, the Holders and beneficial owners of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred;

(c) in the case of covenant defeasance, the Company shall have delivered to the Trustee an opinion of independent counsel in the United States to the effect that the Holders and beneficial owners of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such covenant defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default of Event of Default resulting from the incurrence of Indebtedness or

other borrowing of funds, or the grant of Liens securing such Indebtedness or other borrowing, all or a portion of which are to be applied to such deposit);

(e) such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a Default under, any material agreement or instrument to which the Company, any Guarantor or any Restricted Subsidiary is a party or by which the Company, any Guarantor or any Restricted Subsidiary is bound (other than the Indenture);

(f) the Company shall have delivered to the Trustee an officers' certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of the notes or any Guarantee over the other creditors of the Company or any Guarantor with the intent of defeating, hindering, delaying or defrauding creditors of the Company or any Guarantor; and

(g) the Company will have delivered to the Trustee an officers' certificate and an opinion of independent counsel, each stating that all conditions precedent relating to either the defeasance or the covenant defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the notes as expressly provided for in the Indenture) as to all outstanding notes under the Indenture when:

(a) either

(1) all such notes theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid or notes whose payment has been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust as provided for in the Indenture) have been delivered to the Trustee for cancellation, or

(2) all notes not theretofore delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year, or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company;

(b) the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount in United States dollars, U.S. Government Obligations, or a combination thereof, sufficient to pay and discharge the entire indebtedness on the notes not theretofore delivered to the Trustee for cancellation, including principal of, premium, if any, and accrued interest at such Maturity, Stated Maturity or redemption date;

(c) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default of Event of Default resulting from the incurrence of Indebtedness or other borrowing of funds, or the grant of Liens securing such Indebtedness or other borrowing, all or a portion of which are to be applied to such deposit) and such satisfaction and discharge will not result in a breach or violation of, or constitute a default under, any material agreement or instrument to which the Company, any Guarantor or any Restricted Subsidiary of the Parent Guarantor is a party or by which the Company, any Guarantor or any Restricted Subsidiary of the Parent Guarantor is bound (other than the Indenture);

(d) the Company or any Guarantor has paid or caused to be paid all other sums payable under the Indenture by the Company and any Guarantor; and

(e) the Company has delivered to the Trustee an officers' certificate and an opinion of independent counsel each stating that all conditions precedent under the Indenture relating to the satisfaction and discharge of such Indenture have been complied with.

Amendments and Waivers

Modifications, waivers and amendments of the Indenture may be made by the Company, each Guarantor, if any, any other obligor under the notes, and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes); *provided* that no such modification, waiver or amendment may, without the consent of the Holder of each outstanding note affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of interest on, or change to an earlier date any redemption date of, or waive a default in the payment of the principal of, premium, if any, or interest on, any such note or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change the coin or currency in which the principal of any such note or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date);

(2) amend, change or modify, (a) after the obligation of the Company to make a Prepayment Offer with respect to an Asset Sale has arisen, in accordance with the covenant described under "—Certain Covenants—Asset Sales," the obligation of the Company, to make such Prepayment Offer or (b) the obligation of the Company, after the occurrence of a Change of Control, to make a Change of Control Offer in accordance with "—Change of Control";

(3) reduce the percentage in principal amount of such outstanding notes, the consent of whose Holders is required for any such amendment or supplemental indenture, or the consent of whose Holders is required for any waiver or compliance with certain provisions of the Indenture;

(4) modify any of the provisions relating to supplemental indentures requiring the consent of Holders or relating to the waiver of past defaults or relating to the waiver of certain covenants, except to increase the percentage of such outstanding notes required for such actions or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the Holder of each such note affected thereby;

(5) voluntarily release, other than in accordance with the Indenture, the Guarantee of any Guarantor; or

(6) amend or modify any of the provisions of the Indenture in any manner which subordinates the notes issued thereunder in right of payment to any other Indebtedness of the Company or which subordinates any Guarantee in right of payment to any other Indebtedness of the Guarantor issuing any such Guarantee.

Notwithstanding the foregoing, without the consent of any Holders of the notes, the Company, any Guarantor, any other obligor under the notes and the Trustee may modify, supplement or amend the Indenture:

(1) to evidence the succession of another Person to the Company, a Guarantor or any other obligor under the notes, and the assumption by any such successor of the covenants of the Company, such Guarantor or such obligor in the Indenture and in the notes and in any Guarantee in accordance with the covenant described under "—Certain Covenants—Consolidation, Merger and Sale of Assets";

(2) to add to the covenants of the Company, any Guarantor or any other obligor under the notes for the benefit of the Holders of the notes, to add Events of Default or to surrender any right or power conferred upon the Company or any Guarantor or any other obligor under the notes, as applicable, in the Indenture, in the notes or in any Guarantee;

(3) to cure any ambiguity, omission or mistake, or to correct or supplement any provision in the Indenture, the notes or any Guarantee which may be defective or inconsistent with any other provision in the Indenture, the notes or any Guarantee;

(4) to make any provision with respect to matters or questions arising under the Indenture, the notes or any Guarantee; provided that such provisions shall not adversely affect the interest of the Holders of the notes in any material respect;

(5) to add a Guarantor or additional obligor under the Indenture or permit any Person to guarantee the notes and/or obligations under the Indenture;

(6) to release a Guarantor as provided in the Indenture;

(7) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture;

(8) to mortgage, pledge, hypothecate or grant a security interest in favor of the Trustee for the benefit of the Holders of the notes as additional security for the payment and performance of the Company's or any Guarantor's obligations under the Indenture, in any property or assets, including any of which are required to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to or for the benefit of the Trustee pursuant to the Indenture or otherwise;

(9) to provide for the issuance of Additional Notes under the Indenture in accordance with the limitations set forth in the Indenture;

(10) to comply with the rules of any applicable securities depositary;

(11) to provide for uncertificated notes in addition to or in place of certificated notes;

(12) to comply with the requirements of the Commission in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act;

(13) to conform the text of the Indenture, the notes or the Guarantees to any provision of the "Description of the Notes" contained in the offering memorandums for the issuance of the old notes; or

(14) to provide for the reorganization of the Parent Guarantor or the Company as any other form of entity in accordance with the fourth paragraph of the covenant described under "—Certain Covenants—Consolidation, Merger and Sale of Assets."

The Holders of a majority in aggregate principal amount of the notes outstanding may waive compliance with certain restrictive covenants and provisions of the Indenture, except in the case of the matters specified in the first paragraph under this caption "Amendments and Waivers."

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed amendment, supplement or waiver. After an amendment, supplement or waiver under the Indenture becomes effective, the Company is required to mail to the Holders a notice briefly describing the amendment, supplement or waiver. However, the failure to give such notice, or any defect in the notice, will not impair or affect the validity of the amendment, supplement or waiver.

Transfer and Exchange

A Holder of notes may transfer or exchange notes in accordance with the Indenture. The Registrar and the Trustee may require a Holder of notes, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder of notes to pay any taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

The registered holder of a note will be treated as the owner of it for all purposes.

Governing Law

The Indenture, the notes and any Guarantee will be governed by, and construed in accordance with, the laws of the State of New York.

Concerning the Trustee

Wells Fargo Bank, National Association, the Trustee under the Indenture, is the agent and registrar for the notes.

The Indenture contains certain limitations provided in the Trust Indenture Act on the rights of the Trustee, should it become a creditor of the Company or any Guarantor, to obtain payment of claims in certain cases or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Company or any Guarantor; provided that if it acquires any conflicting interest as defined in Trust Indenture Act it must eliminate such conflict within 90 days, apply to the Commission for permission to continue as Trustee with such conflict or resign as Trustee as provided in the Trust Indenture Act and the Indenture.

The Holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions and the rights of the Trustee. The Indenture provides that if an Event of Default occurs (which has not been cured or waived), the Trustee will be required, in the exercise of its rights and powers vested in it by the Indenture, to use the degree of care in their exercise of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request or direction of any Holder of notes unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Book-Entry, Delivery and Form

The new notes initially will be represented by one or more permanent global notes in registered form without interest coupons (collectively, the "Global Notes").

The Global Notes will be deposited upon issuance with the Trustee as custodian for The Depository Trust Company ("DTC"), in New York, New York, and registered in the name of DTC's nominee, Cede & Co., in each case for credit to an account of a direct or indirect participant in DTC as described below.

The Global Notes may be transferred, in whole but not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for notes in registered, certificated form ("Certificated Notes") except in the limited circumstances described below. See "—Exchange of Global Notes for Certificated Notes."

In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised us that, pursuant to procedures established by it:

1. upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the exchange agent with portions of the principal amount of the Global Notes; and

2. ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes who are Participants in DTC's system may hold their interests therein directly through DTC. Investors in the Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants in such system. Euroclear and Clearstream may hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems.

The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of beneficial interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of Certificated Notes and will not be considered the registered owners or "Holders" thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered

Holder under the Indenture. Under the terms of the Indenture, the Company, the Guarantors and the Trustee will treat the Persons in whose names the notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Company, the Guarantors, the Trustee nor any agent of the Company or the Trustee has or will have any responsibility or liability for:

1. any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

2. any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that its current practice, at the due date of any payment in respect of securities such as the notes, is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the notes as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee or the Company. Neither the Company nor the Trustee will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the notes, and the Company and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between Participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Cross market transfers between the Participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its depository; however, such cross market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a Holder of notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the notes, DTC reserves the right to exchange the Global Notes for Certificated Notes, and to distribute such notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of the Company, the Trustee or any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective

participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes in minimum denominations of $2,000 and in integral multiples of $1,000 in excess of $2,000, if:

1. DTC (a) notifies the Company that it is unwilling or unable to continue as depositary for the Global Note or (b) has ceased to be a clearing agency registered under the Exchange Act and in either event the Company fail to appoint a successor depositary within 90 days; or

2. there has occurred and is continuing an Event of Default and DTC notifies the Trustee of its decision to exchange the Global Note for Certificated Notes.

Beneficial interests in a Global Note may also be exchanged for Certificated Notes in the other limited circumstances permitted by the Indenture, including if an Affiliate of ours acquires such interests. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures).

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note, except in the limited circumstances provided in the Indenture.

Same-Day Settlement and Payment

The Indenture requires that payments in respect of the notes represented by the Global Notes (including principal, premium, if any, and interest) be made by wire transfer of immediately available funds to the accounts specified by the Global Note holder. With respect to Certificated Notes, the Company will make all payments of principal, premium, if any, and interest by wire transfer of immediately available funds to the accounts specified by the Holders thereof or, if no such account is specified, by mailing a check to each such Holder's registered address. The notes represented by the Global Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. The Company expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear or Clearstream) immediately following the settlement date of DTC. DTC has advised the Company that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Certain Definitions

"*Acquired Debt*" means Indebtedness of a Person (1) existing at the time such Person becomes a Restricted Subsidiary or (2) assumed in connection with the acquisition of assets from such Person, in each case, other than Indebtedness incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary or such acquisition, as the case may be. Acquired Debt shall be

deemed to be incurred on the date of the related acquisition of assets from any Person or the date the acquired Person becomes a Restricted Subsidiary, as the case may be.

"*Additional Assets*" means (i) any assets or property (other than cash, Cash Equivalents or securities) used in the Oil and Gas Business or any business ancillary thereto, (ii) Investments in any other Person engaged in the Oil and Gas Business or any business ancillary thereto (including the acquisition from third parties of Capital Stock of such Person) as a result of which such other Person becomes a Restricted Subsidiary, (iii) the acquisition from third parties of Capital Stock of a Restricted Subsidiary, (iv) Permitted Business Investments, (v) capital expenditures by the Parent Guarantor, the Company or a Restricted Subsidiary in the Oil and Gas Business or (vi) Capital Stock constituting a Minority Interest in any Person that at such time is a Restricted Subsidiary; provided, however, that, in the case of clauses (ii) and (vi), such Restricted Subsidiary is primarily engaged in the Oil and Gas Business.

"*Adjusted Consolidated Net Tangible Assets*" means (without duplication), as of the date of determination, the remainder of:

(a) the sum of

(i) discounted future net revenues from proved oil and gas reserves of the Parent Guarantor, the Company and the Restricted Subsidiaries calculated in accordance with Commission guidelines before any state or federal income taxes, as estimated by the Parent Guarantor in a reserve report prepared as of the end of the Parent Guarantor's most recently completed fiscal year for which audited financial statements are available, as increased by, as of the date of determination, the estimated discounted future net revenues from (1) estimated proved oil and gas reserves acquired since such year-end, which reserves were not reflected in such year-end reserve report, and (2) estimated oil and gas reserves attributable to extensions, discoveries and other additions and upward revisions of estimates of proved oil and gas reserves since such year-end due to exploration, development or exploitation, production or other activities, which would, in accordance with standard industry practice, cause such revisions (including the impact to proved reserves and future net revenues from estimated development costs incurred and the accretion of discount since such year-end), and decreased by, as of the date of determination, the estimated discounted future net revenues from (3) estimated proved oil and gas reserves produced or disposed of since such year-end and (4) estimated oil and gas reserves attributable to downward revisions of estimates of proved oil and gas reserves since such year-end due to changes in geological conditions or other factors which would, in accordance with standard industry practice, cause such revisions, in each case calculated on a pre-tax basis in accordance with Commission guidelines, in the case of the foregoing clauses (1) through (4) utilizing the prices and costs calculated in accordance with Commission guidelines as if the end of the most recent fiscal quarter preceding the date of determination for which such information is available to the Parent Guarantor were year-end; provided, however, that in the case of each of the determinations made pursuant to the foregoing clauses (1) through (4), such increases and decreases shall be as estimated by the Parent Guarantor's petroleum engineers,

(ii) the capitalized costs that are attributable to Oil and Gas Properties of the Parent Guarantor, the Company and the Restricted Subsidiaries to which no proved oil and gas reserves are attributable, based on the Parent Guarantor's books and records as of a date no earlier than the date of the Parent Guarantor's latest available annual or quarterly financial statements,

(iii) the Net Working Capital of the Parent Guarantor, the Company and the Restricted Subsidiaries on a date no earlier than the date of the Parent Guarantor's latest annual or quarterly financial statements, and

(iv) the greater of (1) the net book value of other tangible assets of the Parent Guarantor, the Company and the Restricted Subsidiaries as of a date no earlier than the date of the Parent Guarantor's latest annual or quarterly financial statements and (2) the appraised value, as estimated by independent appraisers, of other tangible assets of the Parent Guarantor, the Company and the Restricted Subsidiaries, as of a date no earlier than the date of the Parent Guarantor's latest audited financial statements; provided that, if no such appraisal has been obtained, the Parent Guarantor shall not be required to obtain such an appraisal and only clause (a)(iv)(1) of this definition shall apply,

minus (b) the sum of

(i) Minority Interests,

(ii) any net gas balancing liabilities of the Parent Guarantor, the Company and the Restricted Subsidiaries, as reflected in the Parent Guarantor's latest annual or quarterly balance sheet, to the extent not deducted in calculating Net Working Capital of the Parent Guarantor in accordance with clause (a)(iii) of this definition,

(iii) to the extent included in (a)(i) above, the discounted future net revenues, calculated in accordance with Commission guidelines (but utilizing prices and costs calculated in accordance with Commission guidelines as if the end of the most recent fiscal quarter preceding the date of determination for which such information is available to the Parent Guarantor were year-end), attributable to reserves which are required to be delivered to third parties to fully satisfy the obligations of the Parent Guarantor, the Company and the Restricted Subsidiaries with respect to Volumetric Production Payments (determined, if applicable, using the schedules specified with respect thereto); and

(iv) the discounted future net revenues, calculated in accordance with Commission guidelines, attributable to reserves subject to Dollar Denominated Production Payments which, based on the estimates of production and price assumptions included in determining the discounted future net revenues specified in (a)(i) above, would be necessary to fully satisfy the payment obligations of the Parent Guarantor, the Company and the Restricted Subsidiaries with respect to Dollar Denominated Production Payments (determined, if applicable, using the schedules specified with respect thereto).

If the Parent Guarantor changes its method of accounting from the full cost method to the successful efforts method or a similar method of accounting, Adjusted Consolidated Net Tangible Assets will continue to be calculated as if the Parent Guarantor were still using the full cost method of accounting.

"*Affiliate*" means, with respect to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Asset Sale*" means any sale, issuance, conveyance, transfer, lease (other than operating leases entered into in the ordinary course of business) or other disposition (including, without limitation, by way of merger or consolidation or sale and leaseback transaction) (collectively, a "transfer"), directly or indirectly, in one or a series of related transactions, of:

(1) any Capital Stock of the Company or any Restricted Subsidiary (other than directors qualifying shares or shares required by law to be held by a Person other than the Company or a Restricted Subsidiary);

(2) all or substantially all of the properties and assets of any division or line of business of the Parent Guarantor, the Company or any Restricted Subsidiary; or

(3) any other properties and assets of the Parent Guarantor, the Company or any Restricted Subsidiary other than in the ordinary course of business.

For the purposes of this definition, the term Asset Sale shall not include:

(A) any disposition (including by way of a merger or consolidation) that is governed by the provisions of the covenant described under "—Certain Covenants—Consolidation, Merger and Sale of Assets,"

(B) any disposition that is by the Parent Guarantor to the Company, by the Company to the Parent Guarantor, by the Parent Guarantor or the Company to any Restricted Subsidiary or by any Restricted Subsidiary to the Parent Guarantor, the Company or any other Restricted Subsidiary in accordance with the terms of the Indenture,

(C) any disposition that would be (i) a Restricted Payment that would be permitted to be made as a Restricted Payment, or (ii) a Permitted Investment or a Permitted Payment,

(D) the disposition of Cash Equivalents, inventory, accounts receivable, surplus or obsolete equipment or other similar property (excluding the disposition of oil and gas in place and other interests in real property unless made in connection with a Permitted Business Investment),

(E) the abandonment, assignment, lease, sublease or farm-out of Oil and Gas Properties, or the forfeiture or other disposition of such properties, pursuant to operating agreements or other instruments or agreements that, in each case, are entered into in a manner that is customary in the Oil and Gas Business,

(F) the disposition of Property received in settlement of debts owing to such Person as a result of foreclosure, perfection or enforcement of any Lien or debt, which debts were owing to such Person,

(G) any Production Payments and Reserve Sales; provided that any such Production Payments and Reserve Sales (other than incentive compensation programs on terms that are reasonably customary in the Oil and Gas Business for geologists, geophysicists and other providers of technical services to the Parent Guarantor, the Company or a Restricted Subsidiary) shall have been created, incurred, issued, assumed or guaranteed in connection with the acquisition or financing of, and within 60 days after the acquisition of, the Property that is subject thereto,

(H) the licensing or sublicensing of intellectual property or other general intangibles to the extent that such license does not prohibit the licensor from using the intellectual property and licenses, leases or subleases of other property,

(I) an Asset Swap,

(J) the creation or incurrence of any Lien and the exercise by any Person in whose favor a Permitted Lien is granted of any of its rights in respect of that Lien,

(K) the surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind,

(L) any disposition of assets or Capital Stock (in any Transaction) the Fair Market Value of which, when combined with the Fair Market Value at the time of disposition of all other such dispositions in the same Transaction effected pursuant to this clause (L), in the aggregate, does not exceed $5.0 million,

(M) the sale or other disposition (whether or not in the ordinary course of business) of Oil and Gas Properties; provided that, at the time of such sale or other disposition, such properties do not have attributed to them any proved reserves,

(N) any sale of equity interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary, or

(O) the disposition of oil and natural gas properties in connection with tax credit transactions complying with Section 29 of the Internal Revenue Code or any successor or analogous provisions of the Internal Revenue Code.

"*Asset Swap*" means any substantially contemporaneous (and in any event occurring within 120 days of each other) purchase and sale or exchange of any oil or natural gas properties or assets or interests therein between the Parent Guarantor, the Company or any Restricted Subsidiary and another Person; provided, that any cash received must be applied in accordance with the covenant described under "—Certain Covenants—Asset Sale" as if the Asset Swap were an Asset Sale.

"*Attributable Indebtedness*" in respect of a Sale and Leaseback Transaction means, at the time of determination, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale and Leaseback Transaction (including any period for which such lease has been extended or may, at the option of the lessor, be extended).

"*Board of Directors*" means:

(A) with respect to a corporation, the board of directors of such corporation or any committee thereof duly authorized to act on behalf of such board;

(B) with respect to a partnership, the board of directors or other governing body of the general partner of the partnership;

(C) with respect to a limited liability company, the board of directors or other governing body, and in the absence of the same the manager or board of managers or managing member or members or any controlling committee thereof; and

(D) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Capital Lease Obligation*" of any Person means any obligation of such Person under any capital lease of (or other agreement conveying the right to use) real or personal property which, in accordance with GAAP, is required to be recorded as a capitalized lease obligation (other than any obligation that is required to be classified and accounted for as an operating lease for financial reporting purposes in accordance with GAAP as in effect on the Issue Date), and the amount of Indebtedness represented by such obligation shall be the capitalized amount of such obligation determined in accordance with GAAP; and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty. For purposes of the covenant described under "—Certain Covenants—Liens," a Capital Lease Obligation will be deemed to be secured by a Lien on the property being leased.

"*Capital Stock*" of any Person means any and all shares, units, interests, participations, rights in or other equivalents (however designated) of such Person's capital stock, other equity interests in such Person whether now outstanding or issued after the Issue Date, partnership interests (whether general or limited), limited liability company interests in such Person (if a limited liability company), any other interest or participation that confers on any other Person the right to receive a share of the overall profits and losses of, or distributions of assets of, such Person, including any Preferred Stock, and any rights, warrants or options exercisable for, exchangeable for or convertible into such Capital Stock in any such case other than debt securities exercisable for, exchangeable for or convertible into Capital Stock.

"*Cash Equivalents*" means

(1) any evidence of Indebtedness issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof,

(2) marketable general obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition and, at the time of acquisition, having a credit rating of at least "A" (or the equivalent thereof) from either S&P or Moody's,

(3) deposits, time deposit accounts, certificates of deposit, money market deposits, overnight bank deposits or acceptances of any financial institution having capital and surplus in excess of $100 million and whose senior unsecured debt either (a) is rated at least "A-2" by S&P or at least "P-2" by Moody's, or (b) has a Thompson Bank Watch Rating of "B" or better,

(4) commercial paper with a maturity of 365 days or less issued by a corporation (other than an Affiliate or Subsidiary of the Company) organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and rated in one of the two highest ratings categories by S&P or Moody's or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named Rating Agencies cease publishing ratings of investments,

(5) repurchase agreements and reverse repurchase agreements relating to Indebtedness of a type described in clause (1), (2) or (3) above that are entered into with a financial institution described in clause (3) above and mature within 365 days from the date of acquisition,

(6) money market funds which invest substantially all of their assets in securities described in the preceding clauses (1) through (5), and

(7) marketable short-term money market and similar securities having a rating of at least P-2 or A-2 from either Moody's or S&P, respectively, and in each case maturing within 24 months after the date of the creation thereof.

"*Cash Management Obligations*" means, with respect to the Company or any Guarantor, any obligations of such Person to any lender in respect of treasury management arrangements, depositary or other cash management services, including any treasury management line of credit.

"*Change of Control*" means the occurrence of any of the following events:

(1) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have beneficial ownership of all securities that such Person has the right to acquire by conversion or exercise of other securities, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total outstanding Voting Stock of the Parent Guarantor (or its successor by merger, consolidation

or purchase of all or substantially all its assets) (measured by voting power rather than the number of shares);

(2) during any period of two consecutive years, individuals who at the beginning of such period (or, if later, the Issue Date) constituted the Board of Directors of the Parent Guarantor (together with any new directors whose election to such board or whose nomination for election by the stockholders of the Parent Guarantor was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period (or, if later, the Issue Date) or whose election or nomination for election was previously so approved), cease for any reason to constitute a majority of such Board of Directors then in office;

(3) the Parent Guarantor sells, assigns, conveys, transfers, leases or otherwise disposes (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Parent Guarantor, the Company and the Restricted Subsidiaries, taken as a whole, to any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act);

(4) the Parent Guarantor or the Company is liquidated or dissolved or adopts a plan of liquidation or dissolution (unless, in the case of the Company, the Parent Guarantor assumes all of the obligations of the Company under the Indenture) other than in a transaction which complies with the provisions of the covenant described under "—Certain Covenants—Consolidation, Merger and Sale of Assets"; or

(5) the Parent Guarantor ceases to beneficially own (defined as specified above) in the aggregate, directly or indirectly, 100% of the Voting Stock of the Company (measured by voting power rather than the number of shares).

Notwithstanding the preceding, a conversion of the Parent Guarantor, the Company or any Restricted Subsidiary from a limited liability company, corporation, limited partnership or other form of entity to a limited liability company, corporation, limited partnership or other form of entity or an exchange of all of the outstanding Capital Stock in one form of entity for Capital Stock for another form of entity shall not constitute a Change of Control, so long as following such conversion or exchange the "persons" (as that term is used in Section 13(d)(3) of the Exchange Act) who "beneficially owned" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have beneficial ownership of all securities that such Person has the right to acquire by conversion or exercise of other securities, whether such right is exercisable immediately or only after the passage of time) the Capital Stock of the Parent Guarantor immediately prior to such transactions continue to "beneficially own" in the aggregate more than 50% of the Voting Stock of such entity (measured by voting power rather than the number of shares), or continue to "beneficially own" sufficient equity interests in such entity to elect a majority of its directors, managers, trustees or other Persons serving in a similar capacity for such entity, and, in either case no Person, other than one or more Permitted Holders, "beneficially owns" more than 50% of the Voting Stock of such entity (measured by voting power rather than the number of shares).

"*Commission*" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or if at any time after the execution of the Indenture such Commission is not existing and performing the duties now assigned to it under the Securities Act and the Exchange Act, then the body performing such duties at such time.

"*Commodity Agreements*" means, with respect to any Person, any futures contract, forward contract, commodity swap agreement, commodity option agreement, hedging agreements and other agreements or arrangements (including, without limitation, swaps, caps, floors, collars, options and similar agreements) or any combination thereof entered into by such Person in respect of Hydrocarbons

purchased, used, produced, processed or sold by such Person or its Subsidiaries for the purpose of protecting, on a net basis, against price risks, basis risks or other risks encountered in the Oil and Gas Business.

"*Company*" means Laredo Petroleum, Inc., a Delaware corporation, until a successor Person shall have become such pursuant to the applicable provisions of the Indenture, and thereafter Company shall mean such successor Person.

"*Consolidated Fixed Charge Coverage Ratio*" of the Parent Guarantor means, for any period, the ratio of

(a) without duplication, the sum of Consolidated Net Income (Loss) and, in each case to the extent deducted (and not added back) in computing Consolidated Net Income (Loss) for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which financial statements are available, Consolidated Interest Expense, Consolidated Income Tax Expense and Consolidated Non-cash Charges for such four fiscal quarters, less all non-cash items increasing Consolidated Net Income for such four fiscal quarters, in each case, of the Parent Guarantor, the Company and the Restricted Subsidiaries on a Consolidated basis, all determined in accordance with GAAP, to

(b) without duplication, Consolidated Interest Expense of the Parent Guarantor for such four fiscal quarters;

provided, however, that:

(1) if the Parent Guarantor, the Company or any Restricted Subsidiary:

(A) has incurred any Indebtedness since the beginning of such period that remains outstanding on the relevant date of determination or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio is an incurrence of Indebtedness, Consolidated Net Income (Loss) and Consolidated Interest Expense for such period will be calculated after giving effect on a pro forma basis to such Indebtedness and the use of proceeds thereof as if such Indebtedness had been incurred on the first day of such period and such proceeds had been applied as of such date (except that in making such computation, the amount of Indebtedness under any revolving Credit Facility outstanding on the date of such determination will be deemed to be (i) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which such Credit Facility was outstanding or (ii) if such revolving Credit Facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such revolving Credit Facility to the date of such determination; provided that, in each case, such average daily balance shall take into account any repayment of Indebtedness under such revolving Credit Facility as provided in clause (B)); or

(B) has repaid, repurchased, defeased or otherwise discharged any Indebtedness since the beginning of the period, including with the proceeds of such new Indebtedness, that is no longer outstanding on such date of determination or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio involves a discharge of Indebtedness (in each case other than Indebtedness incurred under any revolving Credit Facility unless such Indebtedness has been permanently repaid and the related commitment terminated), Consolidated Net Income (Loss) and Consolidated Interest Expense for such period will be calculated after giving effect on a pro forma basis to such discharge of such Indebtedness as if such discharge had occurred on the first day of such period;

(2) if, since the beginning of such period, the Parent Guarantor, the Company or any Restricted Subsidiary has made any Asset Sale or if the transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio is such an Asset Sale, the Consolidated Net Income for such period will be reduced by an amount equal to the Consolidated Net Income (Loss) (if positive) directly attributable to the assets which are the subject of such Asset Sale for such period or increased by an amount equal to the Consolidated Net Income (Loss) (if negative) directly attributable thereto for such period and Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Parent Guarantor, the Company or any Restricted Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Parent Guarantor, the Company and the continuing Restricted Subsidiaries in connection with or with the proceeds from such Asset Sale for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Parent Guarantor, the Company and the continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale);

(3) if, since the beginning of such period, the Parent Guarantor, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Restricted Subsidiary (or any Person which becomes a Restricted Subsidiary or is merged with or into the Parent Guarantor, the Company or a Restricted Subsidiary) or an acquisition (or will have received a contribution) of assets, including any acquisition or contribution of assets occurring in connection with a transaction causing a calculation to be made under the Indenture, which constitutes all or substantially all of a company, division, operating unit, segment, business, group of related assets or line of business, Consolidated Net Income (Loss) and Consolidated Interest Expense for such period will be calculated after giving pro forma effect thereto (including the incurrence of any Indebtedness) as if such Investment or acquisition or contribution had occurred on the first day of such period; and

(4) if, since the beginning of such period, any Person (that subsequently became a Restricted Subsidiary or was merged with or into the Parent Guarantor, the Company or any Restricted Subsidiary since the beginning of such period) made any Asset Sale or any Investment or acquisition of assets that would have required an adjustment pursuant to clause (2) or (3) above if made by the Parent Guarantor, the Company or a Restricted Subsidiary during such period, Consolidated Net Income (Loss) and Consolidated Interest Expense for such period will be calculated after giving pro forma effect thereto as if such Asset Sale or Investment or acquisition of assets had occurred on the first day of such period.

For purposes of this definition, whenever pro forma effect is to be given to any calculation under this definition, the pro forma calculations will be determined in good faith by a responsible financial or accounting officer of the Company; provided that such officer may in his or her discretion include any reasonably identifiable and factually supportable pro forma changes to Consolidated Net Income (Loss), including any pro forma expenses and cost reductions, that have occurred or in the judgment of such officer are reasonably expected to occur within 12 months of the date of the applicable transaction (regardless of whether such expense or cost reduction or any other operating improvements could then be reflected properly in pro forma financial statements prepared in accordance with Regulation S-X under the Securities Act or any other regulation or policy of the Commission); and provided further that

(1) in making such computation, the Consolidated Interest Expense attributable to interest on any Indebtedness computed on a pro forma basis and (A) bearing a floating interest rate shall be computed as if the average rate in effect for the period had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such

Indebtedness, but if the remaining term of such Interest Rate Agreement is less than 12 months, then such Interest Rate Agreement shall only be taken into account for that portion of the period equal to the remaining term thereof) and (B) bearing an interest rate (x) at the option of the Parent Guarantor, the Company or any Restricted Subsidiary, the interest rate shall be calculated by applying such optional rate chosen by the Parent Guarantor, the Company or such Restricted Subsidiary or (y) that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a Eurocurrency interbank offered rate or other rate, shall be calculated based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Parent Guarantor, the Company or such Restricted Subsidiary may designate, and

(2) in making such computation, the Consolidated Interest Expense of such Person attributable to interest on any Indebtedness under a revolving Credit Facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period.

"*Consolidated Income Tax Expense*" of any Person means, for any period, the provision for federal, state, local and foreign income taxes (including state franchise or other taxes accounted for as income taxes in accordance with GAAP) of such Person and its Consolidated Restricted Subsidiaries for such period as determined in accordance with GAAP.

"*Consolidated Interest Expense*" of the Parent Guarantor means, without duplication, for any period, the sum of

(a) the interest expense, less interest income, of the Parent Guarantor, the Company and the Restricted Subsidiaries for such period, on a Consolidated basis, whether paid or accrued, including, to the extent not included in such interest expense and without duplication, with respect to such Person and its Restricted Subsidiary for such period,

(1) amortization of debt discount (excluding amortization of capitalized debt issuance costs) (provided that any amortization of bond premium will be credited to reduce Consolidated Interest Expense unless, pursuant to GAAP, such amortization of bond premium has otherwise reduced Consolidated Interest Expense),

(2) the net cash costs associated with Interest Rate Agreements (including amortization of fees and discounts); provided, however, that if Interest Rate Agreements result in net cash benefits rather than costs, such benefits shall be credited to reduce Consolidated Interest Expense unless, pursuant to GAAP, such net benefits are otherwise reflected in Consolidated Net Income,

(3) the interest portion of any deferred payment obligation,

(4) all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing, and

(5) accrued interest, plus

(b) (1) the interest component of the Capital Lease Obligations paid, accrued and/or scheduled to be paid or accrued, and (2) all interest expense that has been capitalized, plus

(c) the interest expense under any Guaranteed Debt of the Parent Guarantor, the Company and any Restricted Subsidiary or Indebtedness secured by a Lien on assets of the Parent Guarantor, the Company and any Restricted Subsidiary, to the extent not included under any other clause hereof, but only to the extent such Guarantee becomes payable by the Parent Guarantor, the Company or the Restricted Subsidiaries or such Lien becomes subject to foreclosure, plus

(d) dividend payments of the Parent Guarantor with respect to Disqualified Stock and of the Company or any Restricted Subsidiary with respect to Preferred Stock (except, in either case, dividends payable solely in shares of Qualified Capital Stock of such Person or payable to the Parent Guarantor, the Company or any Restricted Subsidiary),

minus, to the extent included above, any interest attributable to Dollar Denominated Production Payments.

"*Consolidated Net Income (Loss)*" of the Parent Guarantor means, for any period, the Consolidated net income (or loss) of the Parent Guarantor, the Company and the Restricted Subsidiaries for such period on a Consolidated basis as determined in accordance with GAAP, adjusted, to the extent included in calculating such net income (or loss), by excluding, without duplication,

(1) all extraordinary gains or losses (together with related provisions for taxes) (less all fees and expenses relating thereto),

(2) the portion of net income (or loss) of the Parent Guarantor, the Company and the Restricted Subsidiaries on a Consolidated basis allocable to Minority Interests in unconsolidated Persons or Unrestricted Subsidiaries to the extent that, in the case of net income, cash dividends or distributions have not actually been received, or, in the case of net loss, cash has been contributed to fund such loss, by the Parent Guarantor, the Company or one of the Parent Guarantor's Consolidated Restricted Subsidiaries,

(3) any gain or loss, net of taxes, realized upon the termination of any employee pension benefit plan,

(4) gains or losses, net of taxes (less all fees and expenses relating thereto), in respect of dispositions of assets other than in the ordinary course of the Oil and Gas Business (excluding, without limitation, from the calculation of Consolidated Net Income (Loss), dispositions pursuant to Sale and Leaseback Transactions, but not excluding from such calculation transactions such as farm outs, sales of leasehold inventory, sales of undivided interests in drilling prospects, and sales or licenses of seismic data or other geological or geophysical data or interpretations thereof),

(5) the net income of the Company or any Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by the Company or such Restricted Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to the Company or such Restricted Subsidiary or its stockholders,

(6) any write downs or impairments of assets (including goodwill) on or related to Hydrocarbon properties or other non-current assets, under applicable GAAP or Commission guidelines,

(7) any cumulative effect of a change in accounting principles,

(8) any unrealized non-cash gains or losses on charges in respect of Interest Rate Agreements, Currency Agreements or Commodity Agreements, including those resulting from the application of ASC 815,

(9) any non-cash compensation charge arising from the grant of or issuance of stock, stock options or other equity based awards, and

(10) all deferred financing costs or other financial recapitalization charges written off, and premiums or penalties paid, in connection with any early extinguishment of Indebtedness.

"*Consolidated Net Worth*" means, with respect to any specified Person as of any date, the sum of:

(1) the Consolidated equity of the common stockholders of such Person and its Consolidated Subsidiaries as of such date; plus

(2) the respective amounts reported on such Person's balance sheet as of such date with respect to any series of Preferred Stock (other than Disqualified Stock) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by such Person upon issuance of such Preferred Stock.

"*Consolidated Non-cash Charges*" of the Parent Guarantor means, for any period, the aggregate depreciation, depletion, amortization, impairment and exploration and abandonment expense and other non-cash charges of the Parent Guarantor, the Company and the Restricted Subsidiaries on a Consolidated basis for such period, as determined in accordance with GAAP (excluding any non-cash charge (other than a charge for future obligations with respect to the abandonment or retirement of assets) that requires an accrual or reserve for cash charges for any future period).

"*Consolidation*" means, with respect to any Person, the consolidation of the accounts of such Person and each of its Subsidiaries if and to the extent the accounts of such Person and each of its Subsidiaries would be consolidated with those of such Person, in accordance with GAAP; provided, however, that "Consolidation" will not include consolidation of the accounts of any Unrestricted Subsidiary of such Person with the accounts of such Person. The term "Consolidated" shall have a similar meaning.

"*Credit Facility*" means, with respect to the Parent Guarantor, the Company or any Restricted Subsidiary, one or more debt facilities (including, without limitation, the Senior Credit Agreement) providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables or other financial assets to such lenders or to special purpose entities formed to borrow from such lenders against such receivables or other financial assets), letters of credit, commercial paper facilities, debt issuances or other debt obligations, in each case, as amended, restated, modified, renewed, refunded, restructured, supplemented, replaced or refinanced, in whole or in part and from time to time, including, without limitation, any amendment increasing the amount of Indebtedness incurred or available to be borrowed thereunder, extending the maturity of any Indebtedness incurred thereunder or contemplated thereby or deleting, adding or substituting one or more parties thereto (whether or not such added or substituted parties are banks or other institutional lenders).

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, futures contract, option contract or other similar agreement as to which such Person is a party or a beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Disinterested Director*" means, with respect to any transaction or series of related transactions, a member of the Board of Directors of the Parent Guarantor who does not have any material direct or indirect financial interest (other than as a shareholder or employee of the Parent Guarantor) in or with respect to such transaction or series of related transactions.

"*Disqualified Stock*" means any Capital Stock that, either by its terms or by the terms of any security into which it is convertible or exchangeable or otherwise, is or upon the happening of an event or passage of time would be, required to be redeemed prior to the date that is the earlier of (a) the date 91 days after the date on which no notes are outstanding and (b) the final Stated Maturity of the principal of the notes or is redeemable at the option of the holder thereof at any time prior to such date (other than, in any case, upon a change of control of or sale of assets by the Parent Guarantor in circumstances where the Holders of the notes would have similar rights), or is convertible into or exchangeable for debt securities at any time prior to such date at the option of the holder thereof; provided that only the portion of Capital Stock which is mandatorily redeemable is so redeemable or so convertible or exchangeable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock; provided further that any Capital Stock issued pursuant to any plan of the Company or any of its Affiliates for the benefit of one or more employees will not constitute Disqualified Stock solely because it may be required to be repurchased by the Company or any of its Affiliates in order to satisfy applicable contractual, statutory or regulatory obligations.

"*Dollar Denominated Production Payment*" means a production payment required to be recorded as a borrowing in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"*Equity Investor*" means each of (i) Warburg Pincus Private Equity IX, L.P., (ii) Warburg Pincus Private Equity X O&G, L.P. and (iii) Warburg Pincus X Partners, L.P.

"*Equity Offering*" means an underwritten public offering or nonpublic, unregistered or private placement of Qualified Capital Stock of the Parent Guarantor or any contribution to capital of the Parent Guarantor in respect of Qualified Capital Stock of the Parent Guarantor.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"*Exchanged Properties*" means Additional Assets received by the Parent Guarantor, the Company or a Restricted Subsidiary in a substantially concurrent purchase and sale, trade or exchange as a portion of the total consideration for other properties or assets.

"*Fair Market Value*" means, with respect to any asset or property, the sale value that would be obtained in an arm's length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy. Fair Market Value of an asset or property in excess of $20 million shall be determined by the Board of Directors of the Parent Guarantor acting in good faith, which determination will be conclusive for all purposes under the Indenture, in which event it shall be evidenced by a resolution of the Board of Directors of the Parent Guarantor, and any lesser Fair Market Value shall be determined by the principal financial officer or principal accounting officer of the Parent Guarantor acting in good faith, which determination will be conclusive for all purposes under the Indenture.

"*Foreign Subsidiary*" means any Restricted Subsidiary of the Parent Guarantor that (x) is not organized under the laws of the United States of America or any state thereof or the District of Columbia, or (y) was organized under the laws of the United States of America or any state thereof or the District of Columbia that has no material assets other than Capital Stock of one or more foreign entities of the type described in clause (x) above.

"*Generally Accepted Accounting Principles*" or "*GAAP*" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, the Public Company Accounting Oversight Board or in such other statements by such other entity as have been approved by a significant segment of the accounting

profession, which are in effect from time to time. All ratio computations based on GAAP contained in the Indenture will be computed in conformity with GAAP.

"*Guarantee*" means the guarantee by any Guarantor of the Company's Indenture Obligations.

"*Guaranteed Debt*" of any Person means, without duplication, all Indebtedness of any other Person guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement, made primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss,

(1) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness,

(2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services,

(3) to supply funds to, or in any other manner invest in, the debtor (including any agreement to pay for property or services without requiring that such property be received or such services be rendered),

(4) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor or to cause such debtor to achieve certain levels of financial performance, or

(5) otherwise to assure a creditor against loss;

provided that the term "guarantee" shall not include endorsements for collection or deposit, in either case in the ordinary course of business or any obligation to the extent it is payable only in Qualified Capital Stock of the guarantor.

"*Guarantor*" means (i) the Parent Guarantor and (ii) any Subsidiary of the Parent Guarantor that is a guarantor of the notes, including any Person that is required after the Issue Date to execute a guarantee of the notes pursuant to the covenant described under "—Certain Covenants—Issuances of Guarantees by Restricted Subsidiaries," until a successor replaces such party pursuant to the applicable provisions of the Indenture and, thereafter, shall mean such successor; provided, however, that any Person constituting a Guarantor as described above shall cease to constitute a Guarantor when its Guarantee is released in accordance with the terms of the Indenture.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Agreement.

"*Hydrocarbons*" means oil, natural gas, casing head gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and all products, by-products and all other substances (whether or not hydrocarbon in nature) produced in connection therewith or refined, separated, settled or derived therefrom or the processing thereof, and all other minerals and substances related to the foregoing, including, but not limited to, liquified petroleum gas, natural gas, kerosene, sulphur, lignite, coal, all gas resulting from the in-situ combustion of coal or lignite, uranium, thorium, iron, geothermal steam, water, carbon dioxide, helium, and any and all other minerals, ores, or substances of value, and the products and proceeds therefrom.

"*Indebtedness*" means, with respect to any Person, without duplication,

(1) (a) all indebtedness of such Person (i) for borrowed money or (ii) for the deferred purchase price of property or services, excluding any Trade Accounts Payable and other accrued current liabilities arising in the ordinary course of business, and (b) all obligations, contingent or otherwise, of such Person in connection with any letters of credit issued under letter of credit facilities, acceptance facilities or other similar facilities (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (1)(a), (2), (3) or (5) of this definition) entered into in the ordinary course of business of such Person to

the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth business day following payment on the letter of credit),

(2) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments,

(3) all indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding Trade Accounts Payable and other accrued current liabilities arising in the ordinary course of business,

(4) all obligations under or in respect of Currency Agreements and Interest Rate Agreements of such Person (the amount of any such obligations to be equal at any time to the net termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time),

(5) all Capital Lease Obligations of such Person,

(6) the Attributable Indebtedness related to any Sale and Leaseback Transaction,

(7) all Indebtedness referred to in clauses (1) through (6) above of other Persons, to the extent the payment of such Indebtedness is secured by any Lien, upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness,

(8) all Guaranteed Debt of such Person,

(9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed redemption price or repurchase price, and

(10) Preferred Stock of the Company or any Restricted Subsidiary or any Subsidiary Guarantor, valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed redemption price or repurchase price;

if and to the extent (solely in the case of the obligations specified in clauses (1)(a)(ii), (3) and (5)) such obligations would appear as liabilities upon the Consolidated balance sheet of such Person in accordance with GAAP; provided, *however*, that the following shall in any event not constitute "Indebtedness":

(a) any indebtedness which has been defeased in accordance with GAAP or defeased pursuant to the deposit of cash or Cash Equivalents (in an amount sufficient to satisfy all such indebtedness obligations at maturity or redemption, as applicable, and all payments of interest and premium, if any) in a trust or account created or pledged for the sole benefit of the holders of such indebtedness, and subject to no other Liens, and the other applicable terms of the instrument governing such indebtedness;

(b) accrued current liabilities and Trade Accounts Payable arising in the ordinary course of business;

(c) any obligation of a Person in respect of a farm-in agreement or similar arrangement whereby such Person agrees to pay all or a share of the drilling, completion or other expenses of an exploratory or development well (which agreement may be subject to maximum payment obligations, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform the drilling,

completion or other operation on such well in exchange for an ownership interest in an oil or gas property;

(d) in connection with the acquisition or disposition of any business, assets or Capital Stock of the Parent Guarantor, the Company or a Restricted Subsidiary, any obligations arising from agreements of the Parent Guarantor, the Company or any Restricted Subsidiary providing for indemnification, guarantees (other than guarantees of Indebtedness), adjustment of purchase price, holdbacks, contingent payment obligations (including earnouts) based on a final financial statement or performance of acquired or disposed of assets or similar obligations or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Parent Guarantor, the Company or a Restricted Subsidiary pursuant to such an agreement, in each case, incurred or assumed in connection with such acquisition or disposition;

(e) oil or natural gas balancing obligations or liabilities incurred in the ordinary course of business;

(f) any obligation in respect of any Commodity Agreement;

(g) any unrealized losses or charges in respect of Currency Agreements, Commodity Agreements or Interest Rate Agreements (including those resulting from the application of ASC 815);

(h) any obligations in respect of (i) bid, performance, completion, surety, appeal and similar bonds, (ii) obligations in respect of bankers acceptances, (iii) insurance obligations or bonds and other similar bonds and obligations and (iv) any guaranties or letters of credit functioning as or supporting any of the foregoing bonds or obligations; provided, however, that such bonds or obligations mentioned in subclause (i), (ii), (iii) or (iv) of this clause (h), are incurred in the ordinary course of the business of the Parent Guarantor, the Company and the Restricted Subsidiaries and do not relate to obligations for borrowed money;

(i) any obligations in respect of completion bonds, performance bonds, bid bonds, appeal bonds, surety bonds, bankers' acceptances, letters of credit, insurance obligations or bonds and other similar bonds and obligations incurred by the Parent Guarantor, the Company or any Restricted Subsidiary in the ordinary course of business and any guarantees and obligations of the Parent Guarantor, the Company or any Restricted Subsidiary with respect to or letters of credit functioning as or supporting any of the foregoing bonds or obligations;

(j) any obligations under Currency Agreements and Interest Rate Agreements; provided, that such agreements are entered into for bona fide hedging purposes of the Parent Guarantor, the Company or the Restricted Subsidiaries (as determined in good faith by the Board of Directors or senior management of the Parent Guarantor, whether or not accounted for as a hedge in accordance with GAAP) and, in the case of Currency Agreements, such Currency Agreements are related to business transactions of the Parent Guarantor, the Company or the Restricted Subsidiaries entered into in the ordinary course of business and, in the case of Interest Rate Agreements, such Interest Rate Agreements are not entered into for speculative purposes;

(k) any obligation arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (including daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is extinguished within five business days of incurrence;

(l) all contracts and other obligations, agreements, instruments or arrangements described in clauses (iii), (iv), (v) and (vi) of the definition of "Oil and Gas Liens" and clause (j) of the definition of "Permitted Lien"; and

(m) Production Payments and Reserve Sales.

For purposes hereof, the "*maximum fixed repurchase price*" of any Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined in good faith by the Board of Directors of the issuer of such Disqualified Stock.

Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition of Capital Stock or otherwise) or is merged with or into the Parent Guarantor, the Company or any Restricted Subsidiary or which is secured by a Lien on an asset acquired by the Parent Guarantor, the Company or a Restricted Subsidiary (whether or not such Indebtedness is assumed by the acquiring Person) shall be deemed incurred at the time the Person becomes a Restricted Subsidiary or at the time of the merger or asset acquisition, as the case may be.

The "amount" or "principal amount" of Indebtedness at any time of determination as used herein shall, except as set forth below, be determined in accordance with GAAP:

(1) the "amount" or "principal amount" of any Capitalized Lease Obligation shall be the amount determined in accordance with the definition thereof;

(2) the "amount" or "principal amount" of any Preferred Stock shall be the greater of its voluntary or involuntary liquidation preference and its maximum fixed redemption price or repurchase price;

(3) the "amount" or "principal amount" of all other unconditional obligations shall be the amount of the liability thereof determined in accordance with GAAP; and

(4) the "amount" or "principal amount" of all other contingent obligations shall be the maximum liability at such date of such Person.

"*Indenture Obligations*" means the obligations of the Company and any other obligor under the Indenture or under the notes, including any Guarantor, to pay principal of, premium, if any, and interest when due and payable, and all other amounts due or to become due under or in connection with the Indenture, the notes and the performance of all other obligations to the Trustee and the Holders under the Indenture and the notes, according to the respective terms thereof.

"*Interest Rate Agreements*" means one or more of the following agreements which shall be entered into by one or more financial institutions: interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) and/or other types of interest rate hedging agreements from time to time.

"*Investment*" means, with respect to any Person, directly or indirectly, any advance, loan (including guarantees), or other extension of credit or capital contribution to any other Person (by means of any transfer of cash or other property to such Person or any payment for property or services for the account or use of such Person), or any purchase, acquisition or ownership by such Person of any Capital Stock, bonds, notes, debentures or other securities issued or owned by any other Person and all other items that would be classified as investments on a balance sheet of such Person prepared in accordance with GAAP. "Investment" shall exclude, as to any Person, direct or indirect advances or payments to customers or suppliers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable, prepaid expenses or deposits on such Person's balance sheet, endorsements for collection or deposit arising in the ordinary course of business, any debt or extension of credit represented by a bank deposit other than a time deposit, any interest in an oil or gas leasehold to the extent constituting a security under applicable law and extensions of trade credit on commercially reasonable terms in accordance with normal trade practices. If the Parent Guarantor, the Company or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of any direct or indirect Restricted Subsidiary of the Parent Guarantor such that, after giving effect to any such sale or

disposition, such Person is no longer a Subsidiary of the Parent Guarantor (other than the sale of all of the outstanding Capital Stock of such Subsidiary), the Parent Guarantor will be deemed to have made an Investment on the date of such sale or disposition equal to the Fair Market Value of the Parent Guarantor's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in clause (a) of the covenant described under "—Certain Covenants—Restricted Payments." The amount of the investment shall be its Fair Market Value at the time the investment is made and shall not be adjusted for increases or decreases in value, or write-ups, write downs or write-offs with respect to such Investment.

"*Investment Grade Rating*" means at least BBB-, in the case of S&P (or at least its equivalent under any successor rating categories of S&P), at least Baa3, in the case of Moody's (or at least its equivalent under any successor rating categories of Moody's), or, if either such entity ceases to make its rating on the notes publicly available for reasons outside the Parent Guarantor's control, at least the equivalent in respect of the rating categories of any Rating Agency substituted for S&P or Moody's in accordance with the definition of "Rating Agencies."

"*Issue Date*" means the original issue date of the old notes issued on January 20, 2011 (excluding, for such purposes, Additional Notes or new notes) under the Indenture.

"*Lien*" means any mortgage or deed of trust, charge, pledge, lien (statutory or otherwise), privilege, security interest, assignment, deposit, arrangement, hypothecation, claim, preference, priority or other encumbrance for security purposes upon or with respect to any property of any kind (including any conditional sale, capital lease or other title retention agreement, any leases in the nature thereof, and any agreement to give any security interest), real or personal, movable or immovable, now owned or hereafter acquired. A Person will be deemed to own subject to a Lien any property which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease Obligation or other title retention agreement. Notwithstanding any other provisions of the Indenture, references herein to Liens permitted to exist upon any particular item of Property shall also be deemed (whether or not stated specifically) to permit Liens to exist upon any improvements, additions, accessions and contractual rights relating primarily thereto and all proceeds thereof (including dividends, distributions and increases in respect thereof).

"*Liquid Securities*" means securities that are publicly traded on the New York Stock Exchange, the American Stock Exchange or the Nasdaq Stock Market and as to which the Parent Guarantor, the Company or any Restricted Subsidiary is not subject to any restrictions on sale or transfer (including any volume restrictions under Rule 144 under the Securities Act or any other restrictions imposed by the Securities Act) or as to which a registration statement under the Securities Act covering the resale thereof is in effect for as long as the securities are held; provided that securities meeting the foregoing requirements shall be treated as Liquid Securities from the date of receipt thereof until and only until the earlier of (a) the date on which such securities are sold or exchanged for cash or Cash Equivalents and (b) 180 days following the date of receipt of such securities. If such securities are not sold or exchanged for cash or Cash Equivalents within 180 days of receipt thereof, for purposes of determining whether the transaction pursuant to which the Parent Guarantor, the Company or a Restricted Subsidiary received the securities was in compliance with the provisions of the covenant described under "—Certain Covenants—Asset Sales," such securities shall be deemed not to have been Liquid Securities at any time.

"*Maturity*" means, when used with respect to the notes, the date on which the principal of the notes becomes due and payable as therein provided or as provided in the Indenture, whether at Stated Maturity, the Asset Sale Purchase Date, the Change of Control Purchase Date or the redemption date and whether by declaration of acceleration, Prepayment Offer in respect of Excess Proceeds, Change of Control Offer in respect of a Change of Control, call for redemption or otherwise.

"*Minority Interest*" means the percentage interest represented by any class of Capital Stock of a Restricted Subsidiary that are not owned by the Parent Guarantor, the Company or a Restricted Subsidiary.

"*Moody's*" means Moody's Investors Service, Inc. (or any successor to the rating agency business thereof).

"*Net Available Cash*" from an Asset Sale or Sale and Leaseback Transaction means cash proceeds received therefrom (including any (i) cash proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and (ii) net proceeds from the sale or disposition of any Liquid Securities, in each case, only as and when received and excluding (x) any other consideration received in the form of assumption by the acquiring Person of Indebtedness or other liabilities of the Parent Guarantor, the Company or a Restricted Subsidiary and (y) except to the extent subsequently converted to cash or Cash Equivalents, Liquid Securities, consideration constituting Exchanged Properties or consideration other than as identified in the immediately preceding clauses (i) and (ii)), in each case net of:

(a) all legal, title and recording expenses, commissions and other fees and expenses incurred, and all federal, state, foreign and local taxes required to be paid or accrued as a liability under GAAP as a consequence of such Asset Sale or Sale and Leaseback Transaction;

(b) all payments made on any Indebtedness, Currency Agreement, Commodity Agreement or Interest Rate Agreement which is secured by any assets subject to such Asset Sale or Sale and Leaseback Transaction, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale or Sale and Leaseback Transaction or by applicable law, be repaid out of the proceeds from such Asset Sale or Sale and Leaseback Transaction; provided that such payments are made in a manner that results in the permanent reduction in the balance of such Indebtedness and, if applicable, a permanent reduction in any outstanding commitment for future incurrences of Indebtedness thereunder;

(c) all distributions and other payments required to be made to Minority Interest holders in Subsidiaries or joint ventures as a result of such Asset Sale or Sale and Leaseback Transaction;

(d) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities associated with the assets disposed of in such Asset Sale or Sale and Leaseback Transaction and retained by the Parent Guarantor, the Company or any Restricted Subsidiary after such Asset Sale or Sale and Leaseback Transaction; and

(e) all relocation expenses as a result thereof and all related severance and associated costs, expenses and charges of personnel related to assets and related operations disposed of;

provided that, if any consideration for an Asset Sale or Sale and Leaseback Transaction (which would otherwise constitute Net Available Cash) is required to be held in escrow pending determination of whether a purchase price adjustment will be made, or as a reserve in accordance with GAAP, such consideration (or any portion thereof) shall become Net Available Cash only at such time as it is released to the Parent Guarantor, the Company or the Restricted Subsidiaries from escrow or is released from such reserve.

"*Net Cash Proceeds*" means with respect to any issuance or sale of Capital Stock or options, warrants or rights to purchase Capital Stock, or debt securities or Capital Stock that have been converted into or exchanged for Capital Stock as referred to in the covenant described under "—Certain Covenants—Restricted Payments," the aggregate proceeds of such issuance or sale in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of, or stock or other assets when disposed of for, cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Parent Guarantor, the Company or any Restricted Subsidiary), net of (a) attorneys' fees, accountants' fees and brokerage,

consultation, underwriting and other fees and expenses actually incurred in connection with such issuance or sale or (b) taxes paid or payable or required to be accrued as a liability under GAAP as a result thereof.

"*Net Working Capital*" means (i) all current assets of the Parent Guarantor, the Company and the Restricted Subsidiaries, less (ii) all current liabilities of the Parent Guarantor, the Company and the Restricted Subsidiaries, except current liabilities included in Indebtedness, in each case as set forth in Consolidated financial statements of the Parent Guarantor prepared in accordance with GAAP; provided that all of the following shall be excluded in the calculation of Net Working Capital: (a) current assets or liabilities relating to the mark-to-market value of Interest Rate Agreements and hedging arrangements constituting Permitted Debt or commodity price risk management activities arising in the ordinary course of the Oil and Gas Business; (b) any current assets or liabilities relating to non-cash charges arising from any grant of Capital Stock, options to acquire Capital Stock or other equity based awards; and (c) any current assets or liabilities relating to non-cash charges or accruals for future abandonment or asset retirement liabilities.

"*Non-Guarantor Restricted Subsidiary*" means any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary and is designated by the Parent Guarantor as a Non-Guarantor Restricted Subsidiary, as evidenced by a resolution of the Board of Directors of the Parent Guarantor.

"*Oil and Gas Business*" means the business of exploiting, exploring for, developing, acquiring, operating, servicing, producing, processing, gathering, marketing, storing, selling, hedging, treating, swapping, refining and transporting Hydrocarbons, Hydrocarbon properties or Hydrocarbon assets and other related energy businesses and activities arising from, relating to or necessary, ancillary, complementary or incidental to the foregoing.

"*Oil and Gas Liens*" means (i) Liens on any specific property or any interest therein, construction thereon or improvement thereto to secure all or any part of the costs incurred for surveying, exploration, drilling, extraction, development, operation, production, construction, alteration, repair or improvement of, in, under or on such property and the plugging and abandonment of wells located thereon (it being understood that, in the case of oil and gas producing properties, or any interest therein, costs incurred for development shall include costs incurred for all facilities relating to such properties or to projects, ventures or other arrangements of which such properties form a part or which relate to such properties or interests); (ii) Liens on an oil or gas producing property to secure obligations incurred or guarantees of obligations incurred in connection with or necessarily incidental to commitments for the purchase or sale of, or the transportation or distribution of, the products derived from such property; (iii) Liens arising under partnership agreements, oil and gas leases, overriding royalty agreements, net profits agreements, production payment agreements, royalty trust agreements, incentive compensation programs for geologists, geophysicists and other providers of technical services to the Parent Guarantor, the Company or a Restricted Subsidiary, master limited partnership agreements, farm-out agreements, farm-in agreements, division orders, contracts for the sale, purchase, exchange, transportation, gathering or processing of oil, gas or other hydrocarbons, unitizations and pooling designations, declarations, orders and agreements, development agreements, operating agreements, production sales contracts, area of mutual interest agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or geophysical permits or agreements, and other agreements which are customary in the Oil and Gas Business; provided in all instances that such Liens are limited to the assets that are the subject of the relevant agreement, program, order or contract; (iv) Liens arising in connection with Production Payments and Reserve Sales; (v) Liens on pipelines or pipeline facilities that arise by operation of law; and (vi) Liens on, or related to, properties and assets of the Parent Guarantor and its Subsidiaries to secure all or a part of the costs incurred in the ordinary course of business of exploration, drilling, development, production, processing, gas gathering, marketing, refining or storage, abandonment or operation thereof.

"*Oil and Gas Properties*" means all properties, including equity or other ownership interests therein, owned by a Person which contain or are believed to contain oil and gas reserves.

"*Parent Guarantor*" means Laredo Petroleum, LLC, a Delaware limited liability company, until a successor Person shall have become such pursuant to the applicable provisions of the Indenture, and thereafter "Parent Guarantor" shall mean such successor Person. If the corporate reorganization described herein is consummated, Laredo Petroleum, LLC will merge into Laredo Petroleum Holdings, Inc., with Laredo Petroleum Holdings, Inc. being the surviving entity and Laredo Petroleum Holdings, Inc. thereby becoming the "Parent Guarantor."

"*Pari Passu Indebtedness*" means any Indebtedness of the Company or a Guarantor that is pari passu in right of payment to the notes or a Guarantee, as the case may be.

"*Pari Passu Offer*" means an offer by the Company or a Guarantor to purchase all or a portion of Pari Passu Indebtedness to the extent required by the Indenture or other agreement or instrument pursuant to which such Pari Passu Indebtedness was issued.

"*Permitted Acquisition Indebtedness*" means Indebtedness (including Disqualified Stock) of the Parent Guarantor, the Company or any of the Restricted Subsidiaries to the extent such Indebtedness was Indebtedness:

(1) of an acquired Person prior to the date on which such Person became a Restricted Subsidiary as a result of having been acquired and not incurred in contemplation of such acquisition; or

(2) of a Person that was merged or consolidated with or into the Parent Guarantor, the Company or a Restricted Subsidiary that was not incurred in contemplation of such merger or consolidation;

provided that on the date such Person became a Restricted Subsidiary or the date such Person was merged or consolidated with or into the Parent Guarantor, the Company or a Restricted Subsidiary, as applicable, immediately after giving effect to such transaction on a pro forma basis (on the assumption that the transaction occurred on the first day of the four-quarter period for which financial statements are available ending immediately prior to the consummation of such transaction with the appropriate adjustments with respect to the transaction being included in such pro forma calculation),

(a) the Restricted Subsidiary, the Parent Guarantor or the Company, as applicable, would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test under the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock," or

(b) the Consolidated Fixed Charge Coverage Ratio for the Parent Guarantor would be no smaller than the Consolidated Fixed Charge Coverage Ratio for the Parent Guarantor immediately prior to such transaction.

"*Permitted Business Investments*" means Investments and expenditures made in the ordinary course of, or of a nature that is or shall have become customary in, the Oil and Gas Business as a means of engaging therein through agreements, transactions, properties, interests or arrangements that permit one to share or transfer risks or costs, comply with regulatory requirements regarding local ownership or otherwise or satisfy other objectives customarily achieved through the conduct of the Oil and Gas Business jointly with third parties, including (i) ownership interests in Hydrocarbon properties and interests therein, liquid natural gas facilities, drilling operations, processing facilities, refineries, gathering systems, pipelines, storage facilities, related systems or facilities, ancillary real property interests and interests therein; (ii) entry into and Investments and expenditures in the form of or pursuant to operating agreements, processing agreements, farm-in agreements, farm-out agreements, development agreements, area of mutual interest agreements, unitization agreements, pooling arrangements, joint bidding agreements, service contracts, joint venture agreements, partnership agreements (whether general or limited) and other similar agreements (including for limited liability

companies), working interests, royalty interests, mineral leases, production sharing agreements, production sales and marketing agreements, subscription agreements, stock purchase agreements, stockholder agreements, oil or gas leases, overriding royalty agreements, net profits agreements, production payment agreements, royalty trust agreements, incentive compensation programs on terms that are reasonably customary in the Oil and Gas Business for geologists, geophysicists and other providers of technical services to the Parent Guarantor, the Company or any Restricted Subsidiary, division orders, participation agreements, master limited partnership agreements, contracts for the sale, purchase, exchange, transportation, gathering, processing, marketing or storage of Hydrocarbons, communitizations, declarations, orders and agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or geophysical permits or agreements, or other similar or customary agreements, transactions, properties, interests or arrangements, Asset Swaps, and exchanges of properties of the Parent Guarantor, the Company or the Restricted Subsidiaries for other properties that, together with any cash and Cash Equivalents in connection therewith, are of at least equivalent value as determined in good faith by the Board of Directors of the Parent Guarantor with third parties, excluding, however, Investments in corporations or Unrestricted Subsidiaries that are Permitted Investments; (iii) capital expenditures, including, without limitation, acquisitions of properties that are related or incidental to, or used or useful in connection with, the Oil and Gas Business or other business activities that are not prohibited by the terms of the Indenture, and interests therein; and (iv) Investments of operating funds on behalf of co-owners of properties used in the Oil and Gas Business of the Parent Guarantor, the Company or the Subsidiaries pursuant to joint operating agreements.

"*Permitted Holder*" means the Equity Investors and Related Parties. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is (or pursuant to the third to last paragraph under "—Change of Control" is not required to be) made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means:

(1) Investments by the Parent Guarantor, the Company or any Restricted Subsidiary in (i) the Parent Guarantor, (ii) the Company, (iii) any Restricted Subsidiary or (iv) any Person which, as a result of such Investment, (a) becomes a Restricted Subsidiary or (b) is merged or consolidated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Parent Guarantor, the Company or any Restricted Subsidiary;

(2) Indebtedness of the Parent Guarantor, the Company or a Restricted Subsidiary described under clauses (4) and (5) of the definition of "Permitted Debt";

(3) repurchases of or other Investments in any of the notes or Guarantees;

(4) cash and Cash Equivalents;

(5) Investments in property, plants and equipment used in the ordinary course of business and Permitted Business Investments;

(6) Investments acquired by the Parent Guarantor, the Company or any Restricted Subsidiary in connection with an Asset Sale permitted under the covenant described under "—Certain Covenants—Asset Sales" to the extent such Investments are non-cash proceeds as permitted under such covenant;

(7) Investments in existence on the Issue Date, and any extension, modification or renewal of any such Investments, but only to the extent not involving additional advances, contributions or other transfers of cash or other assets in respect of such Investments;

(8) Investments acquired in exchange for the issuance of, or out of the Net Cash Proceeds of the substantially concurrent (a) contribution (other than from the Company or a Restricted

Subsidiary) to the equity capital of the Parent Guarantor in respect of, or (b) sale (other than to the Company or a Restricted Subsidiary) of, Qualified Capital Stock of the Parent Guarantor;

(9) Investments in prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and other similar deposits provided to third parties in the ordinary course of business;

(10) relocation allowances for, and loans or advances to, officers, directors or employees of the Parent Guarantor, the Company or the Restricted Subsidiaries in the ordinary course of business for bona fide business purposes of the Parent Guarantor, the Company and the Restricted Subsidiaries (including travel, entertainment and relocation expenses) in the aggregate amount outstanding at any one time of not more than $2 million;

(11) receivables owing to the Parent Guarantor, the Company or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Parent Guarantor, the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(12) payroll, commission, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(13) any Investments received in good faith in settlement of litigation, arbitration or other disputes (including pursuant to any workout, restructuring, recapitalization or bankruptcy or insolvency proceedings) with Persons who are not Affiliates, or compromise or resolution of, or upon satisfaction of judgments with respect to receivables or other obligations that were obtained in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or as a result of a foreclosure or title transfer by the Parent Guarantor, the Company or any Restricted Subsidiary with respect to a secured Investment in default;

(14) any Person to the extent such Investments consist of Commodity Agreements, Interest Rate Agreements or Currency Agreements otherwise permitted under the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock";

(15) Investments in a Restricted Subsidiary acquired after the Issue Date or of any entity merged into or consolidated with the Parent Guarantor, the Company or a Restricted Subsidiary in accordance with the covenant described under "—Certain Covenants—Consolidation, Merger and Sale of Assets" to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;

(16) Investments in any units of any oil and gas royalty trust;

(17) Guarantees of Indebtedness permitted under the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock";

(18) Guarantees of performance or other obligations (other than Indebtedness) arising in the ordinary course in the Oil and Gas Business, including obligations under oil and natural gas exploration, development, joint operating, and related agreements and licenses, concessions or operating leases related to the Oil and Gas Business;

(19) advances and prepayments for asset purchases in the ordinary course of business in the Oil and Gas Business of the Parent Guarantor, the Company or any Restricted Subsidiary;

(20) any other Investment the amount of which, when combined with the aggregate amount of all other outstanding Investments made pursuant to this clause (20), does not exceed the greater of (x) $20 million and (y) 1.0% of Adjusted Consolidated Net Tangible Assets determined at the time the Investment is made; provided that, if any Investment is made in a Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person later becomes a Restricted Subsidiary, such Investment shall be deemed to have been made pursuant to clause (1) of this definition and shall cease to have been made pursuant to this clause (20) for so long as such Person continues to be a Restricted Subsidiary; and

(21) guarantees received with respect to any Permitted Investment listed above.

In connection with any assets or property contributed or transferred to any Person as an Investment, such property and assets shall be equal to the Fair Market Value at the time of Investment, without regard to subsequent changes in value or writeups, writedowns or writeoffs.

With respect to any Investment, the Parent Guarantor may, in its sole discretion, allocate all or any portion of any Investment to one or more of the above clauses so that the entire Investment is a Permitted Investment.

"*Permitted Lien*" means:

(a) any Lien existing as of the Issue Date to the extent and in the manner such Liens are securing Indebtedness or obligations existing on the Issue Date;

(b) any Lien securing Indebtedness under the Senior Credit Facility or any other Credit Facility permitted to be incurred under the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock";

(c) any Lien securing the notes, the Guarantees and other obligations arising under the Indenture;

(d) Liens securing Permitted Refinancing Indebtedness which is incurred to Refinance any Indebtedness which has been secured by a Lien permitted under the Indenture and which has been incurred in accordance with the provisions of the Indenture; provided, however, that such Liens (1) are no less favorable to the Holders and are not more favorable to the lienholders with respect to such Liens than the Liens in respect of the Indebtedness being Refinanced and (2) do not extend to or cover any property or assets of the Parent Guarantor, the Company or any Restricted Subsidiary not securing the Indebtedness so Refinanced;

(e) any Lien arising by reason of:

(1) any judgment, decree or order of any court, so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree or order shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

(2) taxes, assessments or governmental charges or claims that are not yet delinquent or which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted; provided that any reserve or other appropriate provision as will be required in conformity with GAAP will have been made therefor;

(3) security made in the ordinary course of business in connection with workers' compensation, unemployment insurance or other types of social security or similar legislation;

(4) good faith deposits in connection with tenders, leases and contracts (other than contracts for the payment of Indebtedness);

(5) survey exceptions, zoning restrictions, easements, licenses, reservations, title defects, rights of others for rights of way, utilities, sewers, electric lines, telephone or telegraph lines, and other similar purposes, provisions, covenants, conditions, waivers, restrictions on the use of property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, Liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under a landlord or owner of the leased property, with or without consent of the lessee), none of which materially impairs the use of any parcel of property material to the operation of the business of the Parent Guarantor, the Company or the Restricted Subsidiaries or the value of such property for the purpose of such business;

(6) deposits to secure public or statutory obligations, or in lieu of surety or appeal bonds;

(7) operation of law or contract in favor of mechanics, carriers, warehousemen, landlords, materialmen, laborers, employees, suppliers and similar persons, incurred in the ordinary course of business, to the extent such Liens relate only to the tangible property of the lessee which is located on such property, for sums which are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof; if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(8) Indebtedness or other obligations of the Parent Guarantor, the Company or a Restricted Subsidiary owing to the Parent Guarantor, the Company or a Restricted Subsidiary; or

(9) normal depository or cash-management arrangements with banks;

(f) any Lien securing Acquired Debt created prior to (and not created in connection with, or in contemplation of) the incurrence of such Indebtedness by the Parent Guarantor, the Company or the Restricted Subsidiaries; provided that such Lien only secures the assets acquired in connection with the transaction pursuant to which the Acquired Debt became an obligation of the Parent Guarantor, the Company or a Restricted Subsidiary;

(g) any Lien to secure performance bids, leases (including, without limitation, statutory and common law landlord's liens), statutory obligations, letters of credit and other obligations of a like nature and incurred in the ordinary course of business of the Parent Guarantor, the Company or the Restricted Subsidiaries and not securing or supporting Indebtedness, and any Lien to secure statutory or appeal bonds;

(h) any Lien securing Indebtedness permitted to be incurred pursuant to clause (7) of the definition of "Permitted Debt," so long as none of such Indebtedness constitutes debt for borrowed money;

(i) any Lien securing Capital Lease Obligations or Purchase Money Obligations incurred or assumed in accordance with the Indenture solely in connection with the acquisition, construction, improvement or development of real or personal, moveable or immovable property; provided that such Liens only extend to such property so acquired, constructed, improved or developed (together with improvements, additions, accessions and contractual rights relating primarily thereto and all proceeds thereof (including dividends, distributions and increases in respect thereof)), such Indebtedness secured by such Lien shall either (x) be in an amount not in excess of the original purchase price or the original cost of such property so acquired, constructed, improved or developed or (y) be with recourse solely to such assets, in the case of clause (x) or (y), together with improvements, additions, accessions and contractual rights relating primarily thereto and all proceeds thereof (including dividends, distributions and increases in respect thereof), the incurrence of such Indebtedness is permitted by the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock" and such Lien is incurred not more than 360 days after

the later of the acquisition or completion of construction, improvement or development of the property subject to such Lien;

(j) leases and subleases of real property which do not materially interfere with the ordinary conduct of the business of the Parent Guarantor, the Company or the Restricted Subsidiaries;

(k) (1) Liens on property, assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Parent Guarantor, the Company or any Restricted Subsidiary; provided that such Liens are not created, incurred or assumed in connection with, or in contemplation of, such other Person becoming a Restricted Subsidiary or such merger or consolidation; provided, further that any such Lien may not extend to any other property owned by the Parent Guarantor, the Company or any Restricted Subsidiary and assets fixed or appurtenant thereto; and (2) Liens on property, assets or shares of Capital Stock existing at the time of acquisition thereof by the Parent Guarantor, the Company or any Restricted Subsidiary; provided that such Liens are not created, incurred or assumed in connection with, or in contemplation of, such acquisition and do not extend to any property other than the property so acquired;

(l) Oil and Gas Liens, in each case which are not incurred in connection with the borrowing of money;

(m) Liens on the Capital Stock of any Unrestricted Subsidiary owned by the Parent Guarantor, the Company or any Restricted Subsidiary to the extent securing Indebtedness of such Unrestricted Subsidiary;

(n) Liens arising from Uniform Commercial Code financing statement filings regarding operating leases entered into by the Parent Guarantor, the Company and the Restricted Subsidiaries in the ordinary course of business;

(o) Liens upon specific items of inventory, receivables or other goods or proceeds of the Parent Guarantor, the Company or any Restricted Subsidiary securing such Person's obligations in respect of bankers' acceptances or receivables securitizations issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory, receivables or other goods or proceeds and permitted by the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock";

(p) Liens securing any insurance premium financing under customary terms and conditions; provided that no such Lien may extend to or cover any assets or property other than the insurance being acquired with such financing, the proceeds thereof and any unearned or refunded insurance premiums related thereto;

(q) Liens in favor of collecting or payor banks having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Parent Guarantor, the Company or any Restricted Subsidiary on deposit with or in possession of any such bank;

(r) Liens arising under the Indenture in favor of the Trustee thereunder for its own benefit and similar Liens in favor of other trustees, agents and representatives arising under instruments governing Indebtedness permitted to be incurred under the Indenture; provided, however, that such Liens are solely for the benefit of the trustees, agents or representatives in their capacities as such and not for the benefit of the holders of such Indebtedness;

(s) Liens arising from the deposit of funds or securities in trust for the purpose of decreasing or defeasing Indebtedness so long as such deposit of funds or securities and such decreasing or defeasing of Indebtedness are permitted under the covenant described under "—Certain Covenants—Restricted Payments";

(t) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (a) through (s) so long as no additional collateral is granted as security thereby; and

(u) in addition to the items referred to in clauses (a) through (t) above, any Lien of the Parent Guarantor, the Company or any Restricted Subsidiary to secure Indebtedness the amount of which, when combined with the outstanding amount of all other Indebtedness secured by Liens incurred pursuant to this clause (u), does not exceed $15 million.

In each case set forth above, notwithstanding any stated limitation on the assets that may be subject to such Lien, a Permitted Lien on a specified asset or group or type of assets may include Liens on all improvements, additions, accessions and contractual rights relating primarily thereto and all proceeds thereof (including dividends, distributions and increases in respect thereof).

Notwithstanding anything in clauses (a) through (u) of this definition, the term Permitted Liens does not include any Liens resulting from the creation, incurrence, issuance, assumption or guarantee of any Production Payments other than (i) Production Payments that are created, incurred, issued, assumed or guaranteed in connection with the financing of, and within 90 days after, the acquisition of the properties or assets that are subject thereto and (ii) Volumetric Production Payments that constitute Asset Sales.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Parent Guarantor, the Company or any Restricted Subsidiary issued in a Refinancing of other Indebtedness of the Parent Guarantor, the Company or any Restricted Subsidiary (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness being Refinanced (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date no earlier than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being Refinanced; and

(3) if the Indebtedness being Refinanced is subordinated in right of payment to the notes or a Guarantee, such Permitted Refinancing Indebtedness is subordinated in right of payment to the notes or such Guarantee, as the case may be, on terms at least as favorable to the Holders of notes as those contained in the documentation governing the Indebtedness being Refinanced or shall be Capital Stock of the obligor on the Indebtedness being Refinanced.

"*Person*" means any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"*Preferred Stock*" means, with respect to any Person, any Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over the Capital Stock of any other class in such Person.

"*Production Payments*" means, collectively, Dollar Denominated Production Payments and Volumetric Production Payments.

"*Production Payments and Reserve Sales*" means the grant or transfer by the Parent Guarantor, the Company or a Restricted Subsidiary to any Person of a bonus, rental payment, royalty, overriding royalty, net profits interest, production payment (whether volumetric or dollar denominated),

partnership or other interest in Oil and Gas Properties, reserves or the right to receive all or a portion of the production or the proceeds from the sale of production attributable to such properties where the holder of such interest has recourse solely to such production or proceeds of production, subject to the obligation of the grantor or transferor to operate and maintain, or cause the subject interests to be operated and maintained, in a reasonably prudent manner or other customary standard or subject to the obligation of the grantor or transferor to indemnify for environmental, title or other matters customary in the Oil and Gas Business, including any such grants or transfers pursuant to incentive compensation programs on terms that are reasonably customary in the Oil and Gas Business for geologists, geophysicists or other providers of technical services to the Parent Guarantor, the Company or a Restricted Subsidiary.

"*Property*" means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including Capital Stock and other securities issued by any other Person (but excluding Capital Stock or other securities issued by such first mentioned Person).

"*Purchase Money Obligation*" means any Indebtedness secured by a Lien on assets related to the business of the Parent Guarantor, the Company or any Restricted Subsidiary that are acquired, constructed, improved or developed by the Parent Guarantor, the Company or any Restricted Subsidiary at any time after the Issue Date; provided that

(1) the security agreement or conditional sales or other title retention contract pursuant to which the Lien on such assets is created (collectively, a "Purchase Money Security Agreement") shall be entered into no later than 360 days after the acquisition or completion of the construction, improvements or development of such assets and shall at all times be confined solely to the assets so acquired, constructed, improved or developed (together with improvements, additions, accessions and contractual rights relating primarily thereto and all proceeds thereof (including dividends, distributions and increases in respect thereof)),

(2) at no time shall the aggregate principal amount of the outstanding Indebtedness secured thereby be increased, except in connection with the purchase of improvements, additions, accessions and contractual rights relating primarily thereto and except in respect of fees and other obligations in respect of such Indebtedness, and

(3) either (A) the aggregate outstanding principal amount of Indebtedness secured thereby (determined on a per asset basis in the case of any additions and accessions) shall not at the time such Purchase Money Security Agreement is entered into (except as specified in clause (2)) exceed 100% of the purchase price to the Parent Guarantor, the Company or a Restricted Subsidiary, as the case may be, of the assets subject thereto or (B) the Indebtedness secured thereby shall be with recourse solely to the assets so purchased or acquired (together with, in the case of clause (A) or (B), any improvements, additions, accessions and contractual rights relating primarily thereto and all proceeds thereof (including dividends, distributions and increases in respect thereof)).

"*Qualified Capital Stock*" of any Person means any and all Capital Stock of such Person other than Disqualified Stock.

"*Rating Agencies*" means (a) S&P and Moody's or (b) if S&P or Moody's or both of them are not making ratings of the notes publicly available, a nationally recognized U.S. rating agency or agencies, as the case may be, selected by the Parent Guarantor, which will be substituted for S&P or Moody's or both, as the case may be.

"*Refinance*" means, in respect of any Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, effect a change by amendment or modification, defease or retire, or to issue an Indebtedness in exchange or replacement for (or the net proceeds of which are used to Refinance),

such Indebtedness in whole or in part. "Refinanced" and "Refinancing" shall have correlative meanings.

"*Related Party*" means:

(1) any controlling stockholder, partner, member, 51% (or more) owned Subsidiary or immediate family member (in the case of an individual) of any Equity Investor; or

(2) any trust, corporation, partnership, limited liability company or other Person (other than any individual), the beneficiaries, stockholders, partners, members, owners or Persons beneficially holding (directly or through one or more Subsidiaries) a 51% or more controlling interest of which consist of any one or more Equity Investors or such other Persons referred to in the immediately preceding clause (1) or this clause (2).

"Restricted Subsidiary" means any Subsidiary of the Parent Guarantor (other than the Company) that has not been designated by the Board of Directors of the Parent Guarantor by a board resolution delivered to the Trustee as an Unrestricted Subsidiary pursuant to a Designation (not subject to a subsequent Revocation) in compliance with the covenant described under "—Certain Covenants—Unrestricted Subsidiaries."

"*S&P*" means Standard and Poor's Ratings Services (or any successor to the rating agency business thereof).

"*Sale and Leaseback Transaction*" means, with respect to the Parent Guarantor, the Company or any Restricted Subsidiary, any arrangement with any Person providing for the leasing by the Parent Guarantor, the Company or any Restricted Subsidiary of any principal property, acquired or placed into service more than 180 days prior to such arrangement, whereby such property has been or is to be sold or transferred by the Parent Guarantor, the Company or any Restricted Subsidiary to such Person.

"*Securities Act*" means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated by the Commission thereunder.

"*Senior Credit Agreement*" means the Second Amended and Restated Credit Agreement, dated as of July 7, 2010, by and among the Company, as Borrower, the financial institutions as listed therein, as Banks, Bank of America, N.A, as Administrative Agent, Wells Fargo Bank, N.A., as Syndication Agent, JPMorgan Chase Bank, N.A., Bank of Montreal and Union Bank, N.A., as Co-Documentation Agents, and Banc of America Securities LLC, as Sole Lead Arranger, and the lenders party thereto, as such agreement, in whole or in part, in one or more instances, may be amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time (including, without limitation, any successive renewals, extensions, substitutions, refinancings, restructurings, replacements (whether by the same or any other agent, lender or group of lenders), supplementations or other modifications of the foregoing) together with the related documents thereto (including, without limitation, any guarantee agreements and security documents).

"*Significant Subsidiary*" means any Restricted Subsidiary that would be a "significant subsidiary" of the Parent Guarantor within the meaning of Rule 1-02 under Regulation S-X promulgated by the Commission as in effect on the Issue Date.

"*Stated Maturity*" means, when used with respect to any Indebtedness or any installment of interest thereon, the dates specified in such Indebtedness as the fixed date on which the principal of such Indebtedness or such installment of interest, as the case may be, is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means Indebtedness of the Company or a Guarantor subordinated in right of payment to the notes or a Guarantee, as the case may be.

"*Subsidiary*" with respect to any Person, means any (i) corporation, association or other business entity (other than a partnership) of which the outstanding Capital Stock having a majority of the votes entitled to be cast in the election of directors, managers or trustees of such entity under ordinary circumstances shall at the time be owned, directly or indirectly, by such Person or any other Person of which a majority of the voting interests under ordinary circumstances is at the time, directly or indirectly, owned by such Person or (ii) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"*Subsidiary Guarantor*" means any Guarantor other than the Parent Guarantor.

"*Trade Accounts Payable*" means (a) accounts payable or other obligations of the Parent Guarantor, the Company or any Restricted Subsidiary created or assumed by the Parent Guarantor, the Company or such Restricted Subsidiary in the ordinary course of business in connection with the obtaining of goods or services and (b) obligations arising under contracts for the exploration, development, drilling, completion and plugging and abandonment of wells or for the construction, repair or maintenance of related infrastructure or facilities.

"*Transaction*" means any transaction; provided that, if such transaction is part of a series of related transactions, "*Transaction*" refers to such related transactions as a whole.

"*Unrestricted Subsidiary*" means any Subsidiary of the Parent Guarantor (other than the Company) designated (or deemed designated) as such pursuant to and in compliance with the covenant described under "—Certain Covenants—Unrestricted Subsidiaries."

"*Unrestricted Subsidiary Indebtedness*" means Indebtedness of any Unrestricted Subsidiary

(1) as to which none of the Parent Guarantor, the Company nor any Restricted Subsidiary is directly or indirectly liable (by virtue of the Parent Guarantor, the Company or any such Restricted Subsidiary being the primary obligor on, guarantor of, or otherwise liable in any respect to, such Indebtedness), except to the extent of Capital Stock of such Unrestricted Subsidiary pledged as contemplated by clause (m) of the definition of "Permitted Lien" and for Guaranteed Debt of the Parent Guarantor, the Company or any Restricted Subsidiary to any Affiliate of the Company, in which case (unless the incurrence of such Guaranteed Debt resulted in a Restricted Payment at the time of incurrence) the Parent Guarantor shall be deemed to have made a Restricted Payment equal to the principal amount of any such Indebtedness to the extent guaranteed at the time such Affiliate is designated an Unrestricted Subsidiary, and

(2) which, upon the occurrence of a default with respect thereto, does not result in, or permit any holder of any Indebtedness of the Parent Guarantor, the Company or any Restricted Subsidiary to declare, a default on such Indebtedness of the Parent Guarantor, the Company or any Restricted Subsidiary or cause the payment thereof to be accelerated or payable prior to its Stated Maturity;

provided that notwithstanding the foregoing, any Unrestricted Subsidiary may guarantee the notes.

"*U.S. Government Obligations*" means (i) securities that are (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (b) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the full and timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof; and (ii) depositary receipts issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any U.S. Government Obligation which is specified in clause (i) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal or

interest on any U.S. Government Obligation which is so specified and held; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal or interest of the U.S. Government Obligation evidenced by such depositary receipt.

"*Volumetric Production Payment*" means a production payment that is recorded as a sale in accordance with GAAP, whether or not the sale price must be recorded as deferred revenue, together with all undertakings and obligations in connection therewith.

"*Voting Stock*" of a Person means Capital Stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect the members of the Board of Directors, managers or trustees of such Person (irrespective of whether or not at the time Capital Stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness or Preferred Stock at any date, the number of years obtained by dividing (1) the then outstanding aggregate principal amount of such Indebtedness or Preferred Stock into (2) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal or (with respect to Preferred Stock) redemption or similar payment, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"*Wholly Owned Restricted Subsidiary*" means a Restricted Subsidiary all the Capital Stock of which is owned by the Parent Guarantor or another Wholly Owned Restricted Subsidiary (other than directors' qualifying shares).

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

General

The following general discussion summarizes certain material U.S. federal income tax consequences of the exchange of old notes for new notes pursuant to this exchange offer and of the ownership and sale or other disposition of notes by the original beneficial owners of the old notes (referred to herein as "holders") who exchange old notes for new notes in this exchange offer and who hold the notes as capital assets (generally, property held for investment).

This discussion is based upon the Internal Revenue Code of 1986 (the "Code"), regulations of the Treasury Department ("Treasury Regulations"), Internal Revenue Service (the "IRS") rulings and pronouncements, and judicial decisions now in effect. These authorities are subject to change or differing interpretations (possibly on a retroactive basis), so as to result in U.S. federal income tax consequences different from those set forth below. We have not and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance that the IRS will not take positions concerning the tax consequences of the exchange offer or of the ownership and sale or other disposition of notes which are different from those discussed below or that a contrary position taken by the IRS would not be sustained by a court.

This discussion is a summary for general information only and does not consider all aspects of U.S. federal income taxation that may be relevant to the ownership and sale or other disposition of notes by a particular holder in light of such holder's specific circumstances. It does not describe any tax consequences arising out of the tax laws of any state, local or non-U.S. jurisdiction, any estate or gift tax consequences, any consequences arising under the newly enacted Medicare tax on certain investment income or the U.S. federal income tax consequences to investors subject to special treatment under the U.S. federal income tax laws, such as:

- dealers in securities or currencies;
- tax-exempt entities (including individual retirement accounts and tax-deferred accounts);
- banks, thrifts and other financial institutions;
- regulated investment companies and real estate investment trusts and their shareholders;
- traders in securities that have elected the mark-to-market method of accounting for their securities;
- insurance companies;
- persons that hold notes as part of a "straddle," a "hedge" or a "conversion transaction" or other risk reduction transaction or a "constructive sale" or "wash sale";
- persons liable for alternative minimum tax;
- certain United States expatriates;
- U.S. holders (defined below) that have a "functional currency" other than the U.S. dollar;
- pass-through entities for U.S. federal income tax purposes (e.g., partnerships or other entities or arrangements classified as partnerships for U.S. federal income tax purposes) or investors who hold the notes through such pass-through entities;
- passive foreign investment companies and controlled foreign corporations and shareholders of such corporations; or
- holders that acquire the notes for a price other than their issue price.

If a partnership, including any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds notes, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. If you are a partnership for U.S. federal income tax

purposes (or if you are a partner in such a partnership), you should consult with your tax advisor regarding the tax consequences of the exchange of old notes for new notes pursuant to this exchange offer and of owning and selling or otherwise disposing of notes.

You are urged to consult your own tax advisor with respect to the application of the U.S. federal income tax laws to your particular situation, as well as any tax considerations arising under other U.S. federal tax laws, the laws of any state, local or non-U.S. taxing jurisdiction or any applicable income tax treaty.

Certain Additional Payments

Certain debt instruments that provide for one or more contingent payments are subject to Treasury Regulations governing contingent payment debt instruments. A payment is not treated as a contingent payment under these regulations if, as of the issue date of the debt instrument, the contingencies that could give rise to an additional payment on the debt instrument in excess of stated interest or principal are remote or incidental (considered individually and in the aggregate). In certain circumstances (see the discussion of "Description of the Notes") we may pay amounts on the notes that are in excess of the stated interest or principal of the notes. We intend to take the position that the possibility that any such payment will be made is remote. Accordingly, we will not treat the notes as contingent payment debt instruments. Our determination that these contingencies are remote is binding on you unless you disclose your contrary position to the IRS in the manner that is required by applicable Treasury Regulations. Our determination is not, however, binding on the IRS. It is possible that the IRS might take a different position from that described above, in which case the timing, character and amount of taxable income in respect of the notes may be different from that described herein. In any event, if we actually make any such payment, the timing, amount and character of a holder's income, gain or loss with respect to the notes may be affected. The remainder of this discussion assumes that the notes will not be contingent payment debt instruments. Holders are urged to consult their own tax advisors regarding the potential application to the notes of the rules regarding contingent payment debt instruments and the consequences thereof.

U.S. Holders

A "U.S. holder" is a beneficial owner of notes that, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity subject to tax as a corporation created or organized in or under the laws of the United States, any of its states or the District of Columbia;
- an estate if its income is subject to U.S. federal income taxation regardless of its source; or
- a trust if a U.S. court is able to exercise primary supervision over administration of the trust and one or more United States persons have authority to control all substantial decisions of the trust, or that validly elected under applicable U.S. Treasury Regulations to continue to be treated as a U.S. person.

Exchange of an Old Note for a New Note Pursuant to the Exchange Offer

Because the new notes will not differ materially in kind or extent from the old notes, the exchange will not constitute a taxable event for U.S. federal income tax purposes. Rather, the new notes will be treated as a continuation of the old notes. Consequently, (i) you will recognize no gain or loss upon receipt of a new note, (ii) your holding period for the new note will include your holding period for the old note exchanged therefor, and (iii) your basis in the new note will be the same as your basis in the old note exchanged therefor immediately before the exchange.

Pre-Issuance Accrued Interest

For U.S. holders that purchased old notes at their original issuance on October 19, 2011, in accordance with applicable Treasury Regulations we take the position that on the first interest payment date, a portion of the interest payment received by the U.S. holder is treated as a return of the amount of "Pre-Issuance Accrued Interest" that was paid by such U.S. holder when purchasing an old note, rather than as taxable interest, as if the U.S. holder had purchased a debt instrument on the secondary market between interest payment dates. "Pre-Issuance Accrued Interest" is the amount of unpaid interest on the already outstanding old notes that accrued between August 15, 2011 and October 19, 2011. U.S. holders should consult their own tax advisors concerning the treatment of the Pre-Issuance Accrued Interest on the new notes.

Taxation of Interest

Interest on the new notes (which should exclude the Pre-Issuance Accrued Interest described above) is generally taxable to you as ordinary income:

- when it accrues, if you use the accrual method of accounting for U.S. federal income tax purposes; or
- when you receive it, if you use the cash method of accounting for U.S. federal income tax purposes.

As described above, for U.S. holders that purchased notes at their original issuance on October 19, 2011, we take the position that on the first interest payment date, the portion of the cash interest payment received in an amount equal to the Pre-Issuance Accrued Interest is treated as a return of the Pre-Issuance Accrued Interest and not as a payment of stated interest on the note.

Amortizable Bond Premium

If a U.S. holder purchased an old note at its original issuance on October 19, 2011 for an amount (which should exclude any amount attributable to the Pre-Issuance Accrued Interest) in excess of the amount payable at maturity of the old note, the U.S. holder will be considered to have purchased the old note with "amortizable bond premium" equal in amount to the excess of the U.S. holder's purchase price for the old note over the amount payable at maturity of the old note (or on an earlier call date if it would result in a smaller amortizable bond premium). The amortizable bond premium with respect to a new note will be equal to the amortizable bond premium with respect to the old note exchanged therefor in the exchange offer. Generally, a U.S. holder may elect to amortize such bond premium as an offset to interest income, using a constant yield method. However, under the applicable Treasury Regulations, for purposes of calculating the amortization, it is assumed that we will exercise any redemption rights in a manner that maximizes the U.S. holder's yield to maturity and, consequently, such amortization may be reduced and/or deferred. If a U.S. holder makes such an election, the U.S. holder's tax basis in the note will be reduced by the amount of the allowable amortization. If a U.S. holder does not elect to amortize bond premium, the premium will decrease the gain or increase the loss that such U.S. holder would otherwise recognize on a disposition of its note. An election to amortize bond premium applies to all taxable debt obligations held during or after the taxable year for which the election is made and may be revoked only with the consent of the IRS. U.S. holders should consult their own tax advisors before making this election and regarding the calculation and amortization of any bond premium on the notes.

Sale or Other Disposition of Notes

You generally must recognize taxable gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of a note (but not including the exchange of an old note for a new note in connection with this exchange offer). The amount of your gain or loss equals the difference between (i) the sum of the amount of cash plus the fair market value of all other property you receive for the

note (to the extent such amount does not represent payment of accrued but unpaid interest, which will be taxable as ordinary income in the manner described above and which should include, for this purpose, any amount attributable to Pre-Issuance Accrued Interest described above), and (ii) your tax basis in the note. Your initial tax basis in a note generally is the price you paid for the note (which should exclude any amount attributable to Pre-Issuance Accrued Interest), and if a U.S. holder elects to amortize bond premium as described above under "—U.S. Holders—Amortizable Bond Premium," reduced by the amount of the bond premium used to offset interest income. Any such gain or loss on a taxable disposition of a note will generally constitute capital gain or loss and will be long-term capital gain or loss if you hold such note for more than one year. Long-term capital gains of individuals and other non-corporate U.S. holders are generally eligible for preferential rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

Information reporting may apply to payments of interest on, or the proceeds of the sale or other disposition (including a retirement or redemption) of, notes held by you, and backup withholding generally will apply to such amounts unless you provide us or the appropriate intermediary with a taxpayer identification number, certified under penalties of perjury, and comply with certain certification procedures, or you otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against your U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed your actual U.S. federal income tax liability and you provide the required information or appropriate claim form to the IRS on a timely basis.

Non-U.S. Holders

This discussion applies to you if you are a "non-U.S. holder." You are a "non-U.S. holder" for purposes of this discussion if you are a beneficial owner of notes and are for U.S. federal income tax purposes an individual, corporation, estate or trust that is not a U.S. holder.

Special rules may apply to certain non-U.S. holders, such as "controlled foreign corporations", "passive foreign investment companies", "foreign personal holding companies" and corporations that accumulate earnings to avoid U.S. federal income tax, that are subject to special treatment under the Code. Such entities should consult their own tax advisors to determine the United States federal, state, local and other tax consequences that may be relevant to them.

Exchange of an Old Note for a New Note Pursuant to the Exchange Offer

The tax consequences of the exchange offer to Non-U.S. holders are the same as described above under the heading "—U.S. Holders—Exchange of an Old Note for a New Note Pursuant to the Exchange Offer."

Income and Withholding Tax on Payments on the New Notes

Subject to the discussion of backup withholding below, you will generally not be subject to U.S. federal income or withholding tax on payments of interest on a note, provided that:

- you are not:
  - an actual or constructive owner of 10% or more of the total combined voting power of all classes of our voting stock that are entitled to vote within the meaning of Section 871(h)(3) of the Code and the Treasury Regulations thereunder;
  - a controlled foreign corporation for U.S. federal income tax purposes related (directly, indirectly or constructively) to us through sufficient stock ownership (as provided in the Code); or
  - a bank whose receipt of interest on a note is described in Section 881(c)(3)(A) of the Code;

- such interest payments are not effectively connected with the conduct by you of a trade or business within the United States; and
- we or our paying agent receives:
  - from you, a properly completed Form W-8BEN (or other applicable form) signed under penalties of perjury, which provides your name and address and certifies that you are not a United States person (as defined in the Code); or
  - from a security clearing organization, bank or other financial institution that holds the notes in the ordinary course of its trade or business (a "financial institution") on your behalf, certification under penalties of perjury that such a Form W-8BEN (or other applicable form) has been received by it, or by another such financial institution, from you, and a copy of the Form W-8BEN (or other applicable form) must be attached to such certification.

The applicable Treasury Regulations provide alternative methods for satisfying the certification requirement described above. In addition, special rules may apply to holders who hold notes through "qualified intermediaries" within the meaning of U.S. federal income tax laws.

If interest on a note is effectively connected with your conduct of a trade or business in the United States and, if you are entitled to benefits under an applicable income tax treaty, such interest is attributable to a permanent establishment or a fixed base maintained by you in the United States, then such income generally will be subject to U.S. federal income tax on a net basis at the rates applicable to U.S. holders generally (and, if you are a corporate non-U.S. holder, such income may also be subject to a 30% branch profits tax or such lower rate as may be available under an applicable income tax treaty). If interest is subject to U.S. federal income tax on a net basis in accordance with the rules described in the preceding sentence, payments of such interest will not be subject to withholding of U.S. federal income tax so long as you provide the applicable withholding agent with a properly completed Form W-8ECI (or other applicable form), signed under penalties of perjury.

A non-U.S. holder that does not qualify for exemption from withholding under the preceding paragraphs generally will be subject to withholding of U.S. federal income tax at the rate of 30% on payments of interest on the notes, unless such non-U.S. holder provides the applicable withholding agent with a properly executed IRS Form W-8BEN (or other applicable form) claiming an exemption from or reduction in withholding under the benefit of an applicable income tax treaty.

NON-U.S. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS ABOUT ANY APPLICABLE INCOME TAX TREATIES, WHICH MAY PROVIDE FOR AN EXEMPTION FROM OR A LOWER RATE OF WITHHOLDING TAX, EXEMPTION FROM OR REDUCTION OF BRANCH PROFITS TAX, OR OTHER RULES DIFFERENT FROM THOSE DESCRIBED ABOVE.

Sale or Other Disposition of Notes

Subject to the discussion of backup withholding below, any gain realized by you on the sale, exchange, redemption, retirement or other disposition of a note generally will not be subject to U.S. federal income or withholding tax, unless:

- such gain is effectively connected with your conduct of a trade or business in the United States and, if you are entitled to benefits under an applicable income tax treaty, such gain is attributable to a permanent establishment or a fixed base maintained by you in the United States;
- in the case of an amount which is attributable to interest, you do not meet the conditions for exemption from U.S. federal income or withholding tax, as described above; or
- you are an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are satisfied.

If the first bullet point applies, you generally will be subject to U.S. federal income tax with respect to such gain in the same manner as U.S. holders, as described above. In addition, if you are a corporation, you may also be subject to the branch profits tax described above. If the third bullet point applies, you generally will be subject to U.S. federal income tax at a rate of 30% (or at a reduced rate under an applicable income tax treaty) on the amount by which your capital gains from U.S. sources, including gain from such disposition, exceed your capital losses allocable to U.S. sources recognized in the same taxable year as the disposition, even though you are not considered a resident of the United States under the Code.

Information Reporting and Backup Withholding

Payments to you of interest on a note, and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and to you and information returns reporting such payments and any withholding may also be made available to the tax authorities in the country in which you reside under the provisions of an applicable income tax treaty or agreement. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. Backup withholding generally will not apply to payments of interest and principal on a note if you duly provide a certification as to your non-U.S. status, or you otherwise establish an exemption, provided that we or our paying agent do not have actual knowledge or reason to know that you are a United States person.

Payment of the proceeds on the sale or other disposition of a note by you within the United States or conducted through certain U.S.-related intermediaries generally will not be subject to information reporting requirements and backup withholding provided you properly certify under penalties of perjury as to your non-U.S. status and certain other conditions are met, or you otherwise establish an exemption.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against your U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed your actual U.S. federal income tax liability and you provide the required information or appropriate claim form to the IRS on a timely basis.

THE PRECEDING DISCUSSION OF CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION ONLY AND IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR NOTES, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

PLAN OF DISTRIBUTION

You may transfer new notes issued under the exchange offer in exchange for the old notes if:

- you acquire the new notes in the ordinary course of your business;
- you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of such new notes in violation of the provisions of the Securities Act; and
- you are not our "affiliate" (within the meaning of Rule 405 under the Securities Act).

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer in exchange for old notes that were acquired by such broker-dealer as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired as a result of market-making activities or other trading activities.

If you wish to exchange new notes for your old notes in the exchange offer, you will be required to make representations to us as described in "Exchange Offer—Purpose and Effect of the Exchange Offer" and "Exchange Offer—Procedures for Tendering—Your Representations to Us" in this prospectus and in the letter of transmittal. In addition, if you are a broker-dealer who receives new notes for your own account in exchange for old notes that were acquired by you as a result of market-making activities or other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale by you of such new notes.

We will not receive any proceeds from any sale of new notes by broker-dealers. New notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time on one or more transactions in any of the following ways:

- in the over-the-counter market;
- in negotiated transactions;
- through the writing of options on the new notes or a combination of such methods of resale;
- at market prices prevailing at the time of resale;
- at prices related to such prevailing market prices; or
- at negotiated prices.

Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such new notes.

Any broker-dealer that resells new notes that were received by it for its own account pursuant to the exchange offer in exchange for old notes that were acquired by such broker-dealer as a result of market-making or other trading activities may be deemed to be an "underwriter" within the meaning of the Securities Act. The letter of transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. We agreed to permit the use of this prospectus for a period of up to 180 days after the date of this prospectus (or such shorter period during which exchanging broker-dealer or initial purchaser is required by law to deliver a prospectus). Furthermore, we agreed to amend or supplement this prospectus during such period if so requested in order to expedite or facilitate the disposition of any new notes by broker-dealers.

We have agreed to pay all expenses incident to the exchange offer other than transfer taxes, if any, and will indemnify the holders of the old notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

The validity of the new notes offered in this exchange offer will be passed upon for us by Akin Gump Strauss Hauer & Feld LLP, Houston, Texas, our outside counsel.

EXPERTS

The balance sheet of Laredo Petroleum Holdings, Inc. as of August 12, 2011 and the combined financial statements of Laredo Petroleum as of December 31, 2010 and 2009 and for each of the years in the three year period ended December 31, 2010, included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing in giving said reports.

The statement of revenues and direct operating expenses of the interests of Linn Energy Holdings, LLC, Linn Operating, Inc., Mid-Continent I, LLC, Mid-Continent II, LLC, and Linn Exploration MidContinent, LLC in certain oil and gas properties acquired by Laredo Petroleum, Inc. and subsidiaries for the period from January 1, 2008 to August 14, 2008, included in this prospectus and elsewhere in the registration statement have been so included in reliance upon the report of Grant Thornton LLP, independent certified public accountants, upon the authority of said firm as experts in accounting and auditing in giving said report.

The combined estimates of our proved reserves as of December 31, 2010 and June 30, 2011, as well as the estimates of Laredo Inc.'s proved reserves as of December 31, 2008 and December 31, 2009 included in this prospectus are based on a reserve report prepared by Ryder Scott Company, L.P., independent petroleum engineers. These estimates are included in this prospectus in reliance upon the authority of the firm as experts in these matters.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-4 under the Securities Act with respect to our exchange of the new notes. This prospectus does not contain all of the information included in the registration statement and the exhibits and schedules thereto. You will find additional information about us and the new notes in the registration statement. The registration statement and exhibits and schedules thereto may be inspected and copied at the public reference facilities maintained by the SEC at the SEC's Public Reference Room at 100 F Street NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports and other information regarding issuers that file electronically with the SEC (http://www.sec.gov), including us. Statements made in this prospectus about legal documents may not necessarily be complete and you should read the documents which are filed as exhibits to the registration statement otherwise filed with the SEC.

You should rely only upon the information provided in this prospectus and the exhibits attached hereto. We have not authorized anyone to provide you with different information. You should not assume that the information in this prospectus is accurate as of any date other than the date of this prospectus.

The SEC's proxy rules and regulations do not, nor do the rules of any stock exchange, require us to send an annual report to security holders or to holders of American depository receipts. Upon the effectiveness of this registration statement, we will become subject to the Exchange Act's reporting requirements, including the requirement to file current, annual and quarterly reports with the SEC. The annual reports we file will contain financial information that has been examined and reported on, with an opinion by an independent certified public accounting firm.

ANNEX A:
LETTER OF TRANSMITTAL
TO TENDER
OLD 9 1/2% SENIOR NOTES DUE 2019
OF
LAREDO PETROLEUM, INC.
PURSUANT TO THE EXCHANGE OFFER AND PROSPECTUS
DATED , 2011

THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 2012 (THE "EXPIRATION DATE"), UNLESS THE EXCHANGE OFFER IS EXTENDED BY THE ISSUER.

The Exchange Agent for the Exchange Offer is Wells Fargo Bank, N.A. and its contact information is as follows:

By Registered or Certified Mail:
Wells Fargo Bank, N.A.
Corporate Trust Operations
MAC N9303—121
PO Box 1517
Minneapolis, MN 55480

By Regular Mail or Overnight Courier:
Wells Fargo Bank, N.A.
Corporate Trust Operations
MAC N9303—121
Sixth & Marquette Avenue
Minneapolis, MN 55479

In Person by Hand Only:
Wells Fargo Bank, N.A.
12th Floor—Northstar East Building
Corporate Trust Operations
608 Second Avenue South
Minneapolis, MN 55402

By Facsimile (for Eligible Institutions Only):
(612) 667-6282

For Information or Confirmation by Telephone:
(800) 344-5128

If you wish to exchange old 9 1/2% Senior Notes due 2019 for an equal aggregate principal amount of new 9 1/2% Senior Notes due 2019 pursuant to the Exchange Offer, you must validly tender (and not withdraw) old notes to the Exchange Agent prior to the Expiration Date.

We refer you to the Prospectus, dated , 2011 (the "Prospectus"), of Laredo Petroleum, Inc. (the "Issuer"), and this Letter of Transmittal (the "Letter of Transmittal"), which together describe the Issuer's offer (the "Exchange Offer") to exchange its 9 1/2% Senior Notes due 2019 (the "new notes") that have been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of its issued and outstanding 9 1/2% Senior Notes due 2019 (the "old notes"). Capitalized terms used but not defined herein have the respective meaning given to them in the Prospectus.

The Issuer reserves the right, at any time or from time to time, to extend the Exchange Offer at its discretion, in which event the term "Expiration Date" shall mean the latest date to which the Exchange Offer is extended. The Issuer shall notify the Exchange Agent and each registered holder of the old notes of any extension by oral or written notice prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

This Letter of Transmittal is to be used by holders of the old notes. Tender of old notes is to be made according to the Automated Tender Offer Program ("ATOP") of The Depository Trust Company ("DTC") pursuant to the procedures set forth in the Prospectus under the caption "Exchange Offer—Procedures for Tendering." DTC participants that are accepting the Exchange Offer must transmit their acceptance to DTC, which will verify the acceptance and execute a book-entry delivery to the Exchange Agent's DTC account. DTC will then send a computer generated message known as an "agent's message" (an "Agent's Message") to the Exchange Agent for its acceptance. For you to validly tender

your old notes in the Exchange Offer, the Exchange Agent must receive, prior to the Expiration Date, an Agent's Message under the ATOP procedures that confirms that:

- DTC has received your instructions to tender your old notes; and
- you agree to be bound by the terms of this Letter of Transmittal.

BY USING THE ATOP PROCEDURES TO TENDER OLD NOTES, YOU WILL NOT BE REQUIRED TO DELIVER THIS LETTER OF TRANSMITTAL TO THE EXCHANGE AGENT. HOWEVER, YOU WILL BE BOUND BY ITS TERMS, AND YOU WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND THE REPRESENTATIONS AND WARRANTIES IT CONTAINS, JUST AS IF YOU HAD SIGNED IT.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.

Ladies and Gentlemen:

1. By tendering old notes in the Exchange Offer, you acknowledge receipt of the Prospectus and this Letter of Transmittal.

2. By tendering old notes in the Exchange Offer, you represent and warrant that you have full authority to tender the old notes described above and will, upon request, execute and deliver any additional documents deemed by the Issuer to be necessary or desirable to complete the tender of old notes.

3. You understand that the tender of the old notes pursuant to all of the procedures set forth in the Prospectus will constitute an agreement between you and the Issuer as to the terms and conditions set forth in the Prospectus.

4. By tendering old notes in the Exchange Offer, you acknowledge that the Exchange Offer is being made in reliance upon interpretations contained in no-action letters issued to third parties by the staff of the Securities and Exchange Commission (the "SEC"), including Exxon Capital Holdings Corp., SEC No-Action Letter (available April 13, 1989), Morgan Stanley & Co., Inc., SEC No-Action Letter (available June 5, 1991) and Shearman & Sterling, SEC No-Action Letter (available July 2, 1993), that the new notes issued in exchange for the old notes pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by holders thereof without compliance with the registration and prospectus delivery provisions of the Securities Act (other than a broker-dealer who purchased old notes exchanged for such new notes directly from the Issuer to resell pursuant to Rule 144A or any other available exemption under the Securities Act and any such holder that is an "affiliate" of the Issuer within the meaning of Rule 405 under the Securities Act), provided that such new notes are acquired in the ordinary course of such holders' business and such holders are not participating in, and have no arrangement with any other person to participate in, the distribution of such new notes.

5. By tendering old notes in the Exchange Offer, you hereby represent and warrant that:

(a) the new notes acquired pursuant to the Exchange Offer are being obtained in the ordinary course of business of you, whether or not you are the holder;

(b) you have no arrangement or understanding with any person to participate in the distribution of old notes or new notes within the meaning of the Securities Act;

(c) you are not an "affiliate," as such term is defined under Rule 405 promulgated under the Securities Act, of the Company; and

(d) if you are a broker-dealer, that you will receive the new notes for your own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities and that you acknowledge that you will deliver a prospectus (or, to the extent permitted by law, make available a prospectus) in connection with any resale of such new notes.

You may, if you are unable to make all of the representations and warranties contained in Item 5 above and as otherwise permitted in the Registration Rights Agreements (as defined below), elect to have your old notes registered in the shelf registration statement described in the Registration Rights Agreements, dated as of January 20, 2011 and October 19, 2011 (the "Registration Rights Agreements"), by and among the Issuer, the several guarantors named therein, and the Initial Purchasers (as defined therein). Such election may be made by notifying the Issuer in writing at 15 W. Sixth Street, Suite 1800, Tulsa, Oklahoma 74119, Attention: Senior Vice President and Chief Financial Officer. By making such election, you agree, as a holder of old notes participating in a shelf registration, to indemnify and hold harmless the Issuer, each of the directors of the Issuer, each of the officers of the Issuer who signs such shelf registration statement, each person who controls the Issuer

within the meaning of either the Securities Act or the Securities Exchange Act of 1934, as amended, and each other holder of old notes, from and against any and all losses, claims, damages or liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in any shelf registration statement or prospectus, or in any supplement thereto or amendment thereof, or caused by the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; but only with respect to information relating to you furnished in writing by or on behalf of you expressly for use in a shelf registration statement, a prospectus or any amendments or supplements thereto. Any such indemnification shall be governed by the terms and subject to the conditions set forth in the Registration Rights Agreements, including, without limitation, the provisions regarding notice, retention of counsel, contribution and payment of expenses set forth therein. The above summary of the indemnification provision of the Registration Rights Agreements is not intended to be exhaustive and is qualified in its entirety by the Registration Rights Agreements.

1. If you are a broker-dealer that will receive new notes for your own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities, you acknowledge by tendering old notes in the Exchange Offer, that you will deliver a prospectus in connection with any resale of such new notes; however, by so acknowledging and by delivering a prospectus, you will not be deemed to admit that you are an "underwriter" within the meaning of the Securities Act.

2. If you are a broker-dealer and old notes held for your own account were not acquired as a result of market-making or other trading activities, such old notes cannot be exchanged pursuant to the Exchange Offer.

3. Any of your obligations hereunder shall be binding upon your successors, assigns, executors, administrators, trustees in bankruptcy and legal and personal representatives.

INSTRUCTIONS

FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

1. Book-Entry Confirmations.

Any confirmation of a book-entry transfer to the Exchange Agent's account at DTC of old notes tendered by book-entry transfer (a "Book-Entry Confirmation"), as well as an Agent's Message and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at one of its addresses set forth herein prior to 5:00 p.m., New York City time, on the Expiration Date.

2. Partial Tenders.

Tenders of old notes will be accepted only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The entire principal amount of old notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise communicated to the Exchange Agent. If the entire principal amount of all old notes is not tendered, then old notes for the principal amount of old notes not tendered and new notes issued in exchange for any old notes accepted will be delivered to the holder via the facilities of DTC promptly after the old notes are accepted for exchange.

3. Validity of Tenders.

All questions as to the validity, form, eligibility (including time of receipt), acceptance, and withdrawal of tendered old notes will be determined by the Issuer, in its sole discretion, which determination will be final and binding. The Issuer reserves the absolute right to reject any or all tenders not in proper form or the acceptance for exchange of which may, in the opinion of counsel for the Issuer, be unlawful. The Issuer also reserves the absolute right to waive any of the conditions of the Exchange Offer or any defect or irregularity in the tender of any old notes. The Issuer's interpretation of the terms and conditions of the Exchange Offer (including the instructions on the Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of old notes must be cured within such time as the Issuer shall determine. Although the Issuer intends to notify holders of defects or irregularities with respect to tenders of old notes, neither the Issuer, the Exchange Agent, nor any other person shall be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give such notification. Tenders of old notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any old notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering holders, unless otherwise provided in the Letter of Transmittal, promptly following the Expiration Date.

4. Waiver of Conditions.

The Issuer reserves the absolute right to waive, in whole or part, up to the expiration of the Exchange Offer, any of the conditions to the Exchange Offer set forth in the Prospectus or in this Letter of Transmittal.

5. No Conditional Tender.

No alternative, conditional, irregular or contingent tender of old notes will be accepted.

6. Request for Assistance or Additional Copies.

Requests for assistance or for additional copies of the Prospectus or this Letter of Transmittal may be directed to the Exchange Agent using the contact information set forth on the cover page of this Letter of Transmittal. Holders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

7. Withdrawal.

Tenders may be withdrawn only pursuant to the limited withdrawal rights set forth in the Prospectus under the caption "Exchange Offer—Withdrawal of Tenders."

8. No Guarantee of Late Delivery.

There is no procedure for guarantee of late delivery in the Exchange Offer.

IMPORTANT: BY USING THE ATOP PROCEDURES TO TENDER OLD NOTES, YOU WILL NOT BE REQUIRED TO DELIVER THIS LETTER OF TRANSMITTAL TO THE EXCHANGE AGENT. HOWEVER, YOU WILL BE BOUND BY ITS TERMS, AND YOU WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGMENTS AND THE REPRESENTATIONS AND WARRANTIES IT CONTAINS, JUST AS IF YOU HAD SIGNED IT.

ANNEX B: GLOSSARY OF OIL AND NATURAL GAS TERMS

The terms defined in this section are used throughout this prospectus:

"*2D*"—Method for collecting, processing and interpreting seismic data in two dimensions.

"*3D*"—Method for collecting, processing, and interpreting seismic data in three dimensions.

"*Basin*"—A large natural depression on the earth's surface in which sediments generally brought by water accumulate.

"*Bbl*"—One stock tank barrel, of 42 U.S. gallons liquid volume, used herein in reference to crude oil, condensate or natural gas liquids.

"*Bcf*"—One billion cubic feet of natural gas.

"*Bcfe*"—One billion cubic feet of natural gas equivalent with one barrel of oil converted to six thousand cubic feet of natural gas.

"*BOE*"—Barrel of oil equivalent.

"*Btu*"—British thermal unit.

"*Btu per Mcf*"—British thermal unit per one thousand cubic feet of natural gas.

"*Completion"*—The process of treating a drilled well followed by the installation of permanent equipment for the production of natural gas or oil, or in the case of a dry hole, the reporting of abandonment to the appropriate agency.

"*DD&A*"—Depreciation, depletion, amortization and accretion.

"*Developed acreage*"—The number of acres that are allocated or assignable to productive wells or wells capable of production.

"*Development well*"—A well drilled within the proved area of an oil or natural gas reservoir to the depth of a stratigraphic horizon known to be productive.

"*Dry hole*"—A well found to be incapable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of such production exceed production expenses and taxes.

"*Exploratory well*"—A well drilled to find and produce natural gas or oil reserves not classified as proved, to find a new reservoir in a field previously found to be productive of natural gas or oil in another reservoir or to extend a known reservoir.

"*Farm-in*" or "*farm-out*"—An agreement under which the owner of a working interest in a natural gas and oil lease assigns the working interest or a portion of the working interest to another party who desires to drill on the leased acreage. Generally, the assignee is required to drill one or more wells in order to earn its interest in the acreage. The assignor usually retains a royalty or reversionary interest in the lease. The interest received by an assignee is a "farm-in" while the interest transferred by the assignor is a "farm-out."

"*Field*"—An area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area, although it may refer to both the surface and the underground productive formations.

"*Formation*"—A layer of rock which has distinct characteristics that differs from nearby rock.

"*Gross acres*" or "*gross wells*"—The total acres or wells, as the case may be, in which a working interest is owned.

"*HBP*"—Held by production.

"*Horizon*"—A term used to denote a surface in or of rock, or a distinctive layer of rock that might be represented by a reflection in seismic data.

"*Horizontal drilling*"—A drilling technique used in certain formations where a well is drilled vertically to a certain depth and then drilled at a right angle within a specified interval.

"*Identified potential drilling locations*"—Locations specifically identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves data on contiguous acreage and geologic formations. The availability of local infrastructure, drilling support assets and other factors as management may deem relevant, such as spacing requirements, easement restrictions and state and local regulations, are considered in determining such locations. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results and other factors.

"*Liquids*"—Describes oil, condensate and natural gas liquids.

"*MBbl*"—One thousand barrels of crude oil, condensate or natural gas liquids.

"MBoe"—One thousand barrels of oil equivalent.

"*MBOE/D*"—MBOE per day.

"*Mcf*"—One thousand cubic feet of natural gas.

"*MMBbl*"—One million barrels of crude oil, condensate or natural gas liquids.

*"*MMBOE"—One million barrels of oil equivalent.

"*MMBtu*"—One million British thermal units.

"*MMcf*"—One million cubic feet of natural gas.

"*MMcfe*"—Million cubic feet equivalent, determined using the ratio of six Mcf of natural gas to one Bbl of crude oil, condensate or natural gas liquids.

"*MMcfe/d*"—MMcfe per day.

"*Natural gas liquid*"—Components of natural gas that are separated from the gas state in the form of liquids, which include propane, butanes and ethane, among others.

"*Net acres*"—The percentage of total acres an owner has out of a particular number of acres, or a specified tract. An owner who has 50% interest in 100 acres owns 50 net acres.

"*NYMEX*"—The New York Mercantile Exchange.

"*Potential drilling locations*"—Total gross locations that we may be able to drill on our existing acreage. Our actual drilling activities may change depending on the availability of capital, regulatory approvals, seasonal restrictions, natural gas and oil prices, costs, drilling results and other factors.

"*Productive well*"—A well that is found to be capable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of the production exceed production expenses and taxes.

"*Prospect*"—A specific geographic area which, based on supporting geological, geophysical or other data and also preliminary economic analysis using reasonably anticipated prices and costs, is deemed to have potential for the discovery of commercial hydrocarbons.

"*Proved developed non-producing reserves ("PDNP")*"—Developed non-producing reserves.

"*Proved developed reserves ("PDP")*"—Reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

"*Proved reserves*"—The estimated quantities of oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be commercially recoverable in future years from known reservoirs under existing economic and operating conditions.

"*Proved undeveloped reserves ("PUD")*"—Proved reserves that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion.

"*PV-10*"—When used with respect to natural gas and oil reserves, PV-10 means the estimated future gross revenue to be generated from the production of proved reserves, net of estimated production and future development and abandonment costs, using prices and costs in effect at the determination date, before income taxes, and without giving effect to non-property related expenses, discounted to a present value using an annual discount rate of 10% in accordance with the guidelines of the SEC. PV-10 is not a financial measure calculated in accordance with generally accepted accounting principles ("*GAAP*") and generally differs from Standardized Measure, the most directly comparable GAAP financial measure, because it does not include the effects of income taxes on future net revenues. Neither PV-10 nor Standardized Measure represents an estimate of the fair market value of our natural gas and oil properties. We and others in the industry use PV-10 as a measure to compare the relative size and value of proved reserves held by companies without regard to the specific tax characteristics of such entities.

"*Recompletion*"—The process of re-entering an existing wellbore that is either producing or not producing and completing new reservoirs in an attempt to establish or increase existing production.

"*Reservoir*"—A porous and permeable underground formation containing a natural accumulation of producible oil and/or natural gas that is confined by impermeable rock or water barriers and is separate from other reservoirs.

"*Residue natural gas*"—Natural gas remaining after natural gas liquids extraction.

"*Spacing*"—The distance between wells producing from the same reservoir. Spacing is often expressed in terms of acres, e.g., 40-acre spacing, and is often established by regulatory agencies.

"*Standardized measure*"—Discounted future net cash flows estimated by applying year-end prices to the estimated future production of year-end proved reserves. Future cash inflows are reduced by estimated future production and development costs based on period-end costs to determine pre-tax cash inflows. Future income taxes, if applicable, are computed by applying the statutory tax rate to the excess of pre-tax cash inflows over our tax basis in the natural gas and oil properties. Future net cash inflows after income taxes are discounted using a 10% annual discount rate.

"*Undeveloped acreage*"—Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of natural gas and oil regardless of whether such acreage contains proved reserves.

"*Unit*"—The joining of all or substantially all interests in a reservoir or field, rather than a single tract, to provide for development and operation without regard to separate property interests. Also, the area covered by a unitization agreement.

"*Wellbore*"—The hole drilled by the bit that is equipped for natural gas production on a completed well. Also called well or borehole.

"*Wellhead natural gas*"—Natural gas produced at or near the well.

"*Working interest*"—The right granted to the lessee of a property to explore for and to produce and own natural gas or other minerals. The working interest owners bear the exploration, development, and operating costs on either a cash, penalty, or carried basis.

Index to financial statements

Laredo Petroleum, LLC and subsidiaries

Consolidated balance sheets

September 30, 2011 and December 31, 2010

(in thousands)

(Unaudited)

	September 30, 2011	December 31, 2010
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 28,249	$ 31,235
Accounts receivable, net:		
Oil and gas sales	41,310	31,773
Joint operations	16,580	12,031
Other	429	135
Materials and supplies	4,060	4,154
Prepaid expenses	2,715	1,483
Derivative financial instruments	23,653	8,376
Deferred income taxes	—	11,229
Total current assets	116,996	100,416
PROPERTY AND EQUIPMENT:		
Oil and gas properties, full cost method:		
Proved properties	1,874,969	1,379,885
Unproved properties not being amortized	108,029	96,515
Pipeline and gas gathering assets	52,399	43,271
Other fixed assets	16,223	10,869
	2,051,620	1,530,540
Less accumulated depreciation, depletion, amortization and impairment	835,563	720,647
Net property and equipment	1,216,057	809,893
OTHER ASSETS, net	1,134	85
MATERIALS AND SUPPLIES	1,889	1,886
DEFERRED INCOME TAXES	104,149	143,723
DERIVATIVE FINANCIAL INSTRUMENTS	16,103	1,804
DEFERRED LOAN COSTS, net	20,175	10,353
Total assets	$ 1,476,503	$ 1,068,160
LIABILITIES AND OWNERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 34,115	$ 41,338
Undistributed revenue and royalties	24,963	10,664
Accrued capital expenditures	58,563	65,900
Accrued compensation and benefits	7,076	8,778
Other accrued liabilities	17,075	10,854
Current portion of asset retirement obligations	376	731
Derivative financial instruments	2,930	11,978
Deferred income taxes	7,776	—
Total current liabilities	152,874	150,243
LONG-TERM DEBT	875,000	491,600
GAS IMBALANCES	905	1,093
DERIVATIVE FINANCIAL INSTRUMENTS	359	5,987
ASSET RETIREMENT OBLIGATIONS	8,711	7,547
DEFERRED LEASE LIABILITY	443	591
Total liabilities	1,038,292	657,061
OWNERS' EQUITY, per accompanying statement	438,211	411,099
Total liabilities and owners' equity	$ 1,476,503	$ 1,068,160

The accompanying condensed notes are an integral part of these consolidated financial statements.

Laredo Petroleum, LLC and subsidiaries

Consolidated statements of operations

For the nine months ended September 30, 2011 and 2010

(in thousands)

(Unaudited)

	Nine months ended September 30,	
	2011	2010
REVENUES:		
Oil and gas sales	$ 368,059	$ 155,422
Natural gas transportation and treating	3,239	1,636
Drilling and production	9	3
Total revenues	371,307	157,061
COSTS AND EXPENSES:		
Lease operating expenses	29,258	14,916
Production and ad valorem taxes	23,330	10,104
Natural gas transportation and treating	1,167	2,058
Drilling and production	1,407	166
General and administrative	38,234	22,705
Accretion of asset retirement obligations	456	340
Depreciation, depletion and amortization	114,976	60,363
Impairment expense	243	—
Total costs and expenses	209,071	110,652
OPERATING INCOME	162,236	46,409
NON-OPERATING INCOME (EXPENSE):		
Realized and unrealized gain (loss):		
Commodity derivative financial instruments, net	42,851	29,583
Interest rate derivatives, net	(1,317)	(5,890)
Interest expense	(35,062)	(11,869)
Interest income	83	125
Write-off of deferred loan costs	(6,195)	—
Loss on disposal of assets	(35)	(30)
Other	6	—
Non-operating income, net	331	11,919
Income before income taxes	162,567	58,328
INCOME TAX EXPENSE:		
Deferred	(58,579)	(7,170)
Total income tax expense	(58,579)	(7,170)
NET INCOME	$ 103,988	$ 51,158

The accompanying condensed notes are an integral part of these consolidated financial statements.

Laredo Petroleum, LLC and subsidiaries

Consolidated statement of owners' equity

For the nine months ended September 30, 2011

(in thousands)

(Unaudited)

	Series A		BOE Preferred		Restricted Units		Other equity interests	Accumulated deficit	Total
	Units	Amount	Units	Amount	Units	Amount			
BALANCE, December 31, 2010	99,870	$ 549,187	—	$ —	31,432	$ 4,504	$ 155,596	$ (298,188)	$ 411,099
Equity-based compensation	—	—	—	—	9,529	4,955	132	—	5,087
Cancellation of restricted units	—	—	—	—	(369)	—	—	—	—
Broad Oak Transaction	—	—	88,986	73,765	—	—	(155,728)	—	(81,963)
Net income	—	—	—	—	—	—	—	103,988	103,988
BALANCE, September 30, 2011	99,870	$ 549,187	88,986	$ 73,765	40,592	$ 9,459	$ —	$ (194,200)	$ 438,211

The accompanying condensed notes are an integral part of this consolidated financial statement.

Laredo Petroleum, LLC and subsidiaries

Consolidated statements of cash flows

For the nine months ended September 30, 2011 and 2010

(in thousands)

(Unaudited)

	Nine months ended September 30,	
	2011	**2010**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 103,988	$ 51,158
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income tax expense	58,579	7,170
Depreciation, depletion and amortization	114,976	60,363
Impairment expense	243	—
Non-cash equity-based compensation	5,087	1,023
Accretion of asset retirement obligations	456	340
Unrealized gain on derivative financial instruments, net	(44,047)	(12,023)
Premiums paid for derivative financial instruments	(534)	(3,491)
Amortization of premiums paid for derivative financial instruments	329	87
Amortization of deferred loan costs	2,815	1,364
Write-off of deferred loan costs	6,195	—
Amortization of other assets	15	15
Loss on disposal of assets	11	30
Changes in assets and liabilities:		
Change in accounts receivable	(14,380)	(11,955)
Change in materials and supplies	(152)	(4,018)
Change in prepaid expenses	(1,232)	805
Change in other assets	(1,064)	—
Change in accounts payable	(15,717)	(5,422)
Change in undistributed revenue and royalties	14,299	541
Change in accrued compensation and benefits	(1,702)	2,786
Change in other accrued liabilities	5,606	2,007
Change in deferred lease liability	(98)	(26)
Net cash provided by operating activities	233,673	90,754
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures:		
Oil and gas properties	(503,921)	(306,003)
Pipeline and gathering assets	(9,717)	(2,080)
Other fixed assets	(5,647)	(1,543)
Proceeds from other fixed asset disposals	21	69
Net cash used in investing activities	(519,264)	(309,557)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Broad Oak Transaction	(81,963)	—
Borrowings on revolving credit facilities	630,100	182,600
Payments on revolving credit facilities	(496,700)	(105,800)
Borrowings on term loan	—	100,000
Payments on term loan	(100,000)	—
Issuance of 2019 Notes	350,000	—
Purchase of units, net	—	(287)
Capital contributions	—	61,725
Payments for loan costs	(18,832)	(9,198)
Net cash provided by financing activities	282,605	229,040
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,986)	10,237
CASH AND CASH EQUIVALENTS, beginning of period	31,235	14,987
CASH AND CASH EQUIVALENTS, end of period	$ 28,249	$ 25,224
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period:		
Interest	$ 28,510	$ 9,262

The accompanying condensed notes are an integral part of these consolidated financial statements.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements

September 30, 2011

(Unaudited)

A—Organization

Laredo Petroleum, Inc. ("Laredo"), a Delaware corporation, was incorporated on October 10, 2006, for the purpose of acquiring, developing and operating oil and gas producing properties on its behalf and on the behalf of others. On October 20, 2006, Laredo entered into a consulting agreement with Warburg Pincus Private Equity IX, L.P. ("Warburg Pincus IX") under which Laredo, as an independent contractor, agreed to pursue and develop acquisition and investment opportunities in the oil and gas industry for the benefit of Warburg Pincus IX and certain of its affiliates (collectively, the "Warburg Pincus Partnerships").

Laredo Petroleum Texas, LLC ("Laredo Texas"), a Texas limited liability company, was formed in 2007 and is a wholly-owned subsidiary of Laredo. Laredo Texas was formed to acquire ownership interest in certain oil and gas properties primarily in Hansford, Hutchinson, Roberts and Ochiltree Counties, Texas.

Laredo Gas Services, LLC ("Laredo Gas"), a Delaware limited liability company, was formed in 2007 and is a wholly-owned subsidiary of Laredo. Laredo Gas was formed to own and operate gathering and marketing assets and related facilities for Laredo and Laredo Texas.

In May 2007, Warburg Pincus IX and certain members of Laredo's management contributed their common stock in Laredo to Laredo Petroleum, LLC ("Laredo LLC"), a Delaware limited liability company, and Laredo became a wholly-owned subsidiary of Laredo LLC. The consulting agreement between Laredo and Warburg Pincus IX was consequently terminated. Laredo LLC is focused on the exploration, development and acquisition of oil and natural gas in the Mid-Continent and Permian regions of the United States.

Broad Oak Energy, Inc. ("Broad Oak"), a Delaware corporation, was formed on May 11, 2006, and prior to the Broad Oak Transaction (as defined below) was engaged in the acquisition, exploration, development and production of oil and natural gas in the southwestern United States. Immediately upon formation, Broad Oak entered into a stock purchase agreement with Warburg Pincus IX and Broad Oak management.

On July 1, 2011, Laredo LLC and Laredo completed the acquisition of Broad Oak, which became a wholly-owned subsidiary of Laredo. In connection with the transaction, Laredo LLC issued: (i) approximately 86.5 million preferred equity units to Warburg Pincus IX and its affiliate in exchange for the convertible preferred stock previously held in Broad Oak; and (ii) approximately 2.4 million preferred equity units to Broad Oak's management and directors in exchange for certain of the vested common stock and convertible preferred stock previously held in Broad Oak. In addition, Laredo paid approximately $82 million in cash for certain Broad Oak vested common stock, convertible preferred stock and all outstanding and vested Broad Oak options that certain Broad Oak directors, management and employees elected to sell. All unvested shares of Broad Oak common stock and unvested Broad Oak options were cancelled. Immediately following the consummation of this transaction, Laredo LLC assigned 100% of its ownership interest in Broad Oak to Laredo as a contribution to capital (the transactions described in this paragraph collectively, the "Broad Oak Transaction"), and changed Broad Oak's name to Laredo Petroleum—Dallas, Inc. ("Laredo Dallas").

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

A—Organization (Continued)

Laredo LLC and its subsidiaries and Broad Oak were commonly controlled by Warburg Pincus Partnerships, and as such the Broad Oak Transaction was accounted for in a manner similar to a pooling of interests. As a result, the accompanying unaudited historical financial statements give retrospective effect to the Broad Oak Transaction, whereby the assets and liabilities of Laredo LLC and subsidiaries and Broad Oak are reflected at the historical carrying values and their operations are presented as if they were consolidated for all periods. The consolidated equity statement presents Broad Oak's historical equity as "Other equity interests," all of which was exchanged for either (i) equity in Laredo LLC through BOE Preferred Units or (ii) cash in the Broad Oak Transaction.

On August 12, 2011, Laredo LLC formed a new wholly-owned subsidiary, Laredo Petroleum Holdings, Inc. ("Laredo Holdings") in anticipation of an initial public offering ("IPO"). Immediately prior to the consummation of the IPO, Laredo LLC will be merged into Laredo Holdings and Laredo Holdings will continue as the surviving corporation.

In these notes, the "Company" refers to Laredo LLC, Laredo Holdings, Laredo, Laredo Texas, Laredo Gas and Laredo Dallas, collectively.

B—Basis of presentation and significant accounting policies

1. Basis of presentation

The accompanying consolidated financial statements were derived from the historical accounting records of the Company and reflect the historical financial position, results of operations and cash flows for the periods described herein. As discussed in Note A, the Broad Oak Transaction was accounted for in a manner similar to a pooling of interests and the historical financial statements present the assets and liabilities of Laredo LLC and subsidiaries and Broad Oak at historical carrying values and their operations as if they were consolidated for all periods presented. All material intercompany transactions and account balances have been eliminated in the consolidation of accounts. The accompanying consolidated financial statements have not been audited, except that the balance sheet at December 31, 2010 is derived from the Company's audited combined financial statements. The Company operates oil and natural gas properties as one business segment, which explores for, develops and produces oil and natural gas.

In the opinion of management, the accompanying consolidated financial statements reflect all necessary adjustments to present fairly the Company's financial position at September 30, 2011 and the results of its operations for the nine months ended September 30, 2011 and 2010 and its cash flows for the nine months ended September 30, 2011 and 2010. All such adjustments are of a normal recurring nature.

Certain disclosures have been condensed or omitted from these consolidated financial statements. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements and should be read in conjunction with the audited combined financial statements and notes for the year ended December 31, 2010.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

B—Basis of presentation and significant accounting policies (Continued)

2. Use of estimates in the preparation of consolidated financial statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management of the Company to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from these estimates.

Significant estimates include, but are not limited to, estimates of the Company's reserves of oil and natural gas, future cash flows from oil and natural gas properties, depreciation, depletion and amortization, asset retirement obligations, equity-based compensation, deferred income taxes and fair values of commodity and interest rate derivatives. As fair value is a market-based measurement, it is determined based on the assumptions that market participants would use. These estimates and assumptions are based on management's best judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Such estimates and assumptions are adjusted when facts and circumstances dictate. Illiquid credit markets and volatile equity and energy markets have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ from these estimates. Any changes in estimates resulting from future changes in the economic environment will be reflected in the financial statements in future periods.

3. Materials and supplies

Materials and supplies are comprised of equipment used to develop and maintain oil and gas properties. They are carried at the lower of cost or market using the average cost method. On a regular basis, the Company reviews materials and supplies quantities on hand and records a provision for excess or obsolete materials and supplies, if necessary.

During the nine months ended September 30, 2011, the Company reduced materials and supplies by approximately $0.2 million in order to reflect the balance at the lower of cost or market. Although management believes it has established adequate allowances, it is possible that additional losses on materials and supplies could occur in future periods. The Company determined a lower of cost or market adjustment was not necessary for materials and supplies at December 31, 2010.

4. Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to fluctuations in the prices of oil and natural gas. In addition, the Company enters into derivative contracts in the form of interest rate swaps and caps to minimize the effects of fluctuations in interest rates.

Derivative financial instruments are recorded at fair value and are included on the balance sheets as assets or liabilities. The Company netted the fair value of derivative instruments by counterparty in the accompanying balance sheets where the right of offset exists. The Company determines the fair

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

B—Basis of presentation and significant accounting policies (Continued)

value of its derivative financial instruments utilizing pricing models for significantly similar instruments. Inputs to the pricing models include publicly available prices and forward price curves generated from a compilation of data gathered from third parties.

None of the Company's derivatives for the periods presented were designated as hedges for financial statement purposes. Realized and unrealized gains and losses on derivatives are included in cash flows from operating activities (see Note G).

5. Property and equipment

The following table sets forth the Company's property and equipment:

(in thousands)	September 30, 2011	December 31, 2010
Proved oil and gas properties	$ 1,874,969	$ 1,379,885
Less accumulated depletion and impairment	824,551	713,118
Proved oil and gas properties, net	1,050,418	666,767
Unproved oil and gas properties not being amortized	108,029	96,515
Pipeline and gas gathering assets	52,399	43,271
Less accumulated depreciation	5,715	3,928
Pipeline and gas gathering assets, net	46,684	39,343
Other fixed assets	16,223	10,869
Less accumulated depreciation and amortization	5,297	3,601
Other fixed assets, net	10,926	7,268
Total property and equipment, net	$ 1,216,057	$ 809,893

For the nine months ended September 30, 2011 and 2010, depletion expense was $17.87 per BOE and $16.29 per BOE, respectively.

6. Deferred loan costs

Loan origination fees are stated at cost, net of amortization, and are amortized over the life of the respective debt agreements on a basis that represents the effective interest method. The Company capitalized $18.8 million and $9.2 million in the nine months ended September 30, 2011 and 2010, respectively. The Company had total deferred loan costs of $20.2 million and $10.4 million, net of accumulated amortization of $3.4 million and $2.8 million, at September 30, 2011 and December 31, 2010, respectively.

During the nine months ended September 30, 2011, the Company wrote-off $6.2 million in deferred loan costs as a result of the early retirement of the Term Loan (as defined below), the early retirement of the Broad Oak Credit Facility and changes in the borrowing base under the $1.0 billion revolving Senior Secured Credit Facility (see Note C).

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

B—Basis of presentation and significant accounting policies (Continued)

Future amortization expense of deferred loan costs at September 30, 2011 is as follows:

(in thousands)	
Remaining 2011	$ 905
2012	3,623
2013	3,623
2014	3,623
2015	3,623
Thereafter	4,778
Total	$ 20,175

7. Asset retirement obligations

Asset retirement obligations associated with the retirement of tangible long-lived assets are recognized as a liability in the period in which they are incurred and become determinable. The associated asset retirement costs are part of the carrying amount of the long-lived asset. Subsequently, the asset retirement cost included in the carrying amount of the related long-lived asset is charged to expense through the depletion of the asset. Changes in the liability due to the passage of time are recognized as an increase in the carrying amount of the liability and as corresponding accretion expense. See Note H for fair value disclosures related to the Company's asset retirement obligation.

The Company is obligated by contractual and regulatory requirements to remove certain pipeline and gas gathering assets and perform other remediation of the sites where such pipeline and gas gathering assets are located upon the retirement of those assets. However, the fair value of the asset retirement obligation cannot currently be reasonably estimated because the settlement dates are indeterminate. The Company will record an asset retirement obligation for pipeline and gas gathering assets in the periods in which settlement dates are reasonably determinable.

The following reconciles the Company's asset retirement obligations liability:

	Nine months ended September 30,	
(in thousands)	2011	2010
Liability at beginning of period	$ 8,278	$ 5,844
Liabilities added due to acquisitions, drilling and other	745	686
Liabilities removed due to disposal of well	—	(34)
Accretion expense	456	340
Liabilities settled upon plugging and abandonment	(379)	(8)
Revision of estimates	(13)	191
Liability at end of period	$ 9,087	$ 7,019

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

B—Basis of presentation and significant accounting policies (Continued)

8. Fair value measurements

The carrying amounts reported in the balance sheets for cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, undistributed revenue and royalties, and other accrued liabilities approximate their fair values. See Note C for fair value disclosures related to the Company's debt obligations. The Company carries its derivative financial instruments at fair value. See Note G and Note H for details about the fair value of the Company's derivative financial instruments.

9. Revenue recognition

Oil and gas revenues are recorded using the sales method. Under this method, the Company recognizes revenues based on actual volumes of oil and gas sold to purchasers. The Company and other joint interest owners may sell more or less than their entitlement share of the volumes produced. Under the sales method, when a working interest owner has overproduced in excess of its share of remaining estimated reserves, the overproduced party recognizes the excess gas imbalance as a liability. If the underproduced working interest owner determines that an overproduced partner's share of remaining net reserves is insufficient to settle the imbalance, the underproduced owner recognizes a receivable, net of any allowance from the overproduced working interest owner.

The following tables reflect the Company's natural gas imbalance positions at September 30, 2011 and December 31, 2010 as well as amounts reflected in oil and gas sales for the nine months ended September 30, 2011 and 2010.

(dollars in thousands)	September 30, 2011	December 31, 2010
Natural gas imbalance current receivable (included in "Accounts receivable-Oil and gas sales")	$ 10	$ 174
Underproduced positions (Mcf)	2,713	43,720
Natural gas imbalance current liability (included in "Other accrued liabilities")	$ 27	$ 15
Overproduced positions (Mcf)	7,356	3,839
Natural gas imbalance long-term liability	$ 905	$ 1,093
Overproduced positions (Mcf)	244,715	275,201

(dollars in thousands)	Nine months ended September 30, 2011	2010
Value of net underproduced (overproduced) positions arising during the period increasing oil and gas sales	$ 12	$ (166)
Net overproduced positions arising during the period (Mcf)	14,038	23,114

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

B—Basis of presentation and significant accounting policies (Continued)

10. General and administrative expense

The Company receives fees for the operation of jointly-owned oil and gas properties and records such reimbursements as a reduction of general and administrative expenses.

The following amounts have been recorded for the nine months ended September 30, 2011 and 2010:

	Nine months ended September 30,	
(in thousands)	2011	2010
Fees received for the operation of jointly-owned oil and gas properties	$ 1,349	$ 1,040

11. Equity-based awards

The Company recognizes equity-based awards as a charge against earnings over the requisite service period, in an amount equal to the fair value of equity-based awards granted to employees and directors. The fair value of the equity-based awards is computed at the date of grant (see Note E).

12. Impairment of long-lived assets

Impairment losses are recorded on property and equipment used in operations and other long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Impairment is measured based on the excess of the carrying amount over the fair value of the asset. See Note B.3 for disclosure of the write-down of materials and supplies for the nine months ended September 30, 2011. Other than the aforementioned write-down, the Company did not record any additional impairment to property and equipment used in operations or other long-lived assets in the nine months ended September 30, 2011 and 2010.

13. Recently issued accounting standards

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, which provides a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between GAAP and International Financial Reporting Standards. This new guidance changes some fair value measurement principles and disclosure requirements, but does not require additional fair value measurements and is not intended to establish valuation standards or affect valuation practices outside of financial reporting. The update is effective for annual periods beginning after December 15, 2011 and we are in the process of evaluating the impact, if any, the adoption of this update will have on our financial statements.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

C—Debt

1. Interest expense

The following amounts have been incurred and charged to interest expense for the nine months ended September 30, 2011 and 2010:

(in thousands)	Nine months ended September 30, 2011	2010
Cash payments for interest	$ 28,510	$ 9,262
Amortization of deferred loan costs and other adjustments	2,922	1,384
Change in accrued interest	3,630	1,223
Total interest expense	$ 35,062	$ 11,869

2. 2019 Notes

On January 20, 2011 Laredo completed an offering of $350 million 9$^{1}/_{2}$% Senior Notes due 2019 (the "2019 Notes"). The 2019 Notes will mature on February 15, 2019 and bear an interest rate of 9.5% payable semi-annually, in cash, in arrears on February 15 and August 15 of each annual year, commencing August 15, 2011. The 2019 Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by Laredo LLC, Laredo Texas, Laredo Gas and Laredo Dallas (collectively, the "Guarantors"). The net proceeds from the 2019 Notes were used (i) to repay and retire $100 million outstanding under Laredo's Second Lien Term Loan Agreement (the "Term Loan"), (ii) to pay in full $177.5 million outstanding under Laredo's revolving Second Amended and Restated Senior Secured Credit Facility Agreement (the "Senior Secured Credit Facility"), and (iii) for general working capital purposes.

The 2019 Notes were issued under and are governed by an indenture dated January 20, 2011 (the "Indenture"), among Laredo, Wells Fargo Bank, National Association, as trustee, and the Guarantors. The Indenture contains customary terms, events of default and covenants relating to, among other things, the incurrence of debt, the payment of dividends or similar restricted payments, undertaking transactions with Laredo's unrestricted affiliates and limitations on asset sales. Indebtedness under the 2019 Notes may be accelerated in certain circumstances upon an event of default as set forth in the Indenture.

Laredo will have the option to redeem the 2019 Notes, in whole or in part, at any time on or after February 15, 2015, at the redemption prices (expressed as percentages of principal amount) of 104.750% for the twelve-month period beginning on February 15, 2015, 102.375% for the twelve-month period beginning on February 15, 2016 and 100.000% for the twelve-month period beginning on February 15, 2017 and at any time thereafter, together with accrued and unpaid interest, if any, to the date of redemption. In addition, before February 15, 2015, Laredo may redeem all or any part of the 2019 Notes at a redemption price equal to the sum of the principal amount thereof, plus a make-whole premium at the redemption date, plus accrued and unpaid interest, if any, to the redemption date. Furthermore, before February 15, 2014, Laredo may, at any time or from time to time, redeem up to

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

C—Debt (Continued)

35% of the aggregate principal amount of the 2019 Notes with the net proceeds of a public or private equity offering at a redemption price of 109.500% of the principal amount of 2019 Notes, plus any accrued and unpaid interest to the date of redemption, if at least 65% of the aggregate principal amount of the 2019 Notes issued under the Indenture remains outstanding immediately after such redemption and the redemption occurs within 180 days of the closing date of such equity offering. Laredo may also be required to make an offer to purchase the 2019 Notes upon a change of control triggering event.

In connection with the issuance of the 2019 Notes, Laredo and the Guarantors entered into a registration rights agreement with the initial purchasers of the 2019 Notes on January 20, 2011 pursuant to which Laredo and the Guarantors have agreed to file with the Securities Exchange Commission ("SEC") and use commercially reasonable efforts to cause to become effective a registration statement with respect to an offer to exchange the 2019 Notes for substantially identical notes (other than with respect to restrictions on transfer or to any increase in annual interest rate) that are registered under the Securities Act of 1933, as amended, so as to permit the exchange offer to be consummated by the 365th day after January 20, 2011. Under specified circumstances, Laredo and the Guarantors have also agreed to use commercially reasonable efforts to cause to become effective a shelf registration statement relating to any resale of the 2019 Notes. Laredo will be obligated to pay additional interest if it fails to comply with their obligations to register the 2019 Notes to the extent the transfer of such notes remains unregistered following the specified time periods or the two year anniversary of the issuance of the notes.

On October 19, 2011, Laredo completed a $200 million offering of additional senior unsecured notes as part of the same series as the 2019 Notes. See Note N for additional discussion.

3. Senior secured credit facility

As previously described in Note A, on July 1, 2011, Laredo LLC and Laredo consummated a transaction by which Broad Oak became a wholly-owned subsidiary of Laredo. The cash portion of the transaction was funded under an amendment and restatement to the Senior Secured Credit Facility. Under this third amendment and restatement, the Senior Secured Credit Facility's capacity increased to $1.0 billion, with a borrowing base of $650.0 million. At September 30, 2011, $525.0 million was outstanding. The borrowing base is subject to a semi-annual redetermination based on the financial institutions' evaluation of the Company's oil and gas reserves. The amendment lengthened the term of the Senior Secured Credit Facility, making it available to July 1, 2016, at which time the outstanding balance will be due. As defined in the Senior Secured Credit Facility, (i) the Adjusted Base Rate advances under the facility bear interest payable quarterly at an Adjusted Base Rate plus applicable margin and (ii) the Eurodollar advances under the facility bear interest, at our election, at the end of one-month, two-month, three-month, six-month or, to the extent available, twelve-month interest periods (and in the case of six-month and twelve-month interest periods, every three months prior to the end of such interest period) at an Adjusted London Interbank Offered Rate plus an applicable margin, based on the ratio of outstanding revolving credit to the conforming base rate. Laredo is also required to pay an annual commitment fee on the unused portion of the bank's commitment of 0.375% to 0.5%.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

C—Debt (Continued)

The Senior Secured Credit Facility is secured by a first priority lien on Laredo and the Guarantor's assets and stock, including oil and gas properties, constituting at least 80% of the present value of the Company's proved reserves. Further, the Company is subject to various financial and non-financial ratios on a consolidated basis, including a current ratio at the end of each calendar quarter, of not less than 1.00 to 1.00. As defined by the Senior Secured Credit Facility, the current ratio represents the ratio of current assets to current liabilities, inclusive of available capacity and exclusive of current balances associated with derivative positions. Additionally, at the end of each calendar quarter, the Company must maintain a ratio of its consolidated net income (a) plus each of the following; (i) any provision for (or less any benefit from) income or franchise taxes; (ii) consolidated net interest expense; (iii) depreciation, depletion and amortization expense; (iv) exploration expenses; and (v) other noncash charges, and (b) minus all non-cash income ("EBITDAX"), as defined in the Senior Secured Credit Facility, to the sum of net interest expense plus letter of credit fees of not less than 2.50 to 1.00, in each case for the four quarters then ending. The Senior Secured Credit Facility contains both financial and non-financial covenants and the Company was in compliance with these covenants at September 30, 2011 and December 31, 2010.

Additionally, the Senior Secured Credit Facility provides for the issuance of letters of credit, limited to the lesser of total capacity or $20.0 million. At September 30, 2011, Laredo had one letter of credit outstanding totaling $0.03 million under the Senior Secured Credit Facility.

Subsequent to September 30, 2011, the Senior Secured Credit Facility was amended to allow for the issuance of $200 million of additional senior unsecured notes. The Company paid down the Senior Secured Credit Facility using the proceeds from the notes offering and the borrowing base was increased to $712.5 million. See Note N for additional discussion of the offering of $200 million of additional senior unsecured notes and the borrowing base increase.

4. Retirement of term loan

In January 2011, Laredo paid in full its $100.0 million outstanding balance under the Term Loan, dated July 7, 2010, between Laredo and certain financial institutions, using a portion of the proceeds from its 2019 Notes and retired the loan. The Term Loan was subject to an interest rate of 9.25% prior to its pay-off and subsequent retirement.

5. Retirement of Broad Oak credit facility

At July 1, 2011, Broad Oak had a $600.0 million revolving credit facility under its Seventh Amendment to the Credit Agreement (the "Broad Oak Credit Facility"), dated April 11, 2008, between Broad Oak and certain financial institutions. As of June 30, 2011, the Broad Oak Credit Facility had a borrowing base of $375 million with $265.4 million outstanding. As of December 31, 2010, the borrowing was $250.0 million with $214.1 million outstanding. The borrowing base was subject to a semi-annual redetermination based on the financial institutions' evaluation of Broad Oak's oil and gas reserves. The Broad Oak Credit Facility was available to Broad Oak until April 2013, at which time the outstanding balance would have been due. As defined in the Broad Oak Credit Facility, the Adjusted Base Rate Advances and Eurodollar Advances bore interest payable quarterly at an Adjusted Base

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

C—Debt (Continued)

Rate or Adjusted LIBOR plus an applicable margin based on the ratio of outstanding revolving credit to the conforming borrowing base. Broad Oak was also required to pay a quarterly commitment fee of 0.5% on the unused portion of the bank's commitment.

The Broad Oak Credit Facility was secured by a first priority lien on Broad Oak's oil and gas properties. Further, Broad Oak was subject to various financial and non-financial ratios, including a current ratio at the end of each calendar quarter, of not less than 1.00 to 1.00. As defined by the Broad Oak Credit Facility, the current ratio represented the ratio of current assets to current liabilities, inclusive of available capacity and exclusive of current balances associated with non-cash derivative positions. Additionally, at the end of each calendar quarter, Broad Oak had to maintain a ratio of debt to "Consolidated EBITDAX" of not more than 3.50 to 1.00, based on the quarter then ended annualized. "Consolidated EBITDAX" is defined as consolidated net income plus the sum of (i) income or franchise taxes; (ii) consolidated net interest expense; (iii) depreciation, depletion and amortization expense; (iv) any non-cash losses or charges on any derivative positions; (v) other noncash charges; and (vi) costs associated with oil and gas capital expenditures that are expensed rather than capitalized, less, to the extent included in the calculation of Consolidated Net Income (as defined in the Broad Oak Credit Facility), the sum of (A) the income of any person (other than wholly owned subsidiaries of such person) unless such income is received by such person in a cash distribution; (B) gains of losses from sales or other dispositions of assets (other than hydrocarbons produced in the normal course of business); (C) any non-cash gains on any hedge agreement resulting from the requirements of Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*, for that period; (D) extraordinary or non-recurring gains, but not net of extraordinary or non-recurring "cash" losses; and (E) costs and expenses associated with, and attributable to, oil and gas capital expenditures that are expensed rather than capitalized. The Broad Oak Credit Facility contained both financial and non-financial covenants and Broad Oak was in compliance with these covenants at December 31, 2010.

Additionally, the Broad Oak Credit Facility provided for the issuance of letters of credit, limited to the total capacity. At December 31, 2010, Broad Oak had no letters of credit outstanding.

On July 1, 2011, Laredo paid the Broad Oak Credit Facility in full and the facility was terminated. Upon consummation of the acquisition of Broad Oak, Broad Oak was added as a guarantor under the Senior Secured Credit Facility and the 2019 Notes.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

C—Debt (Continued)

6. Fair value of debt

The following table presents the carrying amount and fair value of the Company's debt instruments at September 30, 2011 and December 31, 2010:

	September 30, 2011		December 31, 2010	
(in thousands)	Carrying value	Fair value	Carrying value	Fair value
2019 Notes	$ 350,000	$ 369,908	$ —	$ —
Credit Facilities(1)	525,000	524,298	391,600	392,097
Term Loan	—	—	100,000	100,707
Total value of debt	$ 875,000	$ 894,206	$ 491,600	$ 492,804

(1) December 31, 2010 values include the Broad Oak Credit Facility.

At September 30, 2011 the fair value of the debt outstanding on the 2019 Notes was determined using the September 30, 2011 quoted market price. For September 30, 2011, the fair value of the outstanding debt on the Laredo Senior Secured Credit Facility and for December 31, 2010, the fair value of the outstanding debt on the Laredo Senior Secured Credit Facility, the Broad Oak Credit Facility and the Term Loan was estimated utilizing pricing models for similar instruments.

D—Owners' equity

As a result of the Broad Oak Transaction, the LLC Agreement (as defined below) was amended to include a new class of preferred units and three new classes of restricted units.

Preferred units

The Laredo LLC Second Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") provides for the issuance of three classes of preferred units, (i) Series A-1, (ii) Series A-2 and (iii) BOE Preferred Units (collectively, the "Preferred Units"). First, the LLC Agreement authorizes a total of 60.0 million Series A-1 Units of Laredo LLC for total consideration of $300 million, consisting of approximately $294.9 million from Warburg Pincus IX and $5.1 million from certain members of Laredo LLC's management team and Board of Managers. This portion was fully funded as of December 31, 2009. Second, the LLC Agreement provides for a total of 48.0 million Series A-2 Units of Laredo LLC for total consideration of $300 million, initially consisting of approximately $288.5 million from Warburg Pincus X O&G, L.P. ("Warburg Pincus X"), $9.2 million from Warburg Pincus X Partners, L.P. ("Warburg Pincus X Partners") and $2.3 million from certain members of Laredo LLC's management team and Board of Managers. At September 30, 2011 there are outstanding $50.0 million of unfunded commitments to purchase Series A-2 Units. Third, the LLC Agreement authorizes a total of 89.0 million BOE Preferred Units, all of which were issued and outstanding at September 30, 2011, for total consideration of $670.1 million, consisting of approximately $611.2 million from Warburg Pincus IX, $40.6 million from WP IX Finance LP and $18.4 million from Broad Oak's management team, with no additional commitments.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

D—Owners' equity (Continued)

The Preferred Units have a liquidation preference amount equal to the total capital then invested, plus a 7% cumulative return, compounded quarterly. The Series A-1 and A-2 Units, (collectively the "Series A Units"), 7% cumulative return had accumulated to approximately $122.5 million and $88.5 million as of September 30, 2011 and December 31, 2010, respectively. The BOE Preferred Units 7% cumulative return had accumulated to approximately $11.7 million as of September 30, 2011. These cumulative returns have not been declared by the Board of Managers and as such, are not reflected in the consolidated financial statements.

As of September 30, 2011, approximately $1,219.3 million had been contributed to Laredo LLC, net of Series A Unit repurchases by Laredo LLC. Of this total, approximately $906.0 million was contributed by Warburg Pincus IX, $238.4 million by Warburg Pincus X, $40.6 million by WP IX Finance LP, $7.6 million by Warburg Pincus X Partners, $18.4 million by Broad Oak's management team and $8.3 million by certain members of Laredo LLC's management and Board of Managers.

Restricted units

Laredo LLC is authorized to issue up to 16,923,077 Series B Units, up to 8,791,209 Series C Units, up to 13,538,462 Series D Units up to 7,032,967 Series E Units, up to 5,538,542 Series F Units, up to 4,299,635 G Units and up to 1,245,195 BOE Incentive Units under restricted unit agreements (collectively, the "Restricted Units"). The Series B Units are divided into two unit series, B-1 Units and B-2 Units. The Series B-1 Units have an initial threshold value of $0 and the Series B-2 Units have an initial threshold value of $1.25. The Series C Units have an initial threshold value of $10.00, the Series D Units, Series F Units, and Series G Units have an initial threshold value of $1.25, the Series E Units have an initial threshold value of $13.75, and the BOE Incentive Units have an initial threshold value of $0.

The table below summarizes the activity of restricted units by series for the nine months ended September 30, 2011:

(in thousands)	Series B units	Series C units	Series D units	Series E units	Series F units	Series G units	Series BOE Incentive units	Total units
BALANCE, December 31, 2010	7,998	7,260	9,612	6,562	—	—	—	31,432
Issuance of restricted units	—	—	2,134	170	5,306	1,170	749	9,529
Cancellation of restricted units	(123)	(90)	(116)	(40)	—	—	—	(369)
BALANCE, September 30, 2011	7,875	7,170	11,630	6,692	5,306	1,170	749	40,592

Distribution

Any distributions made by Laredo LLC are allocated into two waterfalls at a ratio of 53% to "Waterfall A" and 47% to the "Waterfall B". The Waterfall A distribution is first allocated to the Series A-1 and A-2 Units until the holders of Series A-1 and A-2 Units have received their invested capital and aforementioned preference amount. Second, until the "$1.25 Threshold" is met, all distributions are made to Series A-1 Units and Series B-1 Units in proportion to their unit ratios.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

D—Owners' equity (Continued)

Third, until the C Unit "$10.00 Threshold" has been met, the distributions are made to the holders of Series A-1 and A-2 Units, Series B-1 and B-2 Units, Series D Units, Series F Units and Series G Units in proportion to their unit ratios. Fourth, until the Series E Unit "$13.75 Threshold" has been met, the distributions are made to the holders of the Series A-1 and A-2 Units, Series B-1 and B-2 Units, Series C Units, Series D Units, Series F Units, and Series G Units in proportion to their unit ratios. Finally, after the Series E Unit "$13.75 Threshold" has been met, the distributions will be made to the holders of the Series A-1 and A-2 Units, Series B-1 and B-2 Units, Series C Units, Series D Units, Series E Units, Series F Units, and Series G Units in proportion to their unit ratios. Each threshold represents the point when holders of Series A-1 Units have received the preference amount plus $1.25, $10.00, and $13.75 per unit, respectively. The Waterfall B is first allocated to the BOE Preferred Units until the holders thereof have received their invested capital and aforementioned preferrence amount. Second, the Waterfall B distribution is allocated 98.6% to the BOE Preferred Units and up to 1.4% to the BOE Incentive Units.

If future Series B-1, B-2, C, D, E, F, or BOE Incentive Units are issued with higher threshold values than prior units in that series, units having a higher threshold value will not share in distributions within the series until units having the lower threshold value have received distributions in an amount necessary to bring them into balance. Until the time that Series A-1 and A-2 Unit investors have fully funded their capital commitments, distributions to holders of Series B-1, B-2, C, D, E, F, G and BOE Incentive Units are subject to being held back until the total of the amounts held back equals the total remaining commitment of Series A Unit and BOE Preferred Unit investors. The holdback amount is subject to distribution to holders of Series A-1 and A-2 Units if future returns are not sufficient to fund the Series A-1 and A-2 Unit preference amounts. Series B-1, B-2, C, D, E, F, G and BOE Incentive Units are also subject to a claw-back (not to exceed distributions received, less taxes) if distributions to such units exceed their entitlement.

In connection with any qualified public offering, each outstanding Series A Unit, BOE Preferred Unit and vested Series B-1, B-2, C, D, E, F, G or BOE Incentive Unit will be converted into or exchanged (at values determined in the LLC Agreement) for shares of common stock of Laredo Holdings. The converted or exchanged units will receive value equal to the same proportion of the aggregate pre-IPO value such that each holder of units will receive IPO securities having a value based on the provisions of the LLC Agreement.

Management may request the funding of capital calls under the amended investors' commitment for development activities, working capital and acquisitions, subject to the approval of the Board of Managers. All capital calls are subject to the approval of Warburg Pincus Partnerships owning Laredo LLC units and must be for an amount not less than $5 million.

The approval of Warburg Pincus Partnerships owning Laredo LLC units is required with respect to certain events, including material contracts and commitments, certain acquisitions and dispositions, certain expenditures and incurrence of debt, and amendments to Laredo's structure.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

E—Equity-based awards

The Company recognizes the fair value of equity-based payments to employees and directors, including awards in the form of Restricted Units of Laredo LLC as a charge against earnings. The Company recognizes equity-based payment expense over the requisite service period. Laredo LLC's equity-based payment awards are accounted for as equity instruments. Equity-based compensation is included in "General and administrative expense" in the Consolidated Statements of Operations.

The following table presents equity-based compensation for the nine months ended September 30, 2011 and 2010, respectively.

	Nine months ended September 30,	
(in thousands)	2011	2010
Equity-based compensation	$ 5,087	$ 1,023

For the nine months ended September 30, 2011, the estimated market value of equity-based compensation for Restricted Units was estimated based on a valuation prepared by the Company's third-party valuation firm. The estimated market value is calculated at the end of each calendar quarter and the estimated market value of the Company is applied to each Series B-1, B-2, C, D, E, F, G and BOE Incentive Units granted during the current calendar quarter. The method of allocation is based on first determining the enterprise value using the market approach and the income approach and then weighting the indicated value to arrive at the fair value of the unit grants. The allocation of total equity remaining after giving effect to the preference amounts based upon the Preferred Units of the Company and the issued units' initial threshold value, as defined in the LLC Agreement is then determined by a valuation model taking into account the facts and circumstances that exist at the preceding quarter end and is allocated to each series of Restricted Units. Although the fair value of the unit grants is determined in accordance with GAAP, that value may not be indicative of the fair value observed in a market transaction between a willing buyer and a willing seller.

For the nine months ended September 30, 2010, the fair value of equity-based compensation for Restricted Units was estimated based on the Company's estimated market value. The Company calculates the estimated market value at the end of each calendar quarter and then applies the calculated value to each Series B-1, B-2, C, D and E Units granted during the current calendar quarter. The Company determination of the fair value for Series B-1, B-2, C, D and E Units is calculated based on the value of the Company's proved reserves using published market prices held flat after year five and then applying the following present value factors to the cash flows for proved reserves: 8% to proved developed properties, 15% to proved developed nonproducing properties and 20% to proved undeveloped properties. The aggregate calculated values are then adjusted by the net value of the Company's other non-oil and gas assets and liabilities to arrive at a net asset value. The net asset value is then adjusted for equity capital invested and the corresponding 7% preference amount to arrive at our net equity value. The net value is then allocated to each class of outstanding units, based upon unit sharing ratios and unit threshold values to arrive at the fair market value for each respective award. Although the fair value of the unit grants is determined in accordance with GAAP, that value may not be indicative of the fair value observed in a market transaction between a willing buyer and a willing seller.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

E—Equity-based awards (Continued)

Laredo LLC is authorized to issue equity incentive awards in the form of Restricted Units. Unvested Restricted Units may not be sold, transferred or assigned. The fair value of the Restricted Units is measured based upon the estimated market price of the underlying member units as of the date of grant. The Restricted Units are subject to the following vesting terms: 20% at the grant date and 20% annually thereafter. The fair value of the Restricted Units in excess of the amounts paid by the employee, which is zero, is amortized to expense over its applicable requisite service period using the straight-line method. In the event of a termination of employment for cause, all Restricted Units, including unvested Restricted Units and vested Restricted Units, and all rights arising from such Restricted Units and from being a holder thereof, are forfeited. In the event of a termination of employment without cause or a resignation, all unvested Restricted Units and all rights arising from such Restricted Units and from being a holder thereof, are forfeited. For a period of one year from the date of termination of employment, in the event of a termination of employment for cause, the Company may also elect to redeem the Series A Units and BOE Preferred Units at a price per unit equal to the lesser of the fair market value or original purchase price. In the event of a termination without cause or a resignation, the Company may elect to redeem the Series A Units and BOE Preferred Units and vested Restricted Units at a price equal to the fair market value.

The table below summarizes activity relating to the unvested Restricted Units for the nine months ended September 30, 2011:

(in thousands, except grant date fair values)	Series B-1	Weighted average fair value	Series B-2	Weighted average fair value	Series C	Weighted average fair value	Series D	Weighted average fair value
Outstanding at December 31, 2010	1,419	$ 0.36	942	$ 2.10	2,129	$ —	6,745	$ —
Granted	—	$ —	—	$ —	—	$ —	2,134	$ 0.59
Vested	(966)	$ 0.26	(433)	$ 2.23	(1326)	$ —	(2,248)	$ 0.11
Forfeited	(10)	$ 0.35	(17)	$ —	—	$ —	(50)	$ 0.03
Outstanding at September 30, 2011	443	$ 0.56	492	$ 2.04	803	$ —	6,581	$ 0.15

(in thousands, except grant date fair values)	Series E	Weighted average fair value	Series F	Weighted average fair value	Series G	Weighted average fair value	BOE Incentive	Weighted average fair value
Outstanding at December 31, 2010	4,016	$ —	—	$ —	—	$ —	—	$ —
Granted	170	$ 0.05	5,306	$ 1.46	1,170	$ 5.12	749	$ 3.36
Vested	(1,282)	$ —	(1,061)	$ 1.46	(234)	$ 5.12	(150)	$ 3.36
Forfeited	(2)	$ —	—	$ —	—	$ —	—	$ —
Outstanding at September 30, 2011	2,902	$ —	4,245	$ 1.46	936	$ 5.12	599	$ 3.36

Unrecognized equity-based compensation expense related to unvested Restricted Units was $14.5 million and $2.4 million at September 30, 2011 and 2010, respectively. That cost is expected to be recognized over a weighted average period of 1.7 years.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

E—Equity-based awards (Continued)

A summary of weighted average grant date fair value and intrinsic value of vested Restricted Units are as follows:

(in thousands, except weighted average grant date fair values)	September 30, 2011	December 31, 2010
B-1 Units:		
Weighted average grant date fair value	$ 0.26	$ 0.27
Total intrinsic value of units vested	$ 2,485	$ 431
B-2 Units:		
Weighted average grant date fair value	$ 2.23	$ 2.12
Total intrinsic value of units vested	$ 925	$ —
C Units:		
Weighted average grant date fair value	$ —	$ —
Total intrinsic value of units vested	$ 231	$ —
D Units:		
Weighted average grant date fair value	$ 0.11	$ —
Total intrinsic value of units vested	$ 844	$ —
E Units:		
Weighted average grant date fair value	$ —	$ —
Total intrinsic value of units vested	$ 255	$ —
F Units:		
Weighted average grant date fair value	$ 1.46	$ —
Total intrinsic value of units vested	$ 1,549	$ —
G Units:		
Weighted average grant date fair value	$ 5.12	$ —
Total intrinsic value of units vested	$ 1,198	$ —
BOE Incentive Units:		
Weighted average grant date fair value	$ 3.36	$ —
Total intrinsic value of units vested	$ 503	$ —

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

F—Income taxes

Income taxes in these financial statements are generally presented on a "consolidated" basis. However, in light of the historic ownership structure of the Company, U.S. tax laws do not allow tax losses of one entity to offset income and losses of another entity until after the consummation of the Broad Oak Transaction on July 1, 2011. As such, the financial accounting for the income tax consequences of each taxable entity is calculated separately for all periods prior to July 1, 2011.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Laredo LLC's subsidiaries are subject to corporate income taxes. In addition, limited liability companies are subject to the Texas margin tax. The income tax expense from operations consisted of the following:

	Nine months ended September 30,	
(in thousands)	2011	2010
Current taxes		
Federal	$ —	$ —
State	—	—
Deferred taxes		
Federal	58,219	5,951
State	360	1,219
	$ 58,579	$ 7,170

Income tax benefit differed from amounts computed by applying the federal income tax rate of 34% to pre-tax income from operations as a result of the following:

	Nine months ended September 30,	
(in thousands)	2011	2010
Income tax benefit computed by applying the statutory rate	$ 55,273	$ 19,832
State income tax, net of federal tax benefit and increase in valuation allowance	628	331
Income from non-taxable entity	(26)	(40)
Non-deductible compensation	1,729	339
Valuation allowance	(801)	(13,959)
Other items	1,776	667
Income tax benefit	$ 58,579	$ 7,170

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

F—Income taxes (Continued)

Significant components of the Company's deferred tax assets as are as follows:

(in thousands)	September 30, 2011	December 31, 2010
Derivative financial instruments	$ (4,683)	$ 10,862
Oil and gas properties and equipment	(53,235)	(59,854)
Other	(5,820)	(2,174)
Net operating loss carry-forward	160,953	207,427
	97,215	156,261
Valuation allowance	(842)	(1,309)
Net deferred tax asset	$ 96,373	$ 154,952

Net deferred tax assets and liabilities were classified in the balance sheets as follows:

(in thousands)	September 30, 2011	December 31, 2010
Deferred tax asset	$ 104,149	$ 154,952
Deferred tax liability	7,776	—
Net deferred tax asset	$ 96,373	$ 154,952

The Company had federal net operating loss carry-forwards totaling approximately $455.6 million and state net operating loss carry-forwards totaling approximately $148.6 million at September 30, 2011. These carry-forwards begin expiring in 2026. The Company maintains a valuation allowance to reduce certain deferred tax assets to amounts that are more likely than not to be realized. At September 30, 2011, a $0.2 million valuation allowance has been recorded against the state of Texas deferred tax asset, a $0.6 million valuation allowance has been recorded against the state of Louisiana deferred tax asset and a $0.03 million valuation allowance has been recorded against the Company's charitable contribution carry-forward. The Company believes the federal and state of Oklahoma net operating loss carry-forwards are fully realizable. The Company considered all available evidence, both positive and negative, in determining whether, based on the weight of that evidence, a valuation allowance was needed. Such consideration included estimated future net cash flows from its oil and gas reserves (including the timing of those cash flows), the future tax effect of the deferred tax assets and liabilities recorded at September 30, 2011 and the Company's ability to use tax planning strategies to prevent an operating loss carry-forward from expiring unused. Additionally, the Company takes advantage of allowable annual elections and techniques (such as capitalizing intangible drilling and development costs and amortizing such costs over five years) to enhance its tax position.

The Company's income tax returns for the years 2007 through 2010 remain open and subject to examination by federal tax authorities and/or the tax authorities in Oklahoma, Texas and Louisiana which are the jurisdictions where the Company has or had principal operations. Additionally, the statute of limitations for examination of federal net operating loss carryovers typically does not begin to run until the year the attribute is utilized in a tax return. In evaluating its current tax positions in order

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

F—Income taxes (Continued)

to identify any material uncertain tax positions, the Company developed a policy in identifying uncertain tax positions that considers support for each tax position, industry standards, tax return disclosures and schedules, and the significance of each position. The Company had no material adjustments to its unrecognized tax benefits during the nine months ended September 30, 2011.

G—Derivative financial instruments

1. Commodity derivatives

The Company engages in derivative transactions such as collars, swaps, puts and basis swaps to hedge price risks due to unfavorable changes in oil and gas prices related to its oil and gas production. As of September 30, 2011, the Company had 81 open derivative contracts with financial institutions, none of which were designated as hedges, which extend from October 2011 to December 2014. The contracts are recorded at fair value on the balance sheet and any realized and unrealized gains and losses are recognized in current year earnings.

Each collar transaction has an established price floor and ceiling. When the settlement price is below the price floor established by these collars, the Company receives an amount from its counterparty equal to the difference between the settlement price and the price floor multiplied by the hedged contract volume. When the settlement price is above the price ceiling established by these collars, the Company pays its counterparty an amount equal to the difference between the settlement price and the price ceiling multiplied by the hedged contract volume.

Each swap or put transaction has an established fixed price. When the settlement price is above the fixed price, the Company pays its counterparty an amount equal to the difference between the settlement price and the fixed price multiplied by the hedged contract volume. When the settlement price is below the fixed price, the counterparty pays the Company an amount equal to the difference between the settlement price and the fixed price multiplied by the hedged contract volume.

Each basis swap transaction has an established fixed differential between the NYMEX gas futures and West Texas WAHA ("WAHA") index gas price. When the NYMEX futures settlement price less the fixed WAHA differential is greater than the actual WAHA price, the difference multiplied by the hedged contract volume is paid to the Company by the counterparty. When the difference between the NYMEX futures settlement price less the fixed WAHA differential is less than the actual WAHA price, the Company pays the counterparty an amount equal to the difference multiplied by the hedged contract volume.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

G—Derivative financial instruments (Continued)

During the nine months ended September 30, 2011, the Company entered into additional commodity contracts to hedge a portion of its estimated future production. The following table summarizes information about these commodity derivative contracts.

	Aggregate Volumes	Index Price	Contract period
Oil (volumes in Bbls):			
Swap	100,000	$101.00	March 2011 - December 2011
Price collar	160,000	$85.00 - $125.00	March 2011 - December 2011
Swap	90,000	$100.10	April 2011 - December 2011
Price collar	80,000	$95.00 - $125.70	May 2011 - December 2011
Price collar	120,000	$85.00 - $125.00	January 2012 - December 2012
Swap	120,000	$99.75	January 2012 - December 2012
Swap	120,000	$101.10	January 2012 - December 2012
Swap	120,000	$100.06	January 2012 - December 2012
Swap	120,000	$99.10	January 2013 - December 2013
Swap	120,000	$100.02	January 2013 - December 2013
Swap	120,000	$102.50	January 2013 - December 2013
Price collar	96,000	$85.00 - $125.00	January 2013 - December 2013
Price collar	264,000	$80.00 - $125.00	January 2014 - December 2014
Natural gas (volumes in MMBtu):			
Basis swap	500,000	$0.26	March 2011 - December 2011
Swap	350,000	$4.75	June 2011 - December 2011
Price collar	3,480,000	$4.00 - $7.05	January 2014 - December 2014

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

G—Derivative financial instruments (Continued)

The following table summarizes open positions as of September 30, 2011, and represents, as of such date, derivatives in place through December 31, 2014, for the remaining year of 2011 and annual production volumes for the years 2012, 2013 and 2014:

	Remaining year 2011	Year 2012	Year 2013	Year 2014
Oil positions:				
Puts:				
Hedged volume (Bbls)	87,000	672,000	1,080,000	—
Weighted average price ($/Bbl)	$ 62.52	$ 65.79	$ 65.00	$ —
Swaps:				
Hedged volume (Bbls)	218,575	732,000	600,000	—
Weighted average price ($/Bbl)	$ 86.80	$ 93.52	$ 96.32	$ —
Collars:				
Hedged volume (Bbls)	180,000	498,000	216,000	264,000
Weighted average floor price ($/Bbl)	$ 78.25	$ 75.06	$ 73.89	$ 80.00
Weighted average ceiling price ($/Bbl)	$ 113.58	$ 107.17	$ 120.56	$ 125.00
Natural gas positions:				
Puts:				
Hedged volume (MMBtu)	90,000	4,320,000	6,600,000	—
Weighted average price ($/MMBtu)	$ 3.50	$ 5.38	$ 4.00	$ —
Swaps:				
Hedged volume (MMBtu)	389,108	1,680,000	—	—
Weighted average price ($/MMBtu)	$ 5.65	$ 6.14	$ —	$ —
Collars:				
Hedged volume (MMBtu)	2,850,000	7,800,000	6,600,000	3,480,000
Weighted average floor price ($/MMBtu)	$ 4.82	$ 4.12	$ 4.00	$ 4.00
Weighted average ceiling price ($/MMBtu)	$ 7.98	$ 5.79	$ 7.05	$ 7.05
Basis Swaps:				
Hedged volume (MMBtu)	1,260,000	2,880,000	1,200,000	—
Weighted average price ($/MMBtu)	$ 0.29	$ 0.31	$ 0.33	$ —

The natural gas derivatives are settled based on NYMEX gas futures, the Northern Natural Gas Co. Demarcation price or the Panhandle Eastern Pipe Line spot price of natural gas for the calculation period. The oil derivatives are settled based on the month's average daily NYMEX price of West Texas Intermediate Light Sweet Crude Oil. Each basis swap transaction is settled based on the differential between the NYMEX gas futures and WAHA index gas price.

2. Interest rate derivatives

The Company is exposed to market risk for changes in interest rates related to its Senior Secured Credit Facility. Interest rate derivative agreements are used to manage a portion of the exposure related to changing interest rates by converting floating-rate debt to fixed-rate debt. If LIBOR is lower

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

G—Derivative financial instruments (Continued)

than the fixed rate in the contract, the Company is required to pay the counterparties the difference, and conversely, the counterparties are required to pay the Company if LIBOR is higher than the fixed rate in the contract. For the interest rate cap below, the Company paid a premium of $0.2 million in 2010 upon entering into the agreement. The Company did not designate the interest rate derivatives as cash flow hedges; therefore, the changes in fair value of these instruments are recorded in current earnings.

The following presents the settlement terms of the interest rate derivatives at September 30, 2011:

(in thousands except rate data)	Year 2011	Year 2012	Year 2013
Notional amount	$ 110,000	$ 110,000	$ —
Fixed rate	3.41%	3.41%	—
Notional amount	$ 30,000	$ 30,000	$ —
Fixed rate	1.60%	1.60%	—
Notional amount	$ 20,000	$ 20,000	$ —
Fixed rate	1.35%	1.35%	—
Notional amount	$ 50,000	$ 50,000	$ 50,000
Fixed rate	1.11%	1.11%	1.11%
Notional amount	$ 50,000	$ 50,000	$ 50,000
Cap rate	3.00%	3.00%	3.00%
Total	$ 260,000	$ 260,000	$ 100,000

3. Balance sheet presentation

The Company's oil and gas commodity derivatives and interest rate derivatives are presented on a net basis in "Derivative financial instruments" in the Consolidated Balance Sheets.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

G—Derivative financial instruments (Continued)

The following summarizes the fair value of derivatives outstanding on a gross basis as of:

(in thousands)	September 30, 2011	December 31, 2010
Assets:		
Commodity derivatives:		
Oil derivatives	$ 32,335	$ 8,398
Natural gas derivatives	15,834	22,035
Interest rate derivatives	1,053	248
	$ 49,222	$ 30,681
Liabilities:		
Commodity derivatives:		
Oil derivatives(1)	$ 5,913	$ 23,405
Natural gas derivatives(2)	2,663	9,271
Interest rate derivatives	4,179	5,790
	$ 12,755	$ 38,466

(1) The oil derivatives fair value is netted with a deferred premium liability of $9.2 million and $7.6 million at September 30, 2011 and December 31, 2010, respectively.

(2) The natural gas derivatives fair value is netted against a deferred premium liability of $4.9 million at September 30, 2011 and December 31, 2010.

By using derivative instruments to economically hedge exposures to changes in commodity prices and interest rates, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk. The Company's counterparties are participants in its Senior Secured Credit Facility (as described in Note C) which is secured by the Company's oil and gas reserves; therefore, the Company is not required to post any collateral. The Company does not require collateral from its counterparties. The Company minimizes the credit risk in derivative instruments by: (i) limiting its exposure to any single counterparty; (ii) entering into derivative instruments only with counterparties that are also lenders in the Company's Senior Secured Credit Facility and meet the Company's minimum credit quality standard, or have a guarantee from an affiliate that meets the Company's minimum credit quality standard; and (iii) monitoring the creditworthiness of the Company's counterparties on an ongoing basis. In accordance with the Company's standard practice, its commodity and interest rate derivatives are subject to counterparty netting under agreements governing such derivatives and, therefore, the risk of such loss is somewhat mitigated at September 30, 2011.

4. Gain (loss) on derivatives

Gains and losses on derivatives are reported on the statements of operations in the respective "Realized and unrealized gain (loss)" amounts. Realized gains (losses), represent amounts related to

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

G—Derivative financial instruments (Continued)

the settlement of derivative instruments, and for commodity derivatives, are aligned with the underlying production. Unrealized gains (losses) represent the change in fair value of the derivative instruments and are non-cash items.

The following represents the Company's reported gains and losses on derivative instruments for the nine months ended September 30, 2011 and 2010:

	Nine months ended September 30,	
(in thousands)	2011	2010
Realized gains (losses):		
Commodity derivatives	$ 1,219	$ 15,599
Interest rate derivatives	(3,732)	(3,929)
	(2,513)	11,670
Unrealized gains (losses):		
Commodity derivatives	41,632	13,984
Interest rate derivatives	2,415	(1,961)
	44,047	12,023
Total gains (losses):		
Commodity derivatives	42,851	29,583
Interest rate derivatives	(1,317)	(5,890)
	$ 41,534	$ 23,693

H—Fair value measurements

The Company accounts for its oil and gas commodity derivatives and interest rate derivatives at fair value (see Note G). The fair value of derivative financial instruments is determined utilizing pricing models for similar instruments. The models use a variety of techniques to arrive at fair value, including quotes and pricing analysis. Inputs to the pricing models include publicly available prices and forward curves generated from a compilation of data gathered from third parties.

The Company has categorized its assets and liabilities measured at fair value, based on the priority of inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

H—Fair value measurements (Continued)

Assets and liabilities recorded at fair value on the balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1— Assets and liabilities recorded at fair value for which values are based on unadjusted quoted prices for identical assets or liabilities in an active market that management has the ability to access. Active markets are considered to be those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2— Assets and liabilities recorded at fair value for which values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Substantially all of these inputs are observable in the marketplace throughout the full term of the price risk management instrument, can be derived from observable data or supported by observable levels at which transactions are executed in the marketplace.

Level 3— Assets and liabilities recorded at fair value for which values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Unobservable inputs that are not corroborated by market data. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

When the inputs used to measure fair value fall within different levels of the hierarchy in a liquid environment, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company conducts a review of fair value hierarchy classifications on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities.

Fair value measurement on a recurring basis

The following presents the Company's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis at September 30, 2011 and December 31, 2010, respectively. These items are included in "Derivative financial instruments" on the balance sheets. Significant Level 2 assumptions associated with the calculations of discounted cash flows used in the mark-to-market analysis include

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

H—Fair value measurements (Continued)

NYMEX natural gas and crude oil prices, appropriate risk adjusted discount rates and other relevant data.

(in thousands)	Level 1	Level 2	Level 3	Total fair value
As of September 30, 2011:				
Commodity derivatives	$ —	$ 21,058	$ 32,678	$ 53,736
Deferred premiums	—	—	(14,143)	(14,143)
Interest rate derivatives	—	(3,126)	—	(3,126)
Total	$ —	$ 17,932	$ 18,535	$ 36,467

(in thousands)	Level 1	Level 2	Level 3	Total fair value
As of December 31, 2010:				
Commodity derivatives	$ —	$ (9,774)	$ 20,026	$ 10,252
Deferred premiums	—	—	(12,495)	(12,495)
Interest rate derivatives	—	(5,542)	—	(5,542)
Total	$ —	$ (15,316)	$ 7,531	$ (7,785)

A summary of the changes in assets classified as Level 3 measurements for the nine months ended September 30, 2011 and 2010 are presented below.

(in thousands)	Derivative option contracts	Deferred premiums
Balance of Level 3 at December 31, 2010	$ 20,026	$ (12,495)
Realized and unrealized losses included in earnings	5,323	—
Amortization of deferred premiums	—	(329)
Total purchases, issuances and settlements:		
Purchases	4,923	(1,383)
Settlements	—	64
Transfers in to Level 3(1)(2)	2,406	—
Balance of Level 3 at September 30, 2011	$ 32,678	$ (14,143)
Change in unrealized gains attributed to earnings relating to derivatives still held at September 30, 2011	$ 2,201	$ —

(1) Transferred from Level 2 to Level 3 due to a change in the method of calculating fair value. The new method uses some unobservable inputs in the calculation of the fair value of derivative contracts.

(2) The Company's policy is to recognize transfers in and out as of the actual date of the event or change in circumstances that caused the transfer.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

H—Fair value measurements (Continued)

(in thousands)	Derivative option contracts	Deferred premiums
Balance of Level 3 at December 31, 2009	$ 14,610	$ (3,524)
Realized and unrealized gains included in earnings	3,374	—
Amortization of deferred premiums	—	(87)
Total purchases, issuances and settlements:		
Purchases	2,212	—
Balance of Level 3 at September 30, 2010	$ 20,196	$ (3,611)
Change in unrealized gains attributed to earnings relating to derivatives still held at September 30, 2010	$ 7,761	$ —

Fair value measurement on a nonrecurring basis

The Company accounts for additions to its asset retirement obligation (see Note B.7) and impairment of long-lived assets (see Note B.12), if any, at fair value on a nonrecurring basis in accordance with GAAP. For purposes of fair value measurement, it was determined that the impairment of long-lived assets and the additions to the asset retirement obligation are classified as Level 3. No impairments of long-lived assets were recorded during the nine months ended September 30, 2011 and 2010.

Asset retirement obligations

The accounting policies for asset retirement obligations are discussed in Note B.7, including a reconciliation of the Company's asset retirement obligation. The fair value of additions to the asset retirement obligation liability is measured using valuation techniques consistent with the income approach, which converts future cash flows to a single discounted amount. Significant inputs to the valuation include: (i) estimated plug and abandonment cost per well based on Company experience; (ii) estimated remaining life per well based on the reserve life per well; (iii) future inflation factors; and (iv) the Company's and the former Broad Oak average credit adjusted risk free rate.

Inherent in the fair value calculation of asset retirement obligations are numerous assumptions and judgments, including, in addition to those noted above, the ultimate settlement of these amounts, the ultimate timing of such settlement, and changes in legal, regulatory, environmental and political environments. To the extent future revisions to these assumptions impact the fair value of the existing asset retirement obligation liability, a corresponding adjustment will be made to the asset balance.

I—Credit risk

The Company's oil and gas sales are to a variety of purchasers, including intrastate and interstate pipelines or their marketing affiliates and independent marketing companies. The Company's joint operations accounts receivable are from a number of oil and gas companies, partnerships, individuals and others who own interests in the properties operated by the Company. Management believes that any credit risk imposed by a concentration in the oil and gas industry is offset by the creditworthiness

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

I—Credit risk (Continued)

of the Company's customer base. The Company routinely assesses the recoverability of all material joint operations and other receivables to determine collectability.

The following table summarizes the net oil and gas sales (oil and gas sales less production taxes) received from the Company's related party and included in the statements of operations for the periods presented:

(in thousands)	For the nine months ended September 30, 2011	2010
Net oil and gas sales(1)	$ 55,112	$ 20,509

The following table summarizes the amounts included in oil and gas sales receivable in the balance sheets for the periods presented:

(in thousands)	At September 30, 2011	At December 31, 2010
Oil and gas sales receivable(1)	$ 6,702	$ 4,435

(1) The Company has a gas gathering and processing arrangement with affiliates of Targa Resources, Inc. ("Targa"). Warburg Pincus IX, a majority equityholder in the Company, and other Warburg Pincus affiliates hold investment interests in Targa. One of Laredo LLC's directors is on the board of directors of affiliates of Targa.

J—Commitments and contingencies

1. Lease commitments

The Company leases equipment and office space under operating leases expiring on various dates through 2016. Minimum annual lease commitments at September 30, 2011, and for the calendar years following are:

(in thousands)	
Remaining 2011	$ 342
2012	1,413
2013	1,448
2014	1,102
2015	731
Thereafter	283
Total	$ 5,319

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

J—Commitments and contingencies (Continued)

The following table presents rent expense for the nine months ended September 30, 2011 and 2010, respectively.

(in thousands)	Nine months ended September 30, 2011	2010
Rent expense	$ 885	$ 685

The Company's office space lease agreements contain scheduled escalation in lease payments during the term of the lease. In accordance with GAAP, the Company records rent expense on a straight-line basis and a deferred lease liability for the difference between the straight-line amount and the actual amounts of the lease payments.

2. Litigation

The Company may be involved in legal proceedings and/or is subject to industry rulings that could bring rise to claims in the ordinary course of business. The Company has concluded that the likelihood is remote that the ultimate resolution of any pending litigation or pending claims will be material or have a material adverse effect on its business, financial position, results of operations or liquidity.

3. Drilling contracts

The Company has committed to several short-term drilling and long-term contracts with various third parties in order to complete its various drilling projects. The contracts contain an early termination clause that require the Company to pay significant penalties to the third party should the Company cease drilling efforts. These penalties could significantly impact the Company's financial statements upon contract termination. These commitments are not recorded in the accompanying balance sheets. Future commitments as of September 30, 2011 are $16.9 million. Management does not anticipate canceling any drilling contracts or discontinuing drilling efforts in 2011.

4. Federal and state regulations

Oil and natural gas exploration, production and related operations are subject to extensive federal and state laws, rules and regulations. Failure to comply with these laws, rules and regulations can result in substantial penalties. The regulatory burden on the oil and natural gas industry increases the cost of doing business and affects profitability. The Company believes that it is in compliance with currently applicable material state and federal regulations and these regulations will not have a material adverse impact on the financial position or results of operations of the Company. Because these rules and regulations are frequently amended or reinterpreted, the Company is unable to predict the future cost or impact of complying with these regulations.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

K—Defined contribution plan

Laredo sponsors a 401(k) defined contribution plan for the benefit of substantially all employees at the date of hire. As part of the Broad Oak Transaction, Laredo began funding the former Broad Oak sponsored plan on July, 1, 2011. The former Broad Oak plan is substantially identical to the Laredo sponsored plan. The plans allow eligible employees to make tax-deferred contributions up to 100% of their annual compensation, not to exceed annual limits established by the federal government. Laredo makes matching contributions of up to 6% of an employee's compensation and may make additional discretionary contributions for eligible employees. Employees are 100% vested in the employer contributions upon receipt. The two plans will be merged January 1, 2012.

The following table presents total contributions to the plans for the nine month periods ended September 30, 2011 and 2010.

(in thousands)	Nine months ended September 30, 2011	2010
Contributions	$ 1,420	$ 968

L—Other accrued current liabilities

The following table provides the components of the Company's accrued other current liabilities at September 30, 2011 and December 31, 2010:

(in thousands)	September 30, 2011	December 31, 2010
Accrued expenses	$ 2,267	$ 2,870
Accrued interest payable	5,172	1,542
Production taxes payable	1,617	1,378
Prepaid drilling liability	2,997	1,896
Lease operating expense accrual	4,364	2,913
Other	658	255
Other accrued current liabilities	$ 17,075	$ 10,854

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

M—Subsidiary guarantees

Laredo LLC and all of Laredo's wholly-owned subsidiaries (Laredo Gas, Laredo Texas and Laredo Dallas, collectively, the "Subsidiary Guarantors") have fully and unconditionally guaranteed the 2019 Notes and Senior Secured Credit Facility (see Note C). In accordance with practices accepted by the SEC, the Company has prepared condensed consolidating financial statements in order to quantify the assets, results of operations and cash flows of such subsidiaries as issuer subsidiary guarantors. The following Condensed Consolidating Balance Sheets at September 30, 2011 and December 31, 2010, and Condensed Consolidating Statements of Operations and Condensed Consolidating Statements of Cash Flows for the nine months ended September 30, 2011 and 2010, present financial information for Laredo LLC as the parent of Laredo on a stand-alone basis (carrying any investments in subsidiaries under the equity method), financial information for Laredo on a stand-alone basis (carrying any investment in subsidiaries under the equity method), financial information for the Subsidiary Guarantors on a stand-alone basis (carrying any investment in subsidiaries under the equity method), and the consolidation and elimination entries necessary to arrive at the information for the Company on a condensed consolidated basis. All deferred income taxes for the nine months ended September 30, 2011 are recorded on the books of Laredo's statements of financial position, as Laredo's subsidiaries are flow-through entities for income tax purposes. Prior to the Broad Oak Transaction on July 1, 2011, both Laredo and Laredo Dallas were separate taxable entities and deferred income taxes for the Company are recorded separately. The Subsidiary Guarantors are not restricted from making distributions to Laredo.

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

M—Subsidiary guarantees (Continued)

Condensed consolidating balance sheet
September 30, 2011

(in thousands)	Laredo LLC	Laredo	Subsidiary Guarantors	Intercompany eliminations	Total
Accounts receivable, net	$ —	$ 36,600	$ 21,719	$ —	$ 58,319
Other current assets	31,103	30,036	12,966	(15,428)	58,677
Total oil and natural gas properties, net	—	676,142	482,305	—	1,158,447
Total pipeline and gas gathering assets, net	—	—	46,684	—	46,684
Total other fixed assets, net	—	10,364	562	—	10,926
Investment in subsidiaries	518,833	420,169	—	(939,002)	—
Total other long-term assets		143,450	—	—	143,450
Total assets	$ 549,936	$ 1,316,761	$ 564,236	$ (954,430)	$ 1,476,503
Accounts payable	$ 1	$ 23,517	$ 10,597	$ —	$ 34,115
Other current liabilities	—	105,162	29,025	(15,428)	118,759
Other long-term liabilities	—	5,735	4,682	—	10,417
Long-term debt	—	875,000	—	—	875,000
Owners' equity	549,935	307,347	519,932	(939,002)	438,212
Total liabilities and owners' equity	$ 549,936	$ 1,316,761	$ 564,236	$ (954,430)	$ 1,476,503

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

M—Subsidiary guarantees (Continued)

Condensed consolidating balance sheet
December 31, 2010

(in thousands)	Laredo LLC	Laredo	Subsidiary Guarantors	Intercompany eliminations	Total
Accounts receivable, net	$ —	$ 24,168	$ 19,771	$ —	$ 43,939
Other current assets	38,652	21,391	10,340	(13,906)	56,477
Total oil and natural gas properties, net	—	430,242	333,040	—	763,282
Total pipeline and gas gathering assets, net	—	—	39,343	—	39,343
Total other fixed assets, net	—	6,915	353	—	7,268
Investment in subsidiaries	511,208	114,881	—	(626,089)	—
Total other long-term assets	—	129,799	28,052	—	157,851
Total assets	$ 549,860	$ 727,396	$ 430,899	$ (639,995)	$ 1,068,160
Accounts payable	$ 1	$ 42,311	$ 12,932	$ (13,906)	$ 41,338
Other current liabilities	—	64,675	44,230	—	108,905
Other long-term liabilities	—	6,602	8,616	—	15,218
Long-term debt	—	277,500	214,100	—	491,600
Owners' equity	549,859	336,308	151,021	(626,089)	411,099
Total liabilities and owners' equity	$ 549,860	$ 727,396	$ 430,899	$ (639,995)	$ 1,068,160

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

M—Subsidiary guarantees (Continued)

Condensed consolidating statement of operations
For the nine months ended September 30, 2011

(in thousands)	Laredo LLC	Laredo	Subsidiary Guarantors	Intercompany eliminations	Total
Total operating revenues	$ —	$ 164,818	$ 211,688	$ (5,199)	$ 371,307
Total operating costs and expenses	7	114,931	99,332	(5,199)	209,071
Income (loss) from operations	(7)	49,887	112,356	—	162,236
Interest income (expense), net	83	(29,965)	(5,097)	—	(34,979)
Other, net	—	46,524	(11,214)	—	35,310
Income before income tax	76	66,446	96,045	—	162,567
Income tax expense	—	(37,178)	(21,401)	—	(58,579)
Net income	$ 76	$ 29,268	$ 74,644	$ —	$ 103,988

Condensed consolidating statement of operations
For the nine months ended September 30, 2010

(in thousands)	Laredo LLC	Laredo	Subsidiary Guarantors	Intercompany eliminations	Total
Total operating revenues	$ —	$ 62,381	$ 97,521	$ (2,841)	$ 157,061
Total operating costs and expenses	7	61,858	51,628	(2,841)	110,652
Income (loss) from operations	(7)	523	45,893	—	46,409
Interest income (expense), net	125	(7,558)	(4,311)	—	(11,744)
Other, net	—	20,345	3,318	—	23,663
Income before income tax	118	13,310	44,900	—	58,328
Income tax expense	—	(5,777)	(1,393)	—	(7,170)
Net income	$ 118	$ 7,533	$ 43,507	$ —	$ 51,158

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

M—Subsidiary guarantees (Continued)

Condensed consolidating statement of cash flows
For the nine months ended September 30, 2011

(in thousands)	Laredo LLC	Laredo	Subsidiary Guarantors	Intercompany eliminations	Total
Net cash flows provided by operating activities	$ 76	$ 96,698	$ 138,421	$ (1,522)	$ 233,673
Net cash flows provided by (used in) investing activities	(7,625)	(597,609)	85,970	—	(519,264)
Net cash flows provided by (used in) financing activities	—	500,911	(218,306)	—	282,605
Net increase (decrease) in cash and cash equivalents	(7,549)	—	6,085	(1,522)	(2,986)
Cash and cash equivalents at beginning of period	38,652	—	6,489	(13,906)	31,235
Cash and cash equivalents at end of period	$ 31,103	$ —	$ 12,574	$ (15,428)	$ 28,249

Condensed consolidating statement of cash flows
For the nine months ended September 30, 2010

(in thousands)	Laredo LLC	Laredo	Subsidiary Guarantors	Intercompany eliminations	Total
Net cash flows provided by operating activities	$ 118	$ 25,710	$ 65,089	$ (163)	$ 90,754
Net cash flows used in investing activities	(41,599)	(69,387)	(198,571)	—	(309,557)
Net cash flows provided by financing activities	51,438	43,677	133,925	—	229,040
Net increase in cash and cash equivalents	9,957	—	443	(163)	10,237
Cash and cash equivalents at beginning of period	16,922	—	1,766	(3,701)	14,987
Cash and cash equivalents at end of period	$ 26,879	$ —	$ 2,209	$ (3,864)	$ 25,224

N—Subsequent events

1. Additional borrowing

On each of October 11, 2011 and November 8, 2011, the Company drew $25.0 million from the Senior Secured Credit Facility. On October 11, 2011, the Senior Secured Credit Facility was amended to allow for the offering of an additional $200 million of senior unsecured notes. See Note N.2 below

Laredo Petroleum, LLC and subsidiaries

Condensed notes to the consolidated financial statements (Continued)

September 30, 2011

(Unaudited)

N—Subsequent events (Continued)

regarding such offering and subsequent payment of a portion of the Senior Secured Credit Facility. The outstanding balance under the Senior Secured Credit Facility was approximately $375.0 million at November 25, 2011.

2. Offering of $200.0 million additional senior unsecured notes

On October 19, 2011 Laredo completed an offering of $200 million additional senior unsecured notes, at a price of 101% of par. The additional notes were issued under the same Indenture as the 2019 Notes and became part of the same series as the 2019 Notes. As such, the additional notes will mature on February 15, 2019 and bear an interest rate of 9.5% payable semi-annually, in cash, in arrears on February 15 and August 15 of each annual year, commencing February 15, 2012. Interest will accrue on the additional notes from August 15, 2011. The additional notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by Laredo LLC, Laredo Texas, Laredo Gas and Laredo Dallas. The net proceeds from the additional notes were used to pay down $200.0 million of the loan amounts outstanding under the Senior Secured Credit Facility.

3. Borrowing base increase

The borrowing base under the Senior Secured Credit Facility was increased to $712.5 million on October 28, 2011.

4. New derivative contracts

On October 26, 2011, the Company entered into four new derivative contracts, with approximately $4.8 million in deferred premiums associated. The following table presents these new contracts:

	Aggregate volumes	Index price	Contract period
Oil (volumes in Bbls):			
Price collar	348,000	$75.00 - $125.00	January 2012 - December 2012
Price collar	312,000	$75.00 - $125.00	January 2013 - December 2013
Price collar	264,000	$75.00 - $125.00	January 2014 - December 2014
Natural gas (volumes in MMBtu):			
Price collar	3,480,000	$4.00 - $7.00	January 2014 - December 2014

We have evaluated subsequent events for recognition or disclosure through December 12, 2011, which was the date the financial statements were filed with the SEC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Managers and Members
Laredo Petroleum, LLC

We have audited the accompanying combined balance sheets of Laredo Petroleum (the "Company") (the combined operations of Laredo Petroleum, LLC, Laredo Petroleum, Inc., Laredo Petroleum Texas, LLC, Laredo Gas Services, LLC and Broad Oak Energy, Inc. as described in Note A) as of December 31, 2010 and 2009, and the related combined statements of income, owners' equity, and cash flows for each of the three years in the period ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Laredo Petroleum as of December 31, 2010 and 2009, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Tulsa, Oklahoma
August 23, 2011

Laredo Petroleum

Combined balance sheets

December 31, 2010 and 2009

(in thousands)

	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 31,235	$ 14,987
Accounts receivable, net:		
Oil and gas sales	31,773	14,160
Joint operations	12,031	5,621
Other	135	859
Capital contributions receivable	—	50,000
Materials and supplies	4,154	559
Prepaid expenses	1,483	3,295
Derivative financial instruments	8,376	4,663
Deferred income taxes	11,229	5,749
Total current assets	100,416	99,893
PROPERTY AND EQUIPMENT:		
Oil and gas properties, full cost method:		
Proved properties	1,379,885	881,106
Unproved properties not being amortized	96,515	92,847
Pipeline and gas gathering assets	43,271	38,166
Other fixed assets	10,869	8,507
	1,530,540	1,020,626
Less accumulated depreciation, depletion, amortization and impairment	720,647	624,526
Net property and equipment	809,893	396,100
OTHER ASSETS, net	85	104
MATERIALS AND SUPPLIES	1,886	1,338
DEFERRED INCOME TAXES	143,723	123,391
DERIVATIVE FINANCIAL INSTRUMENTS	1,804	2,143
DEFERRED LOAN COSTS, net	10,353	2,375
Total assets	$ 1,068,160	$ 625,344
LIABILITIES AND OWNERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 41,338	$ 34,284
Undistributed revenue and royalties	10,664	9,929
Accrued capital expenditures	65,900	19,696
Accrued compensation and benefits	8,778	3,157
Other accrued liabilities	10,854	6,223
Current portion of asset retirement obligations	731	1,528
Derivative financial instruments	11,978	4,448
Total current liabilities	150,243	79,265
LONG-TERM DEBT	491,600	247,100
GAS IMBALANCES	1,093	1,108
DERIVATIVE FINANCIAL INSTRUMENTS	5,987	3,737
ASSET RETIREMENT OBLIGATIONS	7,547	4,317
DEFERRED LEASE LIABILITY	591	710
Total liabilities	657,061	336,237
OWNERS' EQUITY, per accompanying statement	411,099	289,107
Total liabilities and owners' equity	$ 1,068,160	$ 625,344

The accompanying notes are an integral part of these combined financial statements.

Laredo Petroleum

Combined statements of operations

For the years ended December 31, 2010, 2009 and 2008

(in thousands)

	2010	2009	2008
REVENUES:			
Oil and gas sales	$ 239,783	$ 94,347	$ 73,883
Natural gas transportation and treating	2,217	2,227	304
Drilling and production	4	318	548
Total revenues	242,004	96,892	74,735
COSTS AND EXPENSES:			
Lease operating expenses	21,684	12,531	6,436
Production and ad valorem taxes	15,699	6,129	5,481
Natural gas transportation and treating	2,501	1,416	154
Drilling rig fees	—	1,606	—
Drilling and production	344	1,076	23
General and administrative	30,908	22,492	23,248
Bad debt expense	—	91	—
Accretion of asset retirement obligations	475	406	170
Depreciation, depletion and amortization	97,411	58,005	33,102
Impairment expense	—	246,669	282,587
Total costs and expenses	169,022	350,421	351,201
OPERATING INCOME (LOSS)	72,982	(253,529)	(276,466)
NON-OPERATING INCOME (EXPENSE):			
Realized and unrealized gain (loss):			
Commodity derivative financial instruments, net	11,190	5,744	40,569
Interest rate derivatives, net	(5,375)	(3,394)	(6,274)
Interest expense	(18,482)	(7,464)	(4,410)
Interest income	150	223	781
Loss on disposal of assets	(30)	(85)	(2)
Other	1	4	38
Non-operating income (expense), net	(12,546)	(4,972)	30,702
Income (loss) before income taxes	60,436	(258,501)	(245,764)
INCOME TAX (EXPENSE) BENEFIT:			
Current	—	—	(12)
Deferred	25,812	74,006	53,729
Total income tax benefit, net	25,812	74,006	53,717
NET INCOME (LOSS)	$ 86,248	$ (184,495)	$ (192,047)

The accompanying notes are an integral part of these combined financial statements.

Laredo Petroleum

Combined statements of owners' equity

For the years ended December 31, 2010, 2009 and 2008

(in thousands)

	Series A		Restricted Units		Treasury Units (at cost)	Other equity interests	Accumulated deficit	Total
	Units	Amount	Units	Amount				
BALANCE, December 31, 2007	14,000	$ 70,000	7,236	$ —	$	$ 47,601	$ (7,894)	$ 109,707
Issuance of equity interests	62,000	329,820	—	—	—	69,020	—	398,840
Equity-based compensation	—	—	9,318	1,864	—	—	—	1,864
Cancellation of restricted units	—	—	(17)	—	—	—	—	—
Net loss	—	—	—	—	—	—	(192,047)	(192,047)
BALANCE, December 31, 2008	76,000	399,820	16,537	1,864	—	116,621	(199,941)	318,364
Issuance of equity interests	20,000	125,000	—	—	—	29,581	—	154,581
Purchase of equity interests	—	—	—	—	(300)	(632)	—	(932)
Cancellation of Series A Units	(48)	(120)	—	—	300	—	—	180
Equity-based compensation	—	—	10,694	1,419	—	—	—	1,419
Purchase of restricted units	—	—	—	—	(10)	—	—	(10)
Cancellation of restricted units	—	—	(272)	(10)	10	—	—	—
Net loss	—	—	—	—	—	—	(184,495)	(184,495)
BALANCE, December 31, 2009	95,952	524,700	26,959	3,273	—	145,570	(384,436)	289,107
Issuance of equity interests	4,000	25,000	—	—	—	10,000	—	35,000
Purchase of equity interests	—	—	—	—	(513)	—	—	(513)
Cancellation of Series A Units	(82)	(513)	—	—	513	—	—	—
Equity-based compensation	—	—	6,286	1,231	—	26	—	1,257
Cancellation of restricted units	—	—	(1,813)	—	—	—	—	—
Net income	—	—	—	—	—	—	86,248	86,248
BALANCE, December 31, 2010	99,870	$549,187	31,432	$ 4,504	$ —	$155,596	$ (298,188)	$ 411,099

The accompanying notes are an integral part of these combined financial statements.

Laredo Petroleum

Combined statements of cash flows

For the years ended December 31, 2010, 2009 and 2008

(in thousands)

	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 86,248	$ (184,495)	$ (192,047)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Deferred income tax benefit	(25,812)	(74,006)	(53,729)
Depreciation, depletion and amortization	97,411	58,005	33,102
Impairment expense	—	246,669	282,587
Non-cash equity-based compensation	1,257	1,419	1,864
Accretion of asset retirement obligations	475	406	170
Unrealized (gain) loss on derivative financial instruments, net	11,648	46,003	(27,174)
Premiums paid for derivative financial instruments	(5,397)	(6,283)	(10,068)
Amortization of premiums paid for derivative financial instruments	155	—	—
Other non-cash compensation	—	—	100
Bad debt expense	—	91	—
Amortization of deferred loan costs	2,132	546	120
Amortization of other assets	19	9	3
Loss on disposal of assets	30	85	2
Changes in assets and liabilities:			
Change in accounts receivable	(23,299)	22,062	(38,925)
Change in materials and supplies	(4,143)	2,887	(5,574)
Change in prepaid expenses	1,812	3,303	(6,370)
Change in other assets	—	(98)	(19)
Change in accounts payable	5,711	(6,753)	27,353
Change in undistributed revenue and royalties	735	1,905	6,540
Change in accrued compensation and benefits	5,621	(3,188)	4,359
Change in other accrued liabilities	2,457	3,781	2,899
Change in deferred lease liability	(17)	321	139
Net cash provided by operating activities	157,043	112,669	25,332
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of oil and gas properties	—	—	(179,141)
Restricted cash	—	2,201	(2,201)
Capital expenditures:			
Oil and gas properties	(454,161)	(340,636)	(288,555)
Pipeline and gathering assets	(4,277)	(19,995)	(17,548)
Other fixed assets	(2,198)	(3,071)	(3,474)
Proceeds from other fixed asset disposals	89	168	22
Net cash used in investing activities	(460,547)	(361,333)	(490,897)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings on revolving credit facilities	250,300	114,400	104,100
Payments on revolving credit facilities	(105,800)	(15,900)	—
Borrowings on term loan	100,000	—	—
Proceeds from issuance of equity interests, net	10,000	29,580	69,079
Purchase of equity interests and units, net	(513)	(762)	—
Capital contributions	75,000	125,000	299,720
Payments for loan costs	(9,235)	(2,179)	(759)
Net cash provided by financing activities	319,752	250,139	472,140
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,248	1,475	6,575
CASH AND CASH EQUIVALENTS, beginning of year	14,987	13,512	6,937
CASH AND CASH EQUIVALENTS, end of year	$ 31,235	$ 14,987	$ 13,512
NON-CASH FINANCING ACTIVITIES:			
Capital contributions receivable	$ —	$ 50,000	$ 50,000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period:			
Interest	$ 15,223	$ 7,096	$ 3,828

The accompanying notes are an integral part of these combined financial statements.

Laredo Petroleum

Notes to the combined financial statements

December 31, 2010, 2009 and 2008

A—Organization

Laredo Petroleum, Inc. ("Laredo"), a Delaware corporation, was incorporated on October 10, 2006, for the purpose of acquiring, developing and operating oil and gas producing properties on its behalf and on the behalf of others. On October 20, 2006, Laredo entered into a consulting agreement with Warburg Pincus Private Equity IX, L.P. ("Warburg Pincus IX") under which Laredo, as an independent contractor, agreed to pursue and develop acquisition and investment opportunities in the oil and gas industry for the benefit of Warburg Pincus IX and certain of its affiliates, all formed by and under common control of Warburg Pincus LLC (collectively, the "Warburg Pincus Partnerships").

Laredo Petroleum Texas, LLC ("Laredo Texas"), a Texas limited liability company, was formed in 2007 and is a wholly-owned subsidiary of Laredo. Laredo Texas was formed to acquire ownership interest in certain oil and gas properties primarily in Hansford, Hutchinson, Roberts and Ochiltree Counties, Texas.

Laredo Gas Services, LLC ("Laredo Gas"), a Delaware limited liability company, was formed in 2007 and is a wholly-owned subsidiary of Laredo. Laredo Gas was formed to own and operate gathering and marketing assets and related facilities for Laredo and Laredo Texas.

In May 2007, certain investors of the Warburg Pincus Partnerships and Laredo management contributed their common stock in Laredo to Laredo Petroleum, LLC ("Laredo LLC"), a Delaware limited liability company, and Laredo became a wholly-owned subsidiary of Laredo LLC. The consulting agreement between Laredo and Warburg Pincus IX was consequently terminated. Laredo LLC is focused on the exploration, development and acquisition of oil and natural gas in the Mid-Continent and Permian regions of the United States.

In these notes, the "Company" refers to Laredo LLC, Laredo, Laredo Texas and Laredo Gas, collectively.

Broad Oak Energy, Inc. ("Broad Oak"), a Delaware corporation, was formed on May 11, 2006, and was engaged in the acquisition, exploration, development and production of oil and natural gas in the southwestern United States. Immediately upon formation, Broad Oak entered into a stock purchase agreement with Warburg Pincus IX and Broad Oak management.

On July 1, 2011, Laredo LLC and Laredo completed the acquisition of Broad Oak, which became a wholly-owned subsidiary of Laredo. In connection with the transaction, Laredo LLC issued: (i) approximately 86.5 million preferred equity units to Warburg Pincus IX and its affiliate in exchange for the convertible preferred stock previously held in Broad Oak; and (ii) approximately 2.4 million preferred equity units to Broad Oak's management and directors in exchange for certain of the vested common stock and convertible preferred stock previously held in Broad Oak. In addition, Laredo paid approximately $82 million in cash for certain Broad Oak vested common stock, convertible preferred stock and all outstanding and vested Broad Oak options that certain Broad Oak directors, management and employees elected to sell. All unvested shares of Broad Oak common stock and unvested Broad Oak options were cancelled. Immediately following the consummation of this transaction, Laredo LLC assigned 100% of its ownership interest in Broad Oak to Laredo as a contribution to capital (the transactions described in this paragraph collectively, the "Broad Oak Transaction"). In connection with the Broad Oak Transaction, the Broad Oak Credit Facility was paid in full and terminated on July 1, 2011.

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

A—Organization (Continued)

Because the Company and Broad Oak (collectively and including Laredo, Laredo Texas and Laredo Gas, the "Combined Company" or "Laredo Petroleum") are commonly controlled by Warburg Pincus Partnerships, the Broad Oak Transaction was accounted for in a manner similar to a pooling of interests. As a result, the combined historical financial statements give retrospective effect to the Broad Oak Transaction, whereby the assets and liabilities of the Company and Broad Oak are reflected at the historical carrying values and their operations are presented as if they were combined for all periods presented. The combined equity statement presents Broad Oak's historical equity as "Other equity interests," all of which was exchanged for either (i) equity in Laredo LLC through BOE Preferred Units or (ii) cash in the Broad Oak Transaction.

On August 12, 2011, Laredo LLC formed a new wholly-owned subsidiary, Laredo Petroleum Holdings, Inc. ("Laredo Holdings") in anticipation of an initial public offering ("IPO"). Immediately prior to the effectiveness of the IPO, Laredo LLC will be merged into Laredo Holdings and Laredo Holdings will continue as the surviving corporation.

B—Basis of presentation and significant accounting policies

1. Basis of presentation

The accompanying combined financial statements were derived from the historical accounting records of the Combined Company and reflect the historical financial position, results of operations and cash flows for the periods described herein. All material intercompany transactions and account balances have been eliminated in the combination of accounts. The accompanying combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Combined Company operates oil and natural gas properties as one business segment, which explores, develops and produces oil and natural gas.

2. Use of estimates in the preparation of combined financial statements

The preparation of the accompanying combined financial statements in conformity with GAAP requires management of the Combined Company to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from those estimates.

Significant estimates include, but are not limited to, estimates of the Combined Company's reserves of oil and natural gas, future cash flows from oil and natural gas properties, depreciation, depletion and amortization, asset retirement obligations, equity-based compensation, deferred income taxes, and fair values of commodity and interest rate derivatives. As fair value is a market-based measurement, it is determined based on the assumptions that market participants would use. These estimates and assumptions are based on management's best judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Such estimates and assumptions are adjusted when facts and circumstances dictate. Illiquid credit markets and volatile equity and energy markets have combined to increase the

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

B—Basis of presentation and significant accounting policies (Continued)

uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ from these estimates. Any changes in estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

3. Cash and cash equivalents

The Combined Company maintains cash and cash equivalents in bank deposit accounts and money market funds that may not be federally insured. The Combined Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on such accounts. The Combined Company defines cash and cash equivalents to include cash on hand, cash in bank accounts and highly liquid investments with original maturities of thirty days or less.

4. Accounts receivable

The Combined Company sells oil and gas to various customers and participates with other parties in the drilling, completion and operation of oil and gas wells. Joint interest and oil and gas sales receivables related to these operations are generally unsecured. Accounts receivable for joint interest billings are recorded as amounts billed to customers less an allowance for doubtful accounts. Amounts are considered past due after 30 days. The Combined Company determines joint interest operations accounts receivable allowances based on management's assessment of the creditworthiness of the joint interest owners and the Combined Company's ability to realize the receivables through netting of anticipated future production revenues. The Combined Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses, current receivables aging, and existing industry and national economic data. The Combined Company reviews its allowance for doubtful accounts quarterly. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is remote. Accounts receivable for joint operations are presented net of an allowance for doubtful accounts of approximately $0.1 million at December 31, 2010 and 2009, respectively.

5. Materials and supplies

Materials and supplies are comprised of equipment used in developing oil and gas properties. They are carried at the lower of cost or market using the average cost method. On a regular basis, the Combined Company reviews materials and supplies quantities on hand and records a provision for excess or obsolete materials and supplies, if necessary.

At December 31, 2009, the Combined Company reduced materials and supplies by approximately $0.8 million in order to reflect the balance at the lower of cost or market. Although management believes it has established adequate allowances, it is possible that additional losses on materials and supplies could occur in future periods. The Combined Company determined a lower of cost or market adjustment was not necessary for materials and supplies at December 31, 2010.

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

B—Basis of presentation and significant accounting policies (Continued)

6. Derivative financial instruments

The Combined Company uses derivative financial instruments to reduce exposure to fluctuations in the prices of oil and natural gas. By removing a significant portion of the price volatility associated with future production, the Combined Company expects to mitigate, but not eliminate, the potential effects of variability in cash flows from operations due to fluctuations in commodity prices. These transactions are primarily in the form of swaps, basis swaps, puts and collars. In addition, the Combined Company enters into derivative contracts in the form of interest rate derivatives to minimize the effects of fluctuations in interest rates.

Derivative instruments are recorded at fair value and are included on the combined balance sheets as assets or liabilities. The Combined Company netted the fair value of derivative instruments by counterparty in the accompanying combined balance sheets where the right of offset exists. The Combined Company determines the fair value of its derivative financial instruments utilizing pricing models for significantly similar instruments. Inputs to the pricing models include publicly available prices and forward price curves generated from a compilation of data gathered from third parties.

The Combined Company's derivatives at December 31, 2010, 2009 or 2008 were not designated as hedges for financial statement purposes. Realized and unrealized gains and losses on derivatives are included in cash flows from operating activities (see Note H).

7. Oil and natural gas properties

The Combined Company uses the full cost method of accounting for its oil and gas properties. Under this method, all acquisition, exploration and development costs, including certain related employee costs, incurred for the purpose of finding oil and gas are capitalized and amortized on a composite units of production method based on proved oil and natural gas reserves. Such amounts include the cost of drilling and equipping productive wells, dry hole costs, lease acquisition costs, delay rentals and other costs related to such activities. Costs, including related employee costs, associated with production and general corporate activities are expensed in the period incurred. Sales of oil and gas properties, whether or not being amortized currently, are accounted for as adjustments of capitalized costs, with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil and gas.

The Combined Company computes the provision for depletion of oil and gas properties using the units of production method based upon production and estimates of proved reserve quantities. Unevaluated costs and related carrying costs are excluded from the amortization base until the properties associated with these costs are evaluated. Approximately $96.5 million and $92.8 million of such costs were excluded from the amortization base at December 31, 2010 and 2009, respectively. The amortization base includes estimated future development costs and dismantlement, restoration and abandonment costs, net of estimated salvage values. Total accumulated depletion for oil and gas properties was $713.1 million and $620.5 million for the years ended December 31, 2010 and 2009, respectively. Depletion expense for oil and gas properties was $93.8 million, $55.4 million, and $31.9 million for the years ended December 31, 2010, 2009 and 2008, respectively. Impairment expense net of abandoned and plugged oil and gas properties was $245.9 million and $282.6 million for the years ended December 31, 2009 and 2008, respectively. There was no impairment recorded for year

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

B—Basis of presentation and significant accounting policies (Continued)

ended December 31, 2010. Depletion per barrel of oil equivalent for the Combined Company's oil and gas properties was $18.36, $16.56 and $20.69 for the years ended December 31, 2010, 2009 and 2008, respectively.

The Combined Company excludes the costs directly associated with acquisition and evaluation of unproved properties from the depletion calculation until it is determined whether or not proved reserves can be assigned to the properties. These properties are assessed at least quarterly to ascertain whether impairment has occurred. Such costs are transferred into the amortization base on an ongoing basis as projects are evaluated and proved reserves established or impairment is determined.

The Combined Company assesses all items classified as unevaluated property on a quarterly basis for possible impairment or reduction in value. The assessment includes consideration of the following factors, among others: intent to drill, remaining lease term, geological and geophysical evaluations, drilling results and activity, the assignment of proved reserves, and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization.

The full cost ceiling is based principally on the estimated future net cash flows from oil and natural gas properties discounted at 10%. Full cost companies are required to use the unweighted arithmetic average first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period, unless prices were defined by contractual arrangements, to calculate the discounted future revenues. Prior to December 31, 2009, the price was based on the single-day, period end price. In the event the unamortized cost of oil and natural gas properties being amortized exceeds the full cost ceiling, as defined by the Securities and Exchange Commission ("SEC"), the excess is charged to expense in the period during which such excess occurs. Once incurred, a write-down of oil and natural gas properties is not reversible.

At December 31, 2010, the full cost ceiling value of the Combined Company's reserves was calculated based on the unweighted arithmetic average first-day-of-the-month price for the 12-months ended December 31, 2010 of $4.15 per MMBtu for natural gas, adjusted by area for energy content, transportation fees, and regional price differentials by area, and the unweighted arithmetic average first-day-of-the-month price for the 12-months ended December 31, 2010 of $75.96 per barrel for oil, adjusted by area for energy content, transportation fees, and regional price differentials by area. Using these prices, the Combined Company's net book value of oil and natural gas properties did not exceed the full cost ceiling amount at December 31, 2010. Changes in production rates, levels of reserves, future development costs, and other factors will determine the Combined Company's actual full cost ceiling test calculation and impairment analyses in future periods.

At December 31, 2009, the full cost ceiling value of the Combined Company's reserves was calculated based on the unweighted arithmetic average first-day-of-the-month price for each month within the 12-month period ended December 31, 2009 price of $3.15 per MMBtu for natural gas, adjusted by lease for energy content, transportation fees, and regional price differentials, on the unweighted arithmetic average first-day-of-the-month price for each month within the 12-month period ended December 31, 2009 price of $57.04 per barrel for oil, adjusted by lease for quality, transportation fees, and regional price differentials. Using these prices, the Combined Company's net book value of

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

B—Basis of presentation and significant accounting policies (Continued)

oil and natural gas properties at December 31, 2009, exceeded the full cost ceiling amount. As a result, the Combined Company recorded a non-cash full cost ceiling impairment of $245.9 million before income taxes and $159.8 million after taxes.

At December 31, 2008, the full cost ceiling value of the Combined Company's reserves was calculated based on the December 31, 2008 price of $4.68 per MMBtu for natural gas, adjusted by lease for energy content, transportation fees, and regional price differentials, and the posted price of $44.60 per barrel for oil, adjusted by area for quality, transportation fees, and regional price differentials. Using these prices, the Combined Company's net book value of oil and natural gas properties at December 31, 2008 exceeded the full cost ceiling amount. As a result, the Combined Company recorded a non-cash full cost ceiling impairment of $282.6 million before taxes and $183.7 million after taxes.

8. Pipeline and gas gathering assets

Pipeline and gas gathering assets are recorded at cost, net of accumulated depreciation and amortization ("DD&A"), and consist of gathering assets and related equipment. Depreciation of assets is provided using the shorter of the lease term or the straight-line method based on estimated useful lives of twenty years, as applicable. Expenditures for major renewals or betterments, which extend the useful lives of existing fixed assets, are capitalized and depreciated. Upon retirement or disposition, the cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is recognized in other income in the combined statements of operations. DD&A expense for pipeline and gathering assets was $2.0 million, $1.5 million, and $0.5 million for the years ended December 31, 2010, 2009 and 2008, respectively. Pipeline and gathering assets consist of the following as of December 31:

(in thousands)	2010	2009
Pipeline and gas gathering assets	$ 43,271	$ 38,166
Less accumulated depreciation and amortization	3,928	1,946
Total, net	$ 39,343	$ 36,220

9. Other fixed assets

Other fixed assets are recorded at cost net of accumulated depreciation and amortization and consist of furniture and fixtures, vehicles, leasehold improvements and computer hardware and software. Depreciation of other fixed assets is provided using the shorter of the lease term or the straight-line method based on estimated useful lives of three to ten years, as applicable. Leasehold improvements are capitalized and amortized over the shorter of the estimated useful lives of the assets or the terms of the related leases. Expenditures for major renewals or betterments, which extend the useful lives of existing fixed assets, are capitalized and depreciated. Upon retirement or disposition, the cost and related accumulated depreciation and amortization are removed from the accounts and any gain or loss is recognized in other income in the combined statements of operations. DD&A expense for other fixed assets was $1.6 million, $1.1 million, and $0.6 million for the years ended December 31, 2010, 2009 and 2008.

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

B—Basis of presentation and significant accounting policies (Continued)

Other property and equipment fixed assets consist of the following as of December 31:

(in thousands)	2010	2009
Computer hardware and software	$ 4,553	$ 3,430
Leasehold improvements	1,781	1,692
Drilling service assets	1,839	1,425
Vehicles	971	708
Furniture and fixtures	673	586
Production equipment	219	163
Other	833	503
	10,869	8,507
Less accumulated depreciation and amortization	3,601	2,043
Total, net	$ 7,268	$ 6,464

10. Environmental

The Combined Company is subject to extensive federal, state and local environmental laws and regulations. These laws, which are often changing, regulate the discharge of materials into the environment and may require the Combined Company to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites. Environmental expenditures are expensed. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefits are expensed. Liabilities for expenditures of a non-capital nature are recorded when environmental assessment or remediation is probable and the costs can be reasonably estimated. Such liabilities are generally undiscounted unless the timing of cash payments is fixed and readily determinable. Management believes no materially significant liabilities of this nature existed at December 31, 2010 or 2009.

11. Deferred loan costs

Loan origination fees are stated at cost, net of amortization, which are amortized over the life of the respective debt agreements on a basis that represents the effective interest method. The Combined Company capitalized $10.1 million and $2.2 million of deferred loan costs in 2010 and 2009, respectively. The Combined Company had total deferred loan costs of $10.4 million and $2.4 million, net of accumulated amortization of $2.8 million and $0.7 million, as of December 31, 2010 and 2009, respectively.

Subsequent to December 31, 2010, Laredo completed an offering of $350 million $9^{1}/_{2}$% Senior Notes due 2019 ("2019 Notes"). Of the $10.1 million capitalized during 2010, $0.9 million related to fees incurred in conjunction with the 2019 Notes offering. See Note O for additional discussion of the 2019 Notes offering.

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

B—Basis of presentation and significant accounting policies (Continued)

Future amortization expense of deferred loan costs at December 31, 2010 is as follows:

(in thousands)	
2011	$ 3,186
2012	3,186
2013	2,176
2014	1,368
2015	109
Thereafter	328
Total	$ 10,353

12. Asset retirement obligations

Asset retirement obligations associated with the retirement of tangible long-lived assets, are recognized as a liability in the period in which they are incurred and become determinable. The associated asset retirement costs are part of the carrying amount of the long-lived asset. Subsequently, the asset retirement cost included in the carrying amount of the related long-lived asset is charged to expense through the depletion of the asset. Changes in the liability due to the passage of time are recognized as an increase in the carrying amount of the liability and as corresponding accretion expense. See Note I for fair value disclosures related to the Combined Company's asset retirement obligation.

The Combined Company is obligated by contractual and regulatory requirements to remove certain pipeline and gas gathering assets and perform other remediation of the sites where such pipeline and gas gathering assets are located upon the retirement of those assets. However, the fair value of the asset retirement obligation cannot currently be reasonably estimated because the settlement dates are indeterminate. The Combined Company will record an asset retirement obligation for pipeline and gas gathering assets in the periods in which settlement dates are reasonably determinable.

The following reconciles the Combined Company's asset retirement obligations liability as of December 31:

(in thousands)	2010	2009
Liability at beginning of year	$ 5,845	$ 3,829
Liabilities added due to acquisitions, drilling, and other	1,291	1,401
Liabilities removed due to sale of wells	(34)	(312)
Accretion expense	475	406
Liabilities settled upon plugging and abandonment	(1,250)	(156)
Revision of estimates	1,951	677
Liability at end of year	$ 8,278	$ 5,845

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

B—Basis of presentation and significant accounting policies (Continued)

13. Fair value measurements

The carrying amounts reported in the Combined Balance Sheet for cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, undistributed revenue and royalties, and other accrued liabilities approximate their fair values. See Note D for fair value disclosures related to the Combined Company's debt obligations. The Combined Company carries its derivative financial instruments at fair value. See Note H and Note I for details about the fair value of the Combined Company's derivative financial instruments.

14. Treasury stock

The Combined Company accounts for treasury stock at cost. See Note E for discussion of the Combined Company's treasury stock transactions.

15. Revenue recognition

Oil and gas revenues are recorded using the sales method. Under this method, the Combined Company recognizes revenues based on actual volumes of oil and gas sold to purchasers. The Combined Company and other joint interest owners may sell more or less than their entitlement share of the volumes produced. Under the sales method, when a working interest owner has overproduced in excess of its share of remaining estimated reserves, the overproduced party recognizes the excessive gas imbalance as a liability. If the underproduced working interest owner determines that an overproduced partner's share of remaining net reserves is insufficient to settle the imbalance, the underproduced owner recognizes a receivable, net of any allowance from the overproduced working interest owner.

The following tables reflect the Combined Company's natural gas imbalance positions as of December 31:

(dollars in thousands)	2010	2009
Natural gas imbalance current receivable (included in "Accounts receivable—Oil and gas sales")	$ 174	$ 172
Underproduced positions (Mcf)	43,720	44,557
Natural gas imbalance current liability (included in "Other accrued liabilities")	$ 15	$ 24
Overproduced positions (Mcf)	3,839	6,145
Natural gas imbalance long-term liability	$ 1,093	$ 1,108
Overproduced positions (Mcf)	275,201	286,504

(dollars in thousands)	Twelve months ended December 31 2010	2009
Value of net underproduced (overproduced) positions arising during the period increasing oil and gas sales	$ 25	$ (311)
Net overproduced positions arising during the period (Mcf)	(12,772)	63,229

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

B—Basis of presentation and significant accounting policies (Continued)

16. General and administrative expense

The Combined Company receives fees for the operation of jointly owned oil and gas properties and records such reimbursements as a reduction of general and administrative expenses. Such fees totaled approximately $1.5 million, $1.3 million and $0.5 million for the years ended December 31, 2010, 2009 and 2008, respectively.

17. Equity-based awards

The Combined Company recognizes equity-based awards as a charge against earnings over the requisite service period, in an amount equal to the fair value of equity-based awards granted to employees and directors. The fair value of the equity-based awards is computed at the date of grant. Refer to Note F for further information regarding the Combined Company's equity-based awards.

18. Income taxes

Income taxes in these financial statements are generally presented on an "as combined" basis. However, in light of the historic ownership structure of the combined entities, U.S. tax laws do not allow tax losses of one entity to offset income and losses of another entity until after the consummation of the Broad Oak Transaction on July 1, 2011. As such, the financial accounting for the income tax consequences of each combined company is calculated separately in these combined financial statements.

Laredo LLC is a limited liability company treated as a partnership for federal and state income tax purposes. The taxable income of Laredo LLC is passed through to its members. As such, no recognition of federal or state income taxes for Laredo LLC has been provided for in the accompanying combined financial statements. Laredo LLC's subsidiaries and Broad Oak are separate taxable corporations and these corporations along with subsidiaries that are organized as limited liability companies, are subject to federal and state corporate income taxes. These income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating losses and tax credit carry-forwards. Under this method, deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. On a quarterly basis, management evaluates the need for and adequacy of valuation allowances based on the expected realizability of the deferred tax assets and adjusts the amount of such allowances, if necessary. Additionally, the Combined Company has not recorded any reserves for uncertain tax positions. See Note G for detail of amounts recorded in the combined financial statements.

19. Impairment of long-lived assets

Impairment losses are recorded on property and equipment used in operations and other long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Impairment is measured

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

B—Basis of presentation and significant accounting policies (Continued)

based on the excess of the carrying amount over the fair value of the asset. See Note B.5 for disclosure of the 2009 write-down of materials and supplies and Note B.7 for disclosure of the 2009 and 2008 non-cash full cost ceiling impairment. Other than the aforementioned write-downs, for the years ended December 31, 2010, 2009 and 2008, the Combined Company did not record any additional impairment to property and equipment used in operations or other long-lived assets.

C—Acquisitions

The Combined Company makes various assumptions in estimating the fair values of assets acquired and liabilities assumed. As fair value is a market-based measurement, it is determined based on the assumptions that market participants would use. The most significant assumptions relate to the estimated fair values of proved and unproved oil and natural gas properties. The fair values of these properties are measured using valuation techniques that convert future cash flows to a single discounted amount. Significant inputs to the valuation include estimates of: (i) reserves; (ii) future operating and development costs; (iii) future commodity prices; and (iv) a market-based weighted average cost of capital rate. The market-based weighted average cost of capital rate is subjected to additional project-specific risk factors. To compensate for the inherent risk of estimating and valuing unproved properties, the discounted future net revenues of probable and possible reserves are reduced by additional risk-weighting factors. In addition, when appropriate, the Combined Company reviews comparable purchases and sales of oil and natural gas properties within the same regions, and uses that data as a proxy for fair market value (i.e., the amount a willing buyer and seller would agree to in exchange for such properties).

Any excess of the acquisition price over the estimated fair value of net assets acquired is recorded as goodwill while any excess of the estimated fair value of net assets acquired over the acquisition process is recorded in current earnings as a gain. Deferred taxes are recorded for any differences between the assigned values and the tax basis of assets and liabilities. Estimated deferred taxes are based on available information concerning the tax basis of assets acquired and liabilities assumed and loss carry-forwards at the acquisition date, although such estimates may change in the future as additional information becomes known.

On May 30, 2008, Laredo LLC, through its wholly-owned subsidiary Laredo, entered into two purchase and sale agreements with Linn Energy Holdings, LLC, Linn Operating, Inc., Mid-Continent I, LLC, Mid-Continent II, LLC, and Linn Exploration Midcontinent, LLC to acquire ownership interests in oil and gas properties located in the Verden area in Caddo, Grady and Comanche Counties, Oklahoma, for a total purchase price of $185 million, subject to customary purchase price adjustments. The first purchase and sale agreement had an effective date of July 1, 2008, and closed on August 15, 2008 and represented all but one of the acquired properties. The second purchase and sale agreement pertained to the remaining property and had an effective date of July 1, 2008 and closed on August 7, 2008. The second purchase and sale agreement enabled Laredo to take over drilling operations on this particular well on an earlier date. The properties (the "Assets") acquired include interests in the Verden field and other productive fields and were comprised of producing wells and units with approximately 38,000 net undeveloped acres. The Company began operating the Assets in August 2008.

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

C—Acquisitions (Continued)

On August 1, 2008, Laredo entered into an agreement with a counterparty to acquire 87.5% ownership interest in oil and gas leases and mineral leases in Glasscock County, Texas, for $1.6 million, subject to certain adjustments. The interest obtained relates to approximately 4,000 net mineral acres. Laredo agreed to jointly explore and operate the oil and gas leases with the counterparty.

Effective September 1, 2008, Laredo entered into an agreement with a counterparty to acquire additional ownership interest in certain oil and gas property leases in the Verden area in Caddo, Grady and Comanche Counties, Oklahoma, for a purchase price of $2.3 million, subject to certain adjustments. The sale closed on November 3, 2008.

Effective December 1, 2008, Laredo entered into a purchase and sale agreement with a counterparty to acquire ownership interests in oil and gas properties located in Roger Mills County, Oklahoma, for a purchase price of $1.2 million, subject to certain adjustments.

D—Debt

Laredo

1. Credit facility

At December 31, 2010, Laredo had a $500.0 million revolving Senior Secured Credit Facility under its Second Amended and Restated Credit Agreement (the "Laredo Senior Secured Credit Facility"), dated July 7, 2010, between Laredo and certain financial institutions. As of December 31, 2010, the borrowing base under this facility was $220.0 million with an outstanding balance of $177.5 million. As of December 31, 2009, the borrowing base under this facility was $205.0 million with an outstanding balance of $202.5 million. The borrowing base is subject to a semi-annual redetermination based on the financial institutions' evaluation of Laredo's oil and gas reserves. The Laredo Senior Secured Credit Facility was available to Laredo until July 2014, at which time the outstanding balance will be due. As defined in the Laredo Senior Secured Credit Facility, the Adjusted Base Rate Advances and Eurodollar Advances under the facilities bear interest payable quarterly at an Adjusted Base Rate or Adjusted London Interbank Offered Rate ("LIBOR") plus an applicable margin based on the ratio of outstanding revolving credit to the conforming borrowing base. At December 31, 2010, the applicable margin rates were 2.25% for the adjusted base rate advances and 3.25% for the Eurodollar advances. The amount of the Laredo Senior Secured Credit Facility outstanding at December 31, 2010 was subject to an average interest rate of approximately 3.56%. Laredo is also required to pay an annual commitment fee on the unused portion of the bank's commitment of 0.5%.

The Laredo Senior Secured Credit Facility is secured by a first priority lien on Laredo's assets and stock, including oil and gas properties, constituting at least 80% of the present value of Laredo's proved reserves. Further, Laredo is subject to various financial and non-financial ratios at the Laredo LLC level on a consolidated basis, including a current ratio at the end of each calendar quarter, of not less than 1.00 to 1.00. As defined by the Laredo Senior Secured Credit Facility, the current ratio represents the ratio of current assets to current liabilities, inclusive of available capacity and exclusive of current balances associated with derivative positions. Additionally, at the end of each calendar quarter, Laredo LLC must maintain a ratio of its consolidated net income (a) plus each of the following: (i) any provision for (or less any benefit from) income or franchise taxes; (ii) consolidated net interest expense; (iii) depreciation, depletion and amortization expense; (iv) exploration expenses;

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

D—Debt (Continued)

and (v) other noncash charges, and (b) minus all non-cash income ("EBITDAX"), as defined in the Laredo Senior Secured Credit Facility, to the sum of net interest expense plus letter of credit fees of not less than 2.50 to 1.00, in each case for the four quarters then ending. Laredo LLC is also required to maintain at the end of each quarter, a total debt to consolidated EBITDAX ratio of not more than 4.00 to 1.00, in each case for the four quarters then ending, and a total estimated future revenues of proved reserves discounted by 10% ("PV-10") ratio as defined in the agreement, to total debt of not less than 1.50 to 1.00. At September 30, 2009, Laredo was in violation of its current ratio covenant. This violation was waived in an amendment to the Laredo Senior Secured Credit Facility dated November 5, 2009. The Laredo Credit Facility contains both financial and non-financial covenants and Laredo was in compliance with these covenants at December 31, 2010 and December 31, 2009.

Additionally, the Laredo Senior Secured Credit Facility provides for the issuance of letters of credit, limited to the total capacity. At December 31, 2010, Laredo had one letter of credit outstanding totaling $0.03 million under the Laredo Senior Secured Credit Facility.

Subsequent to December 31, 2010, Laredo re-paid the Laredo Senior Secured Credit Facility in full using a portion of the proceeds from the issuance of its 2019 Notes. See Note O for additional discussion of the 2019 Notes and the subsequent amendments to the issuance of the Laredo Senior Secured Credit Facility.

2. Term loan

In addition to its Laredo Senior Secured Credit Facility, Laredo added a term loan under its Second Lien Term Loan Agreement (the "Term Loan"), dated July 7, 2010, between Laredo and certain financial institutions. At December 31, 2010, $100.0 million was outstanding under the Term Loan. Laredo used these funds to pay down its Laredo Senior Secured Credit Facility in July 2010. The Term Loan was due January 7, 2015, and at Laredo's election, was subject to a rate per annum equal to either (x) an Adjusted Base Rate plus a margin of 6.75% or (y) the sum of (i) the greater of LIBOR or 1.5% plus (ii) 7.75%. Laredo elected LIBOR pricing, and as such, the outstanding amount under the Term Loan was subject to an annual interest rate of 9.25% at December 31, 2010. Further, Laredo was subject to various financial and non-financial ratios at the Laredo LLC level on a consolidated basis, including a current ratio at the end of each calendar quarter, of not less than 0.85 to 1.00. As defined by the Laredo Senior Secured Credit Facility, the current ratio represented the ratio of current assets to current liabilities, inclusive of available capacity and exclusive of current balances associated with derivative positions. Additionally, at the end of each calendar quarter, Laredo LLC was required to maintain a ratio of its EBITDAX, as defined in the Term Loan, to the sum of net interest expense plus letter of credit fees of not less than 2.125 to 1.00, in each case for the four quarters then ending. Laredo LLC was also required to maintain at the end of each quarter, a ratio of total debt to consolidated EBITDAX of not more than 4.50 to 1.00, in each case for the four quarters then ending, and a total proved PV-10 ratio, as defined by the Term Loan, to total debt of not less than 1.50 to 1.00.

Subsequent to December 31, 2010, Laredo re-paid in full its $100 million outstanding balance under the Term Loan, using a portion of the proceeds from the issuance of its 2019 Notes and retired the loan. See Note O for additional discussion of 2019 Notes and the subsequent amendments to the Laredo Senior Secured Credit Facility.

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

D—Debt (Continued)

3. Fair value of debt

At December 31, 2010 and 2009, the estimated fair value of Laredo's outstanding debt balance was approximately $278.7 million and $190.8 million, respectively. The fair values were estimated utilizing pricing models for similar instruments.

Broad Oak

1. Credit facility

At December 31, 2010, Broad Oak had a $600.0 million revolving credit facility under its Sixth Amendment to the Credit Agreement (the "Broad Oak Credit Facility"), dated April 11, 2008, between Broad Oak and certain financial institutions. As of December 31, 2010, the borrowing base under this facility was $250.0 million with an outstanding balance of $214.1 million. As of December 31, 2009, the borrowing base under this facility was $60.0 million and $44.6 million was outstanding. The borrowing base was subject to a semi-annual redetermination based on the financial institutions' evaluation of Broad Oak's oil and gas reserves. The Broad Oak Credit Facility was available to Broad Oak until April 2013, at which time the outstanding balance would have been due. As defined in the Broad Oak Credit Facility, the Adjusted Base Rate Advances and Eurodollar Advances under the facilities bore interest payable quarterly at an Adjusted Base Rate or Adjusted LIBOR plus an applicable margin based on the ratio of outstanding revolving credit to the conforming borrowing base. At December 31, 2010, the applicable margin rates were 2.125% for the Adjusted Base Rate advances and 3.0% for the Eurodollar advances. The amount of the Broad Oak Credit Facility outstanding at December 31, 2010 was subject to an average annual interest rate of approximately 4.265%. Broad Oak was also required to pay a quarterly commitment fee of 0.5% on the unused portion of the bank's commitment.

The Broad Oak Credit Facility was secured by a first priority lien on Broad Oak's oil and gas properties. Further, Broad Oak was subject to various financial and non-financial ratios, including a current ratio at the end of each calendar quarter, of not less than 1.00 to 1.00. As defined by the Broad Oak Credit Facility, the current ratio represents the ratio of current assets to current liabilities, inclusive of available capacity and exclusive of current balances associated with non-cash derivative positions. Additionally, at the end of each calendar quarter, Broad Oak must have maintained a ratio of debt to "Consolidated EBITDAX" ratio of not more than 3.50 to 1.00, based on the quarter then ended annualized. Consolidated EBITDAX was defined as consolidated net income plus the sum of (i) income or franchise taxes; (ii) consolidated net interest expense; (iii) depreciation, depletion and amortization expense; (iv) any non-cash losses or charges on any derivative positions; (v) other noncash charges; and (vi) costs associated with oil and gas capital expenditures that are expensed rather than capitalized, less, to the extent included in the calculation of Consolidated Net Income (as defined in the Broad Oak Credit Facility), the sum of (A) the income of any person (other than wholly-owned subsidiaries of such person) unless such income is received by such person in a cash distribution; (B) gains or losses from sales or other dispositions of assets (other than hydrocarbons produced in the normal course of business); (C) any non-cash gains on any hedge agreement resulting from the requirements of Accounting Standards Codification 815 for that period; (D) extraordinary or non-recurring gains, but not net of extraordinary or non-recurring "cash" losses; and (E) costs and expenses associated with, and attributable to, oil and gas capital expenditures that are expensed rather than capitalized. Broad Oak was in compliance with financial and non-financial covenants during each of the periods in the years ended December 31, 2010 and December 31, 2009.

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

D—Debt (Continued)

Additionally, the Broad Oak Credit Facility provided for the issuance of letters of credit, limited to the total capacity. At December 31, 2010, Broad Oak had no letters of credit outstanding.

Subsequent to December 31, 2010, the borrowing base under the Broad Oak Credit Facility was increased to $375 million.

On July 1, 2011, Laredo paid the Broad Oak Credit Facility in full and the facility was terminated. The lenders under the Laredo Senior Secured Credit Facility now have a first priority lien on Broad Oak's oil and gas properties.

2. Fair value of debt

The carrying value of the Broad Oak Credit Facility approximates fair value as it is subject to short-term floating interest rates that represent the rates available to Broad Oak for those periods.

E—Owners' equity

Laredo

The Laredo LLC First Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") provides for the issuance of two series of Series A units. First, it authorizes a total of 60 million Series A-1 Units of Laredo LLC for total consideration of $300 million, consisting of approximately $294.9 million from Warburg Pincus IX and $5.1 million from certain members of Laredo LLC's management team and Board of Managers. This portion was fully funded as of December 31, 2009. Secondly, it provides for a total of 48 million Series A-2 Units of Laredo LLC for total consideration of $300 million, initially consisting of approximately $288.5 million from Warburg Pincus X O&G, L.P. ("Warburg Pincus X"), $9.2 million from Warburg Pincus X Partners, L.P. ("Warburg Pincus X Partners") and $2.3 million from certain members of Laredo LLC's management team and Board of Managers. The Series A Units have a liquidation preference amount equal to the total capital then invested, plus a 7% cumulative return, compounded quarterly. The Series A Units 7% cumulative return has accumulated to approximately $88.5 million and $47.1 million as of December 31, 2010 and December 31, 2009, respectively. The cumulative return has not been declared by the Board of Managers and as such, is not reflected in the combined financial statements.

As of December 31, 2010, approximately $549.2 million had been contributed to Laredo LLC, net of Series A Unit repurchases by Laredo, of which approximately $294.9 million was from Warburg Pincus IX, $238.4 million was from Warburg Pincus X, $7.6 million was from Warburg Pincus X Partners, and $8.3 million from certain members of Laredo LLC's management and Board of Managers. A capital call of $50 million was approved by Laredo LLC's Board of Managers on December 21, 2009, which was paid on January 22, 2010. This amount is shown as "Capital contributions receivable" in the Combined Balance Sheet at December 31, 2009.

Laredo LLC is authorized to issue up to 16,923,077 Series B Units, up to 8,791,209 Series C Units, up to 13,538,462 Series D Units and up to 7,032,967 Series E Units under restricted unit agreements with management (collectively, the "Restricted Units"). The Series B Units are divided into two unit series, B-1 Units and B-2 Units. The Series B-1 Units have an initial threshold value of $0 and the Series B-2 Units have an initial threshold value of $1.25. The Series C Units have an initial threshold value of $10.00, the Series D Units have an initial threshold value of $1.25, and the Series E Units have an initial threshold value of $13.75.

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

E—Owners' equity (Continued)

The table below summarizes the outstanding restricted units by series as of December 31:

(in thousands)	Series B Units	Series C Units	Series D Units	Series E Units	Total Units
BALANCE, December 31, 2007	4,021	3,215	—	—	7,236
Issuance of restricted units	4,753	4,565	—	—	9,318
Cancellation of restricted units	(17)	—	—	—	(17)
BALANCE, December 31, 2008	8,757	7,780	—	—	16,537
Issuance of restricted units	54	—	4,644	5,996	10,694
Cancellation of restricted units	(113)	(100)	(49)	(10)	(272)
BALANCE, December 31, 2009	8,698	7,680	4,595	5,986	26,959
Issuance of restricted units	—	—	5,530	756	6,286
Cancellation of restricted units	(700)	(420)	(513)	(180)	(1,813)
BALANCE, December 31, 2010	7,998	7,260	9,612	6,562	31,432

Any distributions made by Laredo LLC are allocated first to Series A-1 Units and A-2 Units until the holders of Series A-1 and A-2 Units have received their invested capital and aforementioned preference amount. Second, until the "$1.25 Threshold" is met, all distributions are made to Series A-1 and Series B-1 Units in proportion to their unit ratios. Third, until the C Unit "$10.00 Threshold" has been met, the distributions are made to the holders of Series A-1 Units and A-2 Units, Series B-1 and B-2 Units and Series D Units in proportion to their unit ratios. Fourth, until the Series E Unit "$13.75 Threshold" has been met, the distributions are made to the holders of the Series A-1 and A-2 Units, Series B-1 and B-2 Units, Series C Units and Series D Units in proportion to their unit ratios. Finally, after the Series E Unit "$13.75 Threshold" has been met, the distributions will be made to the holders of the Series A-1 and A-2 Units, Series B-1 and B-2 Units, Series C Units, Series D Units, and Series E Units in proportion to their unit ratios. Each threshold represents the point when holders of Series A-1 Units have received the preference amount plus $1.25, $10.00, and $13.75 per unit, respectively.

If future Series B-1, B-2, C, D, or E Units are issued with higher threshold values than prior units in that series, units having a higher threshold value will not share in distributions within the series until units having the lower threshold value have received distributions in an amount necessary to bring them into balance. Until the time that Series A-1 and A-2 unit investors have fully funded their capital commitments, distributions to holders of Series B-1, B-2, C, D and E Units are subject to being held back until the total of the amounts held back equals the total remaining commitment of Series A-1 and A-2 investors. The holdback amount is subject to distribution to holders of Series A-1 and A-2 Units if future returns are not sufficient to fund the Series A-1 and A-2 preference amounts. Series B-1, B-2, C, D and E Units are also subject to a claw-back (not to exceed distributions received, less taxes) if distributions to such units exceed their entitlement.

In connection with any qualified public offering, each outstanding Series A-1 and A-2 Units and Series B-1, B-2, C, D, or E Units will be converted into or exchanged (at values determined in the LLC Agreement) for shares of common stock of Laredo Holdings. The converted or exchanged units will receive value equal to the same proportion of the aggregate pre-IPO value such that each

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

E—Owners' equity (Continued)

holder of units will receive IPO securities having a value based on the provisions of the LLC Agreement.

Management may request the funding of capital calls under the amended investors' commitment for development activities, working capital and acquisitions, subject to the approval of the Board of Managers. All capital calls are subject to the approval of the Warburg Pincus Partnerships owning Laredo LLC units and must be for an amount not less than $5 million.

The approval of the Warburg Pincus Partnerships owning Laredo LLC units is required with respect to certain events, including material contracts and commitments, certain acquisitions and dispositions, certain expenditures and incurrence of debt, and amendments to Laredo's structure.

During 2010, Laredo LLC purchased and canceled two employee-investors' Series A-1 Units and Series A-2 Units.

On September 26, 2008, the Company received a note receivable in response to a capital call from an investor in the amount of $180,000. The note bore interest at a rate that corresponds with the Laredo Senior Secured Credit Facility effective interest rate with a maximum rate of 6%. At December 31, 2008, the Company recorded this note as a reduction in owners' equity. Effective May 15, 2009, the Company entered into a severance agreement with the aforementioned investor. In accordance with the severance agreement, the Company purchased and canceled all of the investor's Series A-1 Units and Series A-2 Units and netted the note receivable plus accrued interest against the purchase price of the investor's units; as a result, the note receivable was paid in full at the execution of the severance agreement.

As part of an employment agreement with one of the Company's officers, the Company agreed to make an interest free loan to the officer of up to $200,000 only to be used to purchase Series A Units. Initially, one half of the loan was forgiven upon the effective date of the officer's employment and the remaining one half was to be forgiven at the earlier of (a) the first anniversary of the date of the officer's employment or (b) a change in control of the ownership of Laredo LLC. On January 10, 2008, March 14, 2008 and May 15, 2008 the officer borrowed $40,000, $40,000, and $20,000, respectively, from the Company for the purchase of 20,000 Series A Units. This amount was forgiven and the Company recorded a total of $100,000 of non-cash compensation expense in 2008.

Broad Oak

The purchase terms, conditions and stockholders' rights of Broad Oak's Series A Preferred Stock were outlined in the Broad Oak Series A Preferred Stock Agreement, Stockholders' Agreement and Certificate of Designations dated May 16, 2006. The Series A Preferred Stock accrued dividends daily from the date of issue at a rate of 7% per annum through its termination on July 1, 2011. Dividends compound on a quarterly basis in arrears on March 31, June 30, September 30 and December 31 of each year. Dividends in arrears accumulated to approximately $32.9 million and $20.1 million as of December 31, 2010 and December 31, 2009, respectively. Since inception, dividends were not declared by the Board of Directors and as such, no liability was reflected in the combined financial statements.

The purchase price of the Series A Preferred Stock was $100 per share, subject to adjustment upon the occurrence of certain events. It ranked senior in rights of preference to the common stock or

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

E—Owners' equity (Continued)

any other equity securities of Broad Oak and will receive all dividends paid by Broad Oak until the purchase price plus accrued dividends had been paid.

See Note O for additional discussion regarding the effect of the Broad Oak Transaction on Broad Oak's Series A Preferred Stock and Common Stock.

F—Equity-based compensation

Laredo

The Company recognizes the fair value of equity-based payments to employees and directors, including awards in the form of Restricted Units of Laredo LLC as a charge against earnings. The Company recognizes equity-based payment expense over the requisite service period. Laredo LLC's equity-based payment awards are accounted for as equity instruments. Equity-based compensation is included in "General and administrative expense" in the Combined Statements of Operations and amounted to $1.2 million, $1.4 million and $1.9 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The fair value of unit-based compensation for restrictive equity was estimated based on using the Company's estimated market value. The Company calculates the estimated market value at the end of each calendar quarter and then applies the calculated value to each Series B-1, B-2, C, D and E Units granted during the current calendar quarter. The Company's determination of the fair value for Series B-1, B-2, C, D and E Units is calculated on the value of the Company's proved reserves using published market prices held flat after year five and then applying the following present value factors to the cash flows for proved reserves: 8% to proved developed properties, 15% to proved developed nonproducing properties and 20% to proved undeveloped properties. The aggregate calculated values are then adjusted by the net value of the Company's other non-oil and gas assets and liabilities to arrive at a net asset value. The net asset value is then adjusted for equity capital invested and the corresponding 7% preference amount to arrive at our net equity value. The net value is then allocated to each class of outstanding units, based upon unit sharing ratios and unit threshold values to arrive at the fair market value for each respective award. Although the fair value of the unit grants is determined in accordance with GAAP, that value may not be indicative of the fair value observed in a market transaction between a willing buyer and a willing seller.

Laredo LLC is authorized to issue equity incentive awards in the form of Restricted Units. Unvested Restricted Units may not be sold, transferred or assigned. The fair value of the Restricted Units is measured based upon the estimated market price of the underlying member units as of the date of grant. The Restricted Units are subject to the following vesting terms: 20% at the grant date and 20% annually thereafter. The fair value of the Restricted Units in excess of the amounts paid by the employee, which is zero, is amortized to expense over its applicable requisite service period using the straight-line method. In the event of a termination of employment for cause, all Restricted Units, including unvested Restricted Units and vested Restricted Units, and all rights arising from such Restricted Units and from being a holder thereof, are forfeited. In the event of a termination of employment without cause or a resignation, all unvested Restricted Units and all rights arising from such Restricted Units and from being a holder thereof, are forfeited. For a period of one year from the date of termination of employment, in the event of a termination of employment for cause, the Company may also elect to redeem the Series A-1 Units and Series A-2 Units at a price per unit equal

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Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

F—Equity-based compensation (Continued)

to the lesser of the fair market value or original purchase price. In the event of a termination without cause or a resignation, the Company may elect to redeem the Series A-1 Units and Series A-2 Units and vested Restricted Units at a price equal to the fair market value.

The table below summarizes activity relating to the unvested Restricted Units:

(in thousands, except grant date fair values)	Series B-1 restricted units	Weighted average grant date fair value	Series B-2 restricted units	Weighted average grant date fair value	Series C restricted units	Weighted average grant date fair value	Series D restricted units	Weighted average grant date fair value	Series E restricted units	Weighted average grant date fair value
Outstanding at December 31, 2007	3,212	$ —	—	$ —	2,572	$ —	—	$ —	—	$ —
Granted	2,284	$ 0.78	2,469	$ 2.16	4,565	$ —	—	$ —	—	$ —
Vested	(1,258)	$ 0.28	(494)	$ 2.16	(1,556)	$ —	—	$ —	—	$ —
Forfeited	(17)	$ —	—	$ —	—	$ —	—	$ —	—	$ —
Outstanding at December 31, 2008	4,221	$ 0.34	1,975	$ 2.16	5,581	$ —	—	$ —	—	$ —
Granted	—	$ —	54	$ —	—	$ —	4,644	$ —	5,996	$ —
Vested	(1,242)	$ 0.26	(502)	$ 2.12	(1,536)	$ —	(930)	$ —	(1,199)	$ —
Forfeited	(80)	$ 1.75	(14)	$ 2.23	(80)	$ —	(43)	$ —	(8)	$ —
Outstanding at December 31, 2009	2,899	$ 0.33	1,513	$ 2.10	3,965	$ —	3,671	$ —	4,789	$ —
Granted	—	$ —	—	$ —	—	$ —	5,530	$ —	756	$ —
Vested	(1,055)	$ 0.27	(483)	$ 2.12	(1,416)	$ —	(1,983)	$ —	(1,349)	$ —
Forfeited	(425)	$ 0.64	(88)	$ 2.17	(420)	$ —	(473)	$ —	(180)	$ —
Outstanding at December 31, 2010	1,419	$ 0.36	942	$ 2.10	2,129	$ —	6,745	$ —	4,016	$ —

For the years ended December 31, 2010, 2009 and 2008, respectively, unrecognized equity-based compensation expense related to unvested Restricted Units was $2.1 million, $3.7 million and $5.3 million. That cost is expected to be recognized over a weighted average period of 1.8 years.

A summary of weighted average grant-date fair value and intrinsic value of vested Restricted Units are as follows:

	2010	2009	2008
B-1 Units			
Weighted average grant date fair value	$ 0.27	$ 0.26	$ 0.28
Total intrinsic value of units vested (in thousands)	$ 431	$ 15	$ 2,053
B-2 Units			
Weighted average grant date fair value	$ 2.12	$ 2.12	$ 2.16
Total intrinsic value of units vested (in thousands)	$ —	$ —	$ 1,068
C Units			
Weighted average grant date fair value	$ —	$ —	$ —
Total intrinsic value of units vested (in thousands)	$ —	$ —	$ —
D Units			
Weighted average grant date fair value	$ —	$ —	$ —
Total intrinsic value of units vested (in thousands)	$ —	$ —	$ —
E Units			
Weighted average grant date fair value	$ —	$ —	$ —
Total intrinsic value of units vested (in thousands)	$ —	$ —	$ —

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Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

G—Income taxes

Income taxes in these financial statements are generally presented on an "as combined" basis. However, in light of the historic ownership structure of the combined entities, U.S. tax laws do not allow tax losses of one entity to offset income and losses of another entity until after the consummation of the Broad Oak Transaction on July 1, 2011. As such, the financial accounting for the income tax consequences of each combined company is calculated separately in these combined financial statements.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Laredo LLC's subsidiaries and Broad Oak are subject to corporate income taxes. In addition, limited liability companies are subject to the Texas margin tax. Income tax benefit for the years ended December 31, 2010, 2009 and 2008 consisted of the following:

(in thousands)	2010	2009	2008
Current taxes			
Federal	$ —	$ —	$ —
State	—	—	(12)
Deferred taxes			
Federal	27,345	69,046	51,752
State	(1,533)	4,960	1,977
	$ 25,812	$ 74,006	$ 53,717

Income tax benefit differed from amounts computed by applying the federal income tax rate of 34% to pre-tax loss from operations as a result of the following:

(in thousands)	2010	2009	2008
Income tax (expense) benefit computed by applying the statutory rate	$ (20,548)	$ 87,891	$ 83,560
State income tax, net of federal tax benefit and increase in valuation allowance	(1,118)	3,110	406
Income from non-taxable entity	48	61	152
Non-deductible compensation	(418)	(482)	(634)
Valuation allowance	47,888	(16,476)	(29,718)
Other items	(40)	(98)	(49)
Income tax benefit	$ 25,812	$ 74,006	$ 53,717

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Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

G—Income taxes (Continued)

Significant components of the Combined Company's deferred tax assets as of December 31 are as follows:

(in thousands)	2010	2009
Derivative financial instruments	$ 10,862	$ 6,616
Oil and gas properties and equipment	(59,854)	(5,494)
Other	(2,174)	(3,063)
Net operating loss carry-forward	207,427	180,082
	156,261	178,141
Valuation allowance	(1,309)	(49,001)
Net deferred tax asset	$ 154,952	$ 129,140

Net deferred tax assets and liabilities were classified in the Combined Balance Sheets as follows:

(in thousands)	2010	2009
Deferred tax asset	$ 154,952	$ 129,140
Deferred tax liability	—	—
Net deferred tax assets	$ 154,952	$ 129,140

The Company had federal net operating loss carry-forwards totaling approximately $281.8 million and state net operating loss carry-forwards totaling approximately $124.0 million at December 31, 2010. These carry-forwards begin expiring in 2026. The Company maintains a valuation allowance to reduce certain deferred tax assets to amounts that are more likely than not to be realized. At December 31, 2010, a $0.7 million valuation allowance has been recorded against the state of Texas deferred tax asset and a $0.02 million valuation allowance has been recorded against the Company's charitable contribution carry-forward. In determining the carrying value of a deferred tax asset, GAAP provides for the weighting of evidence in evaluating whether and how much of a deferred tax asset may be recoverable. In order to assess the realization of the Company's net deferred tax asset, all available negative and positive evidence was considered. While the Company has incurred a cumulative loss over the three year period ended December 31, 2010, after evaluating all available evidence including (i) historical operating results, (ii) historical pricing, (iii) current operating income, (iv) the facts and circumstances surrounding the non-cash full cost ceiling impairments in 2009 and 2008 that resulted in the cumulative losses, (v) the existence of significant proved oil and gas reserves and the associated future cash flows, as prepared by an independent third party petroleum consultant, (vi) the ability to recover the net operating loss carry-forward deferred tax assets in future years, (vii) the ability to use tax planning strategies to prevent an operating loss carry-forward from expiring unused, and (viii) the Company's current price protection utilizing oil and natural gas hedges in place through December 31, 2013, after considering the weight of the positive and negative evidence discussed above, the Company concluded it is more-likely-than-not that the net operating loss deferred tax asset will be fully realized.

Broad Oak had federal net operating loss carry-forwards totaling approximately $312.4 million and state net operating loss carry-forwards totaling approximately $7.9 million at December 31, 2010. These carry-forwards begin expiring in 2026. Broad Oak maintains a valuation allowance to reduce certain deferred tax assets to amounts that are more likely than not to be realized. At December 31, 2010, a

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Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

G—Income taxes (Continued)

$0.6 million valuation allowance has been recorded against the state of Louisiana deferred tax asset and a $0.01 million valuation allowance has been recorded against Broad Oak's charitable contribution carry-forward. During 2009 and, 2008, Broad Oak determined that it was more likely than not that the net deferred tax asset would not be realized in the amount of $48.6 million and $32.4 million, respectively.

During 2010, Broad Oak's management determined, based on historic cumulative operating income for the past three years and projected forecasts of future profitability, that it is more likely than not that Broad Oak will utilize the remaining federal net operating loss carry-forwards and net federal deferred assets. Such consideration included (i) historical operating results, (ii) historical pricing, (iii) current operating income, (iv) the facts and circumstances surrounding the non-cash full cost ceiling impairments recognized in 2009 and 2008 that resulted in the cumulative losses, (v) the existence of significant proved oil and gas reserves and the associated future cash flows, as prepared by an independent third party petroleum consultant, (vi) the ability to recover the net operating loss carry-forward deferred tax assets in future years, (vii) the ability to use tax planning strategies to prevent an operating loss carry-forward from expiring unused, and (viii) Broad Oak's current price protection utilizing oil and natural gas hedges in place through December 31, 2013. Accordingly, the valuation allowance of approximately $48.6 million that was recorded as of December 31, 2009 was released and a $28.0 million deferred income tax benefit was recognized during 2010.

The Combined Company's income tax returns for the years 2007 through 2009 remain open and subject to examination by federal tax authorities and/or the tax authorities in Oklahoma, Texas and Louisiana which are the jurisdictions where the Combined Company has or had operations. Additionally, the statute of limitations for examination of federal net operating loss carryovers typically does not begin to run until the year the attribute is utilized in a tax return. In evaluating its current tax positions in order to identify any material uncertain tax positions, the Combined Company developed a policy in identifying uncertain tax positions that considers support for each tax position, industry standards, tax return disclosures and schedules, and the significance of each position. The Combined Company had no material adjustments to its unrecognized tax benefits during the year ended December 31, 2010.

H—Derivative financial instruments

1. Commodity derivatives

The Combined Company engages in derivative transactions such as collars, swaps, puts and basis swaps to hedge price risks due to unfavorable changes in oil and gas prices related to its oil and gas production. As of December 31, 2010, the Combined Company had 64 open derivative contracts with financial institutions, none of which were designated as hedges, which extend from January 2011 to December 2013. The contracts are recorded at fair value on the balance sheet and any realized and unrealized gains and losses are recognized in current year earnings.

Each collar transaction has an established price floor and ceiling. When the settlement price is below the price floor established by these collars, the Combined Company receives an amount from its counterparty equal to the difference between the settlement price and the price floor multiplied by the hedged contract volume. When the settlement price is above the price ceiling established by these

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Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

H—Derivative financial instruments (Continued)

collars, the Combined Company pays its counterparty an amount equal to the difference between the settlement price and the price ceiling multiplied by the hedged contract volume.

Each swap or put transaction has an established fixed price. When the settlement price is above the fixed price, the Combined Company pays its counterparty an amount equal to the difference between the settlement price and the fixed price multiplied by the hedged contract volume. When the settlement price is below the fixed price, the counterparty pays the Combined Company an amount equal to the difference between the settlement price and the fixed price multiplied by the hedged contract volume.

Each basis swap transaction has an established fixed differential between the NYMEX gas futures and West Texas WAHA ("WAHA") index gas price. When the NYMEX futures settlement price less the fixed WAHA differential is greater than the actual WAHA price, the difference multiplied by the hedged contract volume is paid to the Combined Company by the counterparty. When the difference between the NYMEX futures settlement price less the fixed WAHA differential is less than the actual WAHA price, the Combined Company pays the counterparty an amount equal to the difference multiplied by the hedged contract volume.

During the year ended December 31, 2010, the Combined Company entered into additional commodity contracts to hedge a portion of its estimated future production. The following table summarizes information about these additional commodity derivative contracts. When aggregating multiple contracts, the weighted average contract price is disclosed.

	Aggregate volumes	Index price	Contract period
Oil (volumes in Bbls):			
Put	276,000	$65.00	January 2011 - December 2011
Swap	540,000	$84.27	January 2011 - December 2011
Price collar	408,000	$70.15 - $104.63	January 2011 - December 2011
Put	624,000	$65.00	January 2012 - December 2012
Swap	360,000	$87.03	January 2012 - December 2012
Price collar	378,000	$71.90 - $101.51	January 2012 - December 2012
Put	1,080,000	$65.00	January 2013 - December 2013
Swap	240,000	$90.00	January 2013 - December 2013
Price collar	120,000	$65.00 - $117.00	January 2013 - December 2013
Natural Gas (volumes in MMBtu):			
Put	360,000	$3.50	January 2011 - December 2011
Swap	480,000	$5.85	January 2011 - December 2011
Price collar	4,680,000	$3.83 - $5.15	January 2011 - December 2011
Basis swaps	4,320,000	$0.29	January 2011 - December 2011
Swap	240,000	$5.79	January 2012 - December 2012
Price collar	7,800,000	$4.12 - $5.79	January 2012 - December 2012
Basis swaps	2,880,000	$0.31	January 2012 - December 2012
Put	6,600,000	$4.00	January 2013 - December 2013
Price collar	6,600,000	$4.00 - $7.05	January 2013 - December 2013
Basis swaps	1,200,000	$0.33	January 2013 - December 2013

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Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

H—Derivative financial instruments (Continued)

The following table summarizes open positions as of December 31, 2010, and represents, as of such date, derivatives in place through December 31, 2013, on annual production volumes:

	Year 2011	Year 2012	Year 2013
Oil Positions:			
Puts:			
Hedged volume (Bbls)	348,000	672,000	1,080,000
Weighted average price ($/Bbl)	$ 62.52	$ 65.79	$ 65.00
Swaps:			
Hedged volume (Bbls)	640,416	372,000	240,000
Weighted average price ($/Bbl)	$ 81.38	$ 86.95	$ 90.00
Collars:			
Hedged volume (Bbls)	408,000	378,000	120,000
Weighted average floor price ($/Bbl)	$ 70.15	$ 71.90	$ 65.00
Weighted average ceiling price ($/Bbl)	$ 104.64	$ 101.51	$ 117.00
Natural Gas Positions:			
Puts:			
Hedged volume (MMBtu)	360,000	4,320,000	6,600,000
Weighted average price ($/MMBtu)	$ 3.50	$ 5.38	$ 4.00
Swaps:			
Hedged volume (MMBtu)	977,088	1,680,000	—
Weighted average price ($/MMBtu)	$ 6.22	$ 6.14	$ —
Collars:			
Hedged volume (MMBtu)	11,040,000	7,800,000	6,600,000
Weighted average floor price ($/MMBtu)	$ 4.82	$ 4.12	$ 4.00
Weighted average ceiling price ($/MMBtu)	$ 7.97	$ 5.79	$ 7.05
Basis swaps:			
Hedged volume (MMBtu)	4,440,000	2,880,000	1,200,000
Weighted average price ($/MMBtu)	$ 0.29	$ 0.31	$ 0.33

The natural gas derivatives are settled based on NYMEX gas futures, the Northern Natural Gas Co. Demarcation price or the Panhandle Eastern Pipe Line spot price of natural gas for the calculation period. The oil derivatives are settled based on the month's average daily NYMEX price of West Texas Intermediate Light Sweet Crude Oil. Each basis swap transaction is settled based on the differential between the NYMEX gas futures and WAHA index gas price.

2. Interest rate derivatives

The Combined Company is exposed to market risk for changes in interest rates related to its credit facilities. Interest rate swap agreements are used to manage a portion of the exposure related to changing interest rates by converting floating-rate debt to fixed-rate debt. If LIBOR is lower than the fixed rate in the contract, the Combined Company is required to pay the counterparties the difference, and conversely, the counterparties are required to pay the Combined Company if LIBOR is higher than the fixed rate in the contract. For the interest rate cap below, the agreement cost was $0.2 million.

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Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

H—Derivative financial instruments (Continued)

The Combined Company did not designate the interest rate derivatives as cash flow hedges; therefore, the changes in fair value of these instruments are recorded in current earnings.

The following presents the settlement terms of the interest rate derivatives at December 31, 2010:

(in thousands except rate data)	Year 2011	Year 2012	Year 2013
Notional amount	$ 40,000	$ —	—
Fixed rate	3.06%	—	—
Notional amount	$ 110,000	$ 110,000	—
Fixed rate	3.41%	3.41%	—
Notional amount	$ 30,000	$ 30,000	—
Fixed rate	1.60%	1.60%	—
Notional amount	$ 20,000	$ 20,000	—
Fixed rate	1.35%	1.35%	—
Notional amount	$ 50,000	$ 50,000	$ 50,000
Fixed rate	1.11%	1.11%	1.11%
Notional amount	$ 50,000	$ 50,000	$ 50,000
Cap rate	3.00%	3.00%	3.00%
Total	$ 300,000	$ 260,000	$ 100,000

3. Balance sheet presentation

The Combined Company's oil and gas commodity derivatives and interest rate derivatives are presented on a net basis in "Derivative financial instruments" in the Combined Balance Sheets.

The following summarizes the fair value of derivatives outstanding on a gross basis as of:

(in thousands)	December 31, 2010	December 31, 2009
Assets:		
Commodity derivatives:		
Oil derivatives	$ 8,398	$ 2,202
Natural gas derivatives	22,035	15,135
Interest rate derivatives	248	39
	$ 30,681	$ 17,376
Liabilities:		
Commodity derivatives:		
Oil derivatives(1)	$ 23,405	$ 3,990
Natural gas derivatives(2)	9,271	9,101
Interest rate derivatives	5,790	5,664
	$ 38,466	$ 18,755

(1) The oil derivatives fair value is netted with a deferred premium liability of $7.6 million and $0.6 million at December 31, 2010 and 2009, respectively.

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

H—Derivative financial instruments (Continued)

(2) The natural gas derivatives fair value is netted with a deferred premium liability of $4.9 million and $3.0 million at December 31, 2010 and 2009, respectively.

By using derivative financial instruments to economically hedge exposures to changes in commodity prices and interest rates, the Combined Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Combined Company, which creates credit risk. The Company's counterparties are participants in its credit facilities (as described in Note D) which is secured by the Company's oil and gas reserves; therefore, the Company is not required to post any collateral. Broad Oak's counterparties are participants in its credit facilities (as described in Note D) which is secured by Broad Oak's oil and gas reserves; therefore, Broad Oak is not required to post any collateral. The Combined Company does not require collateral from the counterparties. The Combined Company minimizes the credit risk in derivative instruments by: (i) limiting its exposure to any single counterparty; (ii) entering into derivative instruments only with counterparties that are also lenders in the Combined Company's credit facilities, and meet the Combined Company's minimum credit quality standard, or have a guarantee from an affiliate that meets the Combined Company's minimum credit quality standard; and (iii) monitoring the creditworthiness of the Combined Company's counterparties on an ongoing basis. In accordance with the Combined Company's standard practice, its commodity and interest rate derivatives are subject to counterparty netting under agreements governing such derivatives and, therefore, the risk of such loss is somewhat mitigated at December 31, 2010.

4. Gain (loss) on derivatives

Gains and losses on derivatives are reported on the Combined statements of operations in the respective "Realized and unrealized gain (loss)" amounts. Realized gains (losses), represent amounts related to the settlement of derivative instruments, and for commodity derivatives, are aligned with the underlying production. Unrealized gains (losses) represent the change in fair value of the derivative instruments and are non-cash items.

The following represents the Combined Company's reported gains and losses on derivative instruments for the years ended December 31, 2010, 2009 and 2008:

(in thousands)	Years ended December 31, 2010	2009	2008
Realized gains (losses):			
Commodity derivatives	$ 22,701	$ 52,117	$ 7,399
Interest rate derivatives	(5,238)	(3,764)	(278)
	17,463	48,353	7,121
Unrealized gains (losses):			
Commodity derivatives	(11,511)	(46,373)	33,170
Interest rate derivatives	(137)	370	(5,996)
	(11,648)	(46,003)	27,174
Total gains (losses):			
Commodity derivatives	11,190	5,744	40,569
Interest rate derivatives	(5,375)	(3,394)	(6,274)
	$ 5,815	$ 2,350	$ 34,295

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Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

I—Fair value measurements

The Combined Company accounts for its oil and gas commodity and interest rate derivatives at fair value (see Note H). The fair value of derivative financial instruments is determined utilizing pricing models for similar instruments. The models use a variety of techniques to arrive at fair value, including quotes and pricing analysis. Inputs to the pricing models include publicly available prices and forward curves generated from a compilation of data gathered from third parties.

The Combined Company has categorized its assets and liabilities measured at fair value, based on the priority of inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Assets and liabilities recorded at fair value on the consolidated balance sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1— Assets and liabilities recorded at fair value for which values are based on unadjusted quoted prices for identical assets or liabilities in an active market that management has the ability to access. Active markets are considered to be those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2— Assets and liabilities recorded at fair value for which values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Substantially all of these inputs are observable in the marketplace throughout the full term of the price risk management instrument, can be derived from observable data or supported by observable levels at which transactions are executed in the marketplace.

Level 3— Assets and liabilities recorded at fair value for which values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Unobservable inputs that are not corroborated by market data. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

When the inputs used to measure fair value fall within different levels of the hierarchy in a liquid environment, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. The Combined Company conducts a review of fair value hierarchy classifications on an annual basis. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities.

Fair value measurement on a recurring basis

The following presents the Combined Company's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis at December 31, 2010 and 2009. These items are included in "Derivative financial instruments" on the Combined balance sheets. Significant Level 2 assumptions associated with the calculation of discounted cash flows used in the "mark-to market" analysis include

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Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

I—Fair value measurements (Continued)

the NYMEX natural gas and crude oil prices, appropriate risk adjusted discount rates and other relevant data.

(in thousands)	Level 1	Level 2	Level 3	Total fair value
As of December 31, 2010:				
Commodity derivatives	$ —	$ (9,774)	$ 20,026	$ 10,252
Deferred premiums	—	—	(12,495)	(12,495)
Interest rate derivatives	—	(5,542)	—	(5,542)
Total	$ —	$ (15,316)	$ 7,531	$ (7,785)

(in thousands)	Level 1	Level 2	Level 3	Total fair value
As of December 31, 2009:				
Commodity derivatives	$ —	$ (6,840)	$ 14,610	$ 7,770
Deferred premiums	—	—	(3,524)	(3,524)
Interest rate derivatives	—	(5,625)	—	(5,625)
Total	$ —	$ (12,465)	$ 11,086	$ (1,379)

A summary of the changes in assets classified as Level 3 measurements for the year ended December 31, 2010 is as follows:

(in thousands)	Derivative option contracts	Deferred premiums
Balance of Level 3 at December 31, 2009	$ 14,610	$ (3,524)
Realized and unrealized losses included in earnings	(1,965)	—
Amortization of deferred premiums	—	(116)
Total purchases and settlements:		
Purchases	7,381	(8,855)
Settlements	—	—
Balance of Level 3 at December 31, 2010	$ 20,026	$ (12,495)
Change in unrealized gains attributed to earnings relating to derivatives still held at December 31, 2010	$ 2,392	$ —

Fair value measurement on a nonrecurring basis

The Combined Company accounts for additions to its asset retirement obligation (see Note B.12) and impairment of long-lived assets (see Note B.19), if any, at fair value on a nonrecurring basis in accordance with GAAP. For purposes of fair value measurement, it was determined that the impairment of long-lived assets and the additions to the asset retirement obligation are classified as Level 3 based on the use of internally developed cash flow models. No impairments of long-lived assets were recorded in 2010.

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Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

I—Fair value measurements (Continued)

Inherent in the fair value calculation of asset retirement obligations are numerous assumptions and judgments including, in addition to those noted above, the ultimate settlement of these amounts, the ultimate timing of such settlement, and changes in legal, regulatory, environmental and political environments. To the extent future revisions to these assumptions impact the fair value of the existing asset retirement obligation liability, a corresponding adjustment will be made to the asset balance.

Asset retirement obligations. The accounting policies for asset retirement obligations are discussed in Note B.12, including a reconciliation of the Combined Company's asset retirement obligation. The fair value of additions to the asset retirement obligation liability is measured using valuation techniques consistent with the income approach, which converts future cash flows to a single discounted amount. Significant inputs to the valuation include: (i) estimated plug and abandonment cost per well based on Combined Company experience; (ii) estimated remaining life per well based on the reserve life per well; (iii) future inflation factors; and (iv) the Combined Company's average credit adjusted risk free rate.

Impairment of oil and natural gas properties. The accounting policies for impairment of oil and natural gas properties are discussed in Note B.7. Significant inputs included in the calculation of discounted cash flows used in the impairment analysis include the Combined Company's estimate of operating and development costs, anticipated production of proved reserves and other relevant data.

J—Credit risk

The Combined Company's oil and gas sales are to a variety of purchasers, including intrastate and interstate pipelines or their marketing affiliates and independent marketing companies. The Combined Company's joint operations accounts receivable are from a number of oil and gas companies, partnerships, individuals and others who own interests in the properties operated by the Combined Company. Management believes that any credit risk imposed by a concentration in the oil and gas industry is offset by the creditworthiness of the Combined Company's customer base and industry partners. The Combined Company routinely assesses the recoverability of all material trade and other receivables to determine collectability.

The Combined Company uses derivative instruments to hedge its exposure to oil and natural gas price volatility and its exposure to interest rate risk associated with the credit facilities (as described in Note D). These transactions expose the Combined Company to potential credit risk from its counterparties. In accordance with the Combined Company's standard practice, its derivative instruments are subject to counterparty netting under agreements governing such derivatives and therefore, the credit risk associated with its derivative counterparties is somewhat mitigated. See Note H for additional information regarding the Combined Company's derivative instruments.

For the year ended December 31, 2010, the Combined Company had three customers that accounted for 33.1%, 19.0%, and 14.5% of total revenues, with the same three customers accounting for 41.3%, 16.2%, and 14.0% of oil and gas sales accounts receivable as of December 31, 2010. For the year ended December 31, 2009, the Combined Company had three customers that accounted for 35.8%, 13.7% and 11.7% of total revenues, with two of these customers accounting for 42.7% and 16.9% of oil and gas sales accounts receivable as of December 31, 2009. For the year ended December 31, 2008, the Combined Company had three customers that accounted for 39.5%, 19.5% and 12.9% of total revenues.

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

J—Credit risk (Continued)

The following table summarizes the net oil and gas sales (oil and gas sales less production taxes) received from the Combined Company's related party and included in the Combined statements of operation for the periods presented:

	For the years ended December 31,		
(in thousands)	2010	2009	2008
Net oil and gas sales(1)	$ 35,000	$ 7,288	$ 3,576

The following table summarizes the amounts included all in oil and gas sales receivable in the Combined balance sheets for the periods presented:

	At December 31,	
(in thousands)	2010	2009
Oil and gas sales receivable(1)	$ 4,435	$ 1,095

(1) The Combined Company has a gas gathering and processing arrangement with affiliates of Targa Resources, Inc, ("Targa"). Warburg Pincus IX, a majority equityholder in the Combined Company, and other Warburg Pincus affiliates hold investment interests in Targa. One of Laredo LLC's directors is on the board of directors of affiliates of Targa.

For the year ended December 31, 2010, two partners' joint operations accounts receivable accounted for 76.5% and 11.4% of the Combined Company's total joint operations accounts receivable. For the year ended December 31, 2009, two partners' joint operations accounts receivable accounted for 37.9% and 23.2% of the Combined Company's total joint operations accounts receivable.

The Combined Company's cash balances are insured by the FDIC up to $250,000 per bank. The Combined Company had a cash balance on deposits with certain banks in the credit facilities bank group at December 31, 2010, which exceeded the balance insured by the FDIC in the amount of $45 million. Management believes that the risk of loss is mitigated by the bank's reputation and financial position.

K—Commitments and contingencies

1. Lease commitments

The Combined Company leases equipment and office space under operating leases expiring on various dates through 2016. Minimum annual lease commitments at December 31, 2010, and for the calendar years following are:

(in thousands)	
2011	$ 1,265
2012	1,187
2013	1,061
2014	715
2015	344
Thereafter	89
Total	$ 4,661

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

K—Commitments and contingencies (Continued)

Rent expense was $0.9 million, $0.8 million, and $0.5 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The Combined Company's office space lease agreements contain scheduled escalation in lease payments during the term of the lease. In accordance with GAAP, the Combined Company records rent expense on a straight-line basis and a deferred lease liability for the difference between the straight-line amount and the actual amounts of the lease payments.

2. Litigation

The Combined Company may be involved in legal proceedings or is subject to industry rulings that could bring rise to claims in the ordinary course of business. The Combined Company has concluded that the likelihood is remote that the ultimate resolution of any pending litigation or pending claims will be material or have a material adverse effect on the Combined Company's business, financial position, results of operations or liquidity.

3. Drilling contracts

The Combined Company has committed to several short-term drilling contracts with various third parties in order to complete its various drilling projects. The contracts contain an early termination clause that requires the Combined Company to pay significant penalties to the third party should the Combined Company cease drilling efforts. These penalties could significantly impact the Combined Company's financial statements upon contract termination. These commitments are not recorded in the accompanying Combined balance sheets. Future commitments as of December 31, 2010 are $7.4 million. As a result of these commitments $1.6 million in stacked rig fees were incurred in 2009. No stacked rig fees were incurred in 2010. Management does not anticipate canceling any drilling contracts or discontinuing drilling efforts in 2011.

4. Federal and state regulations

Oil and natural gas exploration, production and related operations are subject to extensive federal and state laws, rules and regulations. Failure to comply with these laws, rules and regulations can result in substantial penalties. The regulatory burden on the oil and natural gas industry increases the cost of doing business and affects profitability. The Combined Company believes that it is in compliance with currently applicable state and federal regulations and these regulations will not have a material adverse impact on the financial position or results of operations of the Combined Company. Because these rules and regulations are frequently amended or reinterpreted, the Combined Company is unable to predict the future cost or impact of complying with these regulations.

L—Defined contribution plans

Laredo

Laredo sponsors a 401(k) defined contribution plan for the benefit of substantially all employees at the date of hire. The plan allows eligible employees to make tax-deferred contributions up to 100% of their annual compensation, not to exceed annual limits established by the federal government. Laredo makes matching contributions of up to 6% of an employee's compensation and may make additional

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

L—Defined contribution plans (Continued)

discretionary contributions for eligible employees. Employees are 100% vested in the employer contributions upon receipt. Laredo contributions to the plan were $0.7 million, $0.7 million, and $0.5 million in 2010, 2009 and 2008, respectively.

Broad Oak

Broad Oak sponsors a 401(k) defined contribution plan for the benefit of all employees. Employees are eligible to join the plan the first day of the calendar month immediately following the employee's date of employment. The plan allows each participant to contribute up to the maximum allowable by the federal government. Each pay period, Broad Oak makes a contribution to the plan that equals the employee's contribution up to the first 6% of the employee's compensation for the period. Employees are 100% vested in the employer contributions upon receipt.

Broad Oak's employer contributions were $0.3 million, $0.3 million and $0.2 million for the years ending December 31, 2010, 2009 and 2008, respectively. In addition, each year in accordance with the plan, Broad Oak may make an additional discretionary matching contribution of up to 4% of the employee's earnings. Broad Oak's discretionary matching contributions totaled $0.2 million in each of the years ending December 31, 2010, 2009 and 2008. Broad Oak may make additional discretionary contributions unrelated to employees' earnings; however, no such contributions were made during 2010, 2009 or 2008.

M—Recently issued accounting standards

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2011-04 *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS* which provides a consistent definition of fair value and common requirements for measurement of and disclosure about fair value between GAAP and International Financial Reporting Standards. This new guidance changes some fair value measurement principles and disclosure requirements, but does not require additional fair value measurements and is not intended to establish valuation standards or affect valuation practices outside of financial reporting. The update is effective for annual periods beginning after December 15, 2011 and we are in the process of evaluating the impact, if any, the adoption of this update will have on our financial statements.

In April 2010, the FASB issued ASU 2010-14, "*Accounting for Extractive Activities—Oil & Gas*" ("ASU 2014-14"). ASU 2010-14 amends paragraphs in the accounting standard for oil and natural gas extractive activities accounting. The standard adds to the Codification the SEC's Modernization of Oil and Gas Reporting release. The Combined Company adopted the update effective April 20, 2010, and the adoption did not have a significant impact on the Combined Company's combined financial statements.

In January 2010, the FASB issued ASU 2010-06, "*Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements"* ("ASU 2010-6"). ASU 2010-6 amends Subtopic 820-10 with new disclosure requirements and clarification of existing disclosure requirements. New disclosures required include the amount of significant transfers in and out of Levels 1 and 2 fair value measurements and the reasons for the transfers. In addition, the reconciliation for Level 3 activity will be required on a gross rather than net basis. ASU 2010-6 provides additional guidance related to the level of disaggregation in determining classes of assets and liabilities and disclosures about inputs

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Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

M—Recently issued accounting standards (Continued)

and valuation techniques. The amendments are effective for annual or interim reporting periods beginning after December 15, 2009, except for the requirement to provide the reconciliation for Level 3 activity on a gross basis, which is effective for fiscal years beginning after December 15, 2010. The Combined Company adopted the update effective January 1, 2010, and the adoption did not have a significant impact on the Combined Company's combined financial statements.

N—Subsidiary guarantees

Laredo LLC and all of Laredo's wholly-owned subsidiaries (Laredo Gas and Laredo Texas, collectively, the "Subsidiary Guarantors") have fully and unconditionally guaranteed the 2019 Notes and the Laredo Senior Secured Credit Facility (see Notes D and O). In accordance with practices accepted by the SEC, Laredo has prepared condensed combined consolidating financial statements in order to quantify the assets, results of operations and cash flows of such subsidiaries as subsidiary guarantors. The following Condensed Combined Consolidating Balance Sheets as of December 31, 2010 and 2009, and Condensed Combined Consolidating Statements of Operations and Condensed Combined Consolidating Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008, present financial information for Laredo LLC as the parent of Laredo on a stand-alone basis (carrying any investments in subsidiaries under the equity method), financial information for Laredo on a stand-alone basis (carrying any investment in subsidiaries under the equity method), financial information for the Subsidiary Guarantors on a stand-alone basis (carrying any investment in subsidiaries under the equity method), financial information for Broad Oak on a stand-alone basis and the consolidation and elimination entries necessary to arrive at the information for the Combined Company on a condensed combined consolidated basis. All deferred income taxes are recorded on Laredo's statements of financial position, as Laredo's subsidiaries are flow-through entities for income tax purposes. The Subsidiary Guarantors are not restricted from making distributions to Laredo.

Condensed combined balance sheet
December 31, 2010

(in thousands)	Laredo LLC	Laredo	Subsidiary guarantors	Broad Oak	Intercompany eliminations	Combined company
Accounts receivable	$ —	$ 24,168	$ 824	$ 18,947	$ —	$ 43,939
Other current assets	38,652	21,391	—	10,340	(13,906)	56,477
Total oil and natural gas properties, net	—	430,242	20,105	312,935	—	763,282
Total pipeline and gas gathering assets, net	—	—	39,343	—	—	39,343
Total other fixed assets, net	—	6,915	—	353	—	7,268
Investment in subsidiaries	511,208	114,881	—	—	(626,089)	—
Total other long-term assets	—	129,799	—	28,052	—	157,851
Total assets	$ 549,860	$ 727,396	$ 60,272	$ 370,627	$ (639,995)	$ 1,068,160
Accounts payable	$ 1	$ 42,311	$ 1,235	$ 11,697	$ (13,906)	$ 41,338
Other current liabilities	—	64,675	2,210	42,020	—	108,905
Other long-term liabilities	—	6,602	2,341	6,275	—	15,218
Long-term debt	—	277,500	—	214,100	—	491,600
Owners' equity	549,859	336,308	54,486	96,535	(626,089)	411,099
Total liabilities and owners' equity	$ 549,860	$ 727,396	$ 60,272	$ 370,627	$ (639,995)	$ 1,068,160

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

N—Subsidiary guarantees (Continued)

Condensed combined balance sheet
December 31, 2009

(in thousands)	Laredo LLC	Laredo	Subsidiary guarantors	Broad Oak	Intercompany eliminations	Combined company
Accounts receivable	$ 50,000	$ 15,395	$ 918	$ 4,327	$ —	$ 70,640
Other current assets	16,922	14,169	—	1,863	(3,701)	29,253
Total oil and natural gas properties, net	—	262,431	24,939	66,047	—	353,417
Total pipeline and gas gathering assets, net	—	—	36,220	—	—	36,220
Total other fixed assets, net	—	6,132	—	331	—	6,463
Investment in subsidiaries	458,308	119,597	—	—	(577,905)	—
Total other long-term assets	—	128,504	—	847	—	129,351
Total assets	$ 525,230	$ 546,228	$ 62,077	$ 73,415	$ (581,606)	$ 625,344
Accounts payable	$ 1	$ 26,762	$ 1,538	$ 9,684	$ (3,701)	$ 34,284
Other current liabilities	—	30,645	2,035	12,301	—	44,981
Other long-term liabilities	—	5,768	1,338	2,766	—	9,872
Long-term debt	—	202,500	—	44,600	—	247,100
Owners' equity	525,229	280,553	57,166	4,064	(577,905)	289,107
Total liabilities and owners' equity	$ 525,230	$ 546,228	$ 62,077	$ 73,415	$ (581,606)	$ 625,344

Condensed combined statement of operations
For the year ended December 31, 2010

(in thousands)	Laredo LLC	Laredo	Subsidiary guarantors	Broad Oak	Intercompany eliminations	Combined company
Total operating revenues	$ —	$ 93,584	$ 16,225	$ 136,148	$ (3,953)	$ 242,004
Total operating costs and expenses	7	91,624	14,189	67,155	(3,953)	169,022
Income (loss) from operations	(7)	1,960	2,036	68,993	—	72,982
Interest income (expense), net	150	(11,912)	—	(6,570)	—	(18,332)
Other, net	—	13,809	—	(8,023)	—	5,786
Income from operations before income tax	143	3,857	2,036	54,400	—	60,436
Income tax (expense) benefit	—	(2,234)	—	28,046	—	25,812
Net income	$ 143	$ 1,623	$ 2,036	$ 82,446	$ —	$ 86,248

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

N—Subsidiary guarantees (Continued)

Condensed combined statement of operations
For the year ended December 31, 2009

(in thousands)	Laredo LLC	Laredo	Subsidiary guarantors	Broad Oak	Intercompany eliminations	Combined company
Total operating revenues	$ —	$ 61,002	$ 13,533	$ 25,423	$ (3,066)	$ 96,892
Total operating costs and expenses	7	244,570	42,925	65,985	(3,066)	350,421
Loss from operations	(7)	(183,568)	(29,392)	(40,562)	—	(253,529)
Interest income (expense), net	185	(6,032)	—	(1,394)	—	(7,241)
Other, net	—	8,316	—	(6,047)	—	2,269
Income (loss) from operations before income tax	178	(181,284)	(29,392)	(48,003)	—	(258,501)
Income tax benefit	—	74,006	—	—	—	74,006
Net income (loss)	$ 178	$ (107,278)	$ (29,392)	$ (48,003)	$ —	$ (184,495)

Condensed combined statement of operations
For the year ended December 31, 2008

(in thousands)	Laredo LLC	Laredo	Subsidiary guarantors	Broad Oak	Intercompany eliminations	Combined company
Total operating revenues	$ —	$ 40,406	$ 20,614	$ 14,767	$ (1,052)	$ 74,735
Total operating costs and expenses	56	184,643	54,874	112,680	(1,052)	351,201
Loss from operations	(56)	(144,237)	(34,260)	(97,913)	—	(276,466)
Interest income (expense), net	504	(3,982)	—	(151)	—	(3,629)
Other, net	—	24,738	—	9,593	—	34,331
Income (loss) from operations before income tax	448	(123,481)	(34,260)	(88,471)	—	(245,764)
Income tax expense	—	53,717	—	—	—	53,717
Net income (loss)	$ 448	$ (69,764)	$ (34,260)	$ (88,471)	$ —	$ (192,047)

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

N—Subsidiary guarantees (Continued)

Condensed combined statement of cash flows
For the year ended December 31, 2010

(in thousands)	Laredo LLC	Laredo	Subsidiary guarantors	Broad Oak	Intercompany eliminations	Combined company
Net cash flows provided by operating activities	$ 143	$ 63,887	$ 10,103	$ 93,115	$ (10,205)	$ 157,043
Net cash flows used in investing activities	(52,900)	(132,564)	(10,103)	(264,980)	—	(460,547)
Net cash flows provided by financing activities	74,487	68,677	—	176,588	—	319,752
Net increase in cash and cash equivalents	21,730	—	—	4,723	(10,205)	16,248
Cash and cash equivalents at beginning of period	16,922	—	—	1,766	(3,701)	14,987
Cash and cash equivalents at end of period	$ 38,652	$ —	$ —	$ 6,489	$ (13,906)	$ 31,235

Condensed combined statement of cash flows
For the year ended December 31, 2009

(in thousands)	Laredo LLC	Laredo	Subsidiary guarantors	Broad Oak	Intercompany eliminations	Combined company
Net cash flows provided by operating activities	$ 178	$ 88,896	$ 4,270	$ 17,824	$ 1,501	$ 112,669
Net cash flows used in investing activities	(122,701)	(162,704)	(4,270)	(71,658)	—	(361,333)
Net cash flows provided by financing activities	124,700	73,808	—	51,631	—	250,139
Net increase (decrease) in cash and cash equivalents	2,177	—	—	(2,203)	1,501	1,475
Cash and cash equivalents at beginning of period	14,745	—	—	3,969	(5,202)	13,512
Cash and cash equivalents at end of period	$ 16,922	$ —	$ —	$ 1,766	$ (3,701)	$ 14,987

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Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

N—Subsidiary guarantees (Continued)

Condensed combined statement of cash flows
For the year ended December 31, 2008

(in thousands)	Laredo LLC	Laredo	Subsidiary guarantors	Broad Oak	Intercompany eliminations	Combined company
Net cash flows provided by operating activities	$ 448	$ 5,034	$ 19,928	$ 4,963	$ (5,041)	$ 25,332
Net cash flows used in investing activities	(285,967)	(90,498)	(19,928)	(94,504)	—	(490,897)
Net cash flows provided by financing activities	300,000	82,119	—	90,021	—	472,140
Net increase (decrease) in cash and cash equivalents	14,481	(3,345)	—	480	(5,041)	6,575
Cash and cash equivalents at beginning of period	264	3,345	—	3,489	(161)	6,937
Cash and cash equivalents at end of period	$ 14,745	$ —	$ —	$ 3,969	$ (5,202)	$ 13,512

O—Subsequent events

1. 2019 Notes

On January 20, 2011, Laredo completed an offering of $350 million 2019 Notes. The 2019 Notes will mature on February 15, 2019 and bear an interest rate of 9.5% per annum, payable semi-annually, in cash in arrears on February 15 and August 15 of each year, commencing August 15, 2011. The 2019 Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by Laredo LLC and the Subsidiary Guarantors. The net proceeds from the 2019 Notes were used (i) to repay and retire $100 million outstanding under the Term Loan, (ii) to pay in full $177.5 million outstanding under the Laredo Senior Secured Credit Facility, and (iii) for general working capital purposes.

The 2019 Notes were issued under and are governed by an indenture dated January 20, 2011 (the "Indenture"), among Laredo, Wells Fargo Bank, National Association, as trustee, and the Guarantors. The Indenture contains customary terms, events of default and covenants relating to, among other things, the incurrence of debt, the payment of dividends or similar restricted payments, undertaking transactions with Laredo's unrestricted affiliates and limitations on asset sales. Indebtedness under the 2019 Notes may be accelerated in certain circumstances upon an event of default as set forth in the Indenture.

Laredo will have the option to redeem the 2019 Notes, in whole or in part, at any time on or after February 15, 2015, at the redemption prices (expressed as percentages of principal amount) of 104.750% for the twelve-month period beginning on February 15, 2015, 102.375% for the twelve-month period beginning on February 15, 2016 and 100.000% for the twelve-month period beginning on February 15, 2017 and at any time thereafter, together with accrued and unpaid interest, if any, to, the date of redemption. In addition, before February 15, 2015, Laredo may redeem all or any part of the 2019 Notes at a redemption price equal to the sum of the principal amount thereof, plus a make whole premium at the redemption date, plus accrued and unpaid interest, if any, to the redemption date. Furthermore, before February 15, 2014, Laredo may, at any time or from time to time, redeem up to 35% of the aggregate principal amount of the 2019 Notes with the net proceeds of a public or private

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

O—Subsequent events (Continued)

equity offering at a redemption price of 109.500% of the principal amount of 2019 Notes, plus any accrued and unpaid interest to the date of redemption, if at least 65% of the aggregate principal amount of the 2019 Notes issued under the Indenture remains outstanding immediately after such redemption and the redemption occurs within 180 days of the closing date of such equity offering. Laredo may also be required to make an offer to purchase the 2019 Notes upon a change of control triggering event.

In connection with the issuance of the 2019 Notes, Laredo, Laredo LLC and the Guarantors entered into a registration rights agreement with the initial purchasers of the 2019 Notes on January 20, 2011 pursuant to which Laredo, Laredo LLC and the Guarantors have agreed to file with the SEC and use commercially reasonable efforts to cause to become effective a registration statement with respect to an offer to exchange the 2019 Notes for substantially identical notes (other than with respect to restrictions on transfer or to any increase in annual interest rate) that are registered under the Securities Act of 1933, as amended, so as to permit the exchange offer to be consummated by the 365th day after January 20, 2011. Under specified circumstances, Laredo, Laredo LLC and the Guarantors have also agreed to use commercially reasonable efforts to cause to become effective a shelf registration statement relating to resales of the 2019 Notes. Laredo will be obligated to pay additional interest if it fails to comply with its obligation to complete the exchange offer or register the 2019 Notes to the extent the transfer of such notes remain unregistered follow the specified time periods or the two year anniversary of the issuance of the notes.

2. Amendments to the Laredo senior secured credit facility

Effective contemporaneously with the issuance of the 2019 Notes, Laredo entered into an amendment of its Laredo Senior Secured Credit Facility. This amendment extended the term of the Laredo Senior Secured Credit Facility to July 7, 2015, decreased the borrowing base to $200 million and eliminated the leverage test. The amended Laredo Senior Secured Credit Facility is subject to decreased applicable margins ranging from 2.00% to 2.75% for Eurodollar Advances and 1.00% to 1.75% for Adjusted Base Rate Advances.

As previously described in Note A, on July 1, 2011, Laredo LLC and Laredo consummated a transaction by which Broad Oak became a wholly-owned subsidiary of Laredo. The cash portion of the transaction and the full repayment of the amounts outstanding under the Broad Oak Credit Facility was funded under Laredo's amended and restated Laredo Senior Secured Credit Facility. Under this third amendment and restatement, the Laredo Senior Secured Credit Facility's capacity increased to $1.0 billion, with a borrowing base of $650.0 million. At August 22, 2011, $500.0 million was outstanding. The borrowing base is subject to a semi-annual redetermination based on the financial institutions' evaluation of Laredo's oil and gas reserves. The amendment lengthened the term of the Laredo Senior Secured Credit Facility making it available until July 1, 2016, at which time the outstanding balance will be due. As defined in the Laredo Senior Secured Credit Facility, (i) the Adjusted Base Rate advances under the facility bear interest payable quarterly at an Adjusted Base Rate plus applicable margin and (ii) the Eurodollar advances under the facility bear interest, at our election, at the end of one-month, two-month, three-month, six-month or, to the extent available, twelve-month interest periods (and in the case of six-month and twelve-month interest periods, every three months prior to the end of such interest period) at an Adjusted London Interbank Offered Rate plus an applicable margin, based on the ratio of outstanding revolving credit to the conforming base rate. Laredo is also required to pay an annual commitment fee on the unused portion of the bank's commitment of 0.375% to 0.5%.

Laredo Petroleum

Notes to the combined financial statements (Continued)

December 31, 2010, 2009 and 2008

O—Subsequent events (Continued)

Laredo made new borrowings on its Laredo Senior Secured Credit Facility of $25 million each on April 4, May 9, and June 20, 2011. See Note O.2 for additional discussion and amendments of the Senior Secured Credit Facility.

3. Restricted unit issuance

On April 11, 2011, Laredo LLC issued 1.7 million Series D Units to its employees and directors.

4. Broad Oak Transaction

On July 1, 2011, Laredo LLC and Laredo completed the acquisition of Broad Oak, which became a wholly-owned subsidiary of Laredo. In connection with the transaction, Laredo LLC issued: (i) approximately 86.5 million preferred equity units to Warburg Pincus IX and WP IX Finance in exchange for the convertible preferred shares previously held in Broad Oak; and (ii) approximately 2.4 million preferred equity units to Broad Oak's management and directors in exchange for certain of the common stock and convertible preferred stock they previously held in Broad Oak. In addition, Laredo paid approximately $82 million in cash for certain of the vested Broad Oak common stock, convertible preferred stock and all outstanding and vested Broad Oak options that certain Broad Oak directors and management and employees elected to sell. All unvested shares of Broad Oak common stock and unvested Broad Oak options were cancelled. Additionally, the Broad Oak Credit Facility was paid in full and terminated. Immediately following the consummation of such transaction, Laredo LLC assigned 100% of its ownership interest in Broad Oak to Laredo as a contribution to capital.

The cash portion of the transaction was funded under the third amended and restated Laredo Senior Secured Credit Facility, as described in Note O.2 above.

Upon consummation of the acquisition of Broad Oak, Broad Oak was added as a guarantor under the Laredo Senior Secured Credit Facility and the 2019 Notes and its name was changed to Laredo Petroleum — Dallas, Inc.

In connection with the Broad Oak Transaction, the LLC Agreement was amended and restated (the "Amended and Restated LLC Agreement"). The amendment and restatement, among other things, created a new series of preferred units that were issued to Broad Oak's stockholders and three new series of restricted units which are subject to the same vesting requirements as the other Restricted Units.

On August 10, 2011, Laredo granted an aggregate of approximately 5.3 million Series F Units to the legacy Company employees, including the named executive officers, and approximately 1.2 million Series G Units and approximately 0.7 million BOE Incentive Units to certain new employees from former Broad Oak, all of which were authorized pursuant to the Amended and Restated LLC Agreement.

5. IPO

On August 12, 2011, Laredo LLC formed Laredo Holdings, a new wholly-owned subsidiary, in anticipation of an IPO. Immediately prior to the effectiveness of the IPO, Laredo LLC will be merged into Laredo Holdings and Laredo Holdings will continue as the surviving corporation. The Amended and Restated LLC Agreement and related agreements will consequently be terminated as the ownership in Laredo LLC will be exchanged for shares of common stock of Laredo Holdings.

We have evaluated subsequent events for recognition or disclosure through August 23, 2011, which was the date the financial statements were filed with the SEC.

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Supplemental Oil and Gas Disclosures

December 31, 2010, 2009 and 2008

1. Modernization of oil and natural gas reporting requirements

On December 31, 2008, the Securities and Exchange Commission ("SEC") adopted major revisions (the "final rules") to its rules governing oil and gas company reporting requirements effective for annual reports for fiscal years ending on or after December 31, 2009. These included provisions that permit the use of new technologies to determine proved reserves, and that allow companies to disclose their probable and possible reserves to investors. Prior to these revisions companies were limited to disclosure of only proved reserves. The final rules also require that oil and gas reserves be reported and the full cost ceiling value calculated using an average price based upon the unweighted arithmetic average first-day-of-the-month posted price for each month in the prior twelve-month period. Reserves and discounted cash flows were prepared using the final rules and were used in the calculation of DD&A and the ceiling test at December 31, 2010 and 2009.

2. Costs incurred in oil and gas property acquisition, exploration and development activities

Costs incurred in the acquisition and development of oil and gas assets are presented below for the years ended December 31:

(in thousands)	2010	2009	2008
Property acquisition costs:			
Proved	$ —	$ —	$ 144,277
Unproved	—	—	34,864
Exploration	87,576	53,708	134,408
Development costs	412,861	272,071	189,940
Asset retirement obligations	2,009	1,785	2,624
Total costs incurred	$ 502,446	$ 327,564	$ 506,113

3. Capitalized oil and gas costs

Aggregate capitalized costs related to oil and gas production activities with applicable accumulated depreciation, depletion, amortization and impairment are presented below as of December 31:

(in thousands)	2010	2009	2008
Capitalized costs:			
Proved properties	$ 1,379,885	$ 881,106	$ 554,923
Unproved properties	96,515	92,847	91,491
	1,476,400	973,953	646,414
Less accumulated depreciation, depletion, amortization and impairment	713,118	620,537	319,327
Net capitalized costs	$ 763,282	$ 353,416	$ 327,087

Unproved properties, which are not subject to amortization, are not individually significant and consist primarily of lease acquisition costs. The evaluation process associated with these properties has not been completed and therefore, the Company is unable to estimate when these costs will be included in the amortization calculation.

Laredo Petroleum

Supplemental Oil and Gas Disclosures (Continued)

December 31, 2010, 2009 and 2008

4. Results of oil and gas producing activities

The results of operations of oil and gas producing activities (excluding corporate overhead and interest costs) are presented below as of December 31:

(in thousands)	2010	2009	2008
Revenues:			
Oil and gas sales	$ 239,783	$ 94,347	$ 73,883
Production costs:			
Lease operating expenses	21,684	12,531	6,436
Production and ad valorem taxes	15,699	6,129	5,481
	37,383	18,660	11,917
Other costs:			
Depreciation, depletion, amortization and impairment	93,815	301,279	314,580
Accretion of asset retirement obligation	475	406	170
Income tax expense (benefit)	39,223	(67,637)	(54,865)
Results of operations	$ 68,887	$ (158,361)	$ (197,919)

5. Net proved oil and gas reserves (unaudited)

The Combined Company's proved oil and gas reserves as of December 31, 2010 were prepared by Ryder Scott Company, independent third party petroleum consultants. Ryder Scott prepared 100% of proved reserves for Laredo for the years ended December 31, 2009 and 2008. We used the Ryder Scott report of the Combined Company's proved reserves for the year ended December 31, 2010 to estimate the Broad Oak reserves for the years ended December 31, 2009 and 2008. In accordance with the new SEC regulations, reserves at December 31, 2010 and 2009 were estimated using the unweighted arithmetic average first-day-of-the-month price for the preceding 12—month period. The reserve estimate for 2008 was prepared in compliance with the applicable prior SEC rules based on year-end prices. Our reserves are reported in two streams; crude oil and natural gas. The economic value of the natural gas liquids in our natural gas is included in the wellhead natural gas price. The Company emphasizes that reserve estimates are inherently imprecise and that estimates of new discoveries are more imprecise than those of producing oil and natural gas properties. Accordingly, the estimates may change as future information becomes available.

Laredo Petroleum

Supplemental Oil and Gas Disclosures (Continued)

December 31, 2010, 2009 and 2008

5. Net proved oil and gas reserves (unaudited) (Continued)

An analysis of the change in estimated quantities of oil and gas reserves, all of which are located within the United States, for the years ended December 31, is as follows:

	Year ended December 31, 2010			
(in thousands)	Gas (MMcf)	Oil (MBbls)	MMcfe	MBOE
Proved developed and undeveloped reserves:				
Beginning of year	279,549	5,928	315,115	52,519
Revisions of previous estimates	(14,619)	326	(12,664)	(2,110)
Extensions, discoveries and other additions	306,729	40,241	548,179	91,363
Purchases of minerals in place	—	—	—	—
Production	(21,381)	(1,648)	(31,270)	(5,212)
End of year	550,278	44,847	819,360	136,560
Proved developed reserves:				
Beginning of year	135,204	2,905	152,632	25,439
End of year	194,481	12,420	269,000	44,833
Proved undeveloped reserves:				
Beginning of year	144,345	3,023	162,483	27,080
End of year	355,797	32,427	550,360	91,727

	Year ended December 31, 2009			
(in thousands)	Gas (MMcf)	Oil (MBbls)	MMcfe	MBOE
Proved developed and undeveloped reserves:				
Beginning of year	244,051	3,508	265,097	44,183
Revisions of previous estimates	(51,823)	(785)	(56,535)	(9,423)
Extensions, discoveries and other additions	105,623	3,718	127,932	21,322
Purchases of minerals in place	—	—	—	—
Production	(18,302)	(513)	(21,379)	(3,563)
End of year	279,549	5,928	315,115	52,519
Proved developed reserves:				
Beginning of year	107,175	1,506	116,209	19,368
End of year	135,204	2,905	152,632	25,439
Proved undeveloped reserves:				
Beginning of year	136,876	2,002	148,888	24,815
End of year	144,345	3,023	162,483	27,080

Laredo Petroleum

Supplemental Oil and Gas Disclosures (Continued)

December 31, 2010, 2009 and 2008

5. Net proved oil and gas reserves (unaudited) (Continued)

(in thousands)	Year ended December 31, 2008			
	Gas (MMcf)	Oil (MBbls)	MMcfe	MBOE
Proved developed and undeveloped reserves:				
Beginning of year	43,106	307	44,949	7,492
Revisions of previous estimates	(4,149)	(156)	(5,084)	(848)
Extensions, discoveries and other additions	158,845	3,241	178,289	29,715
Purchases of minerals in place	54,373	308	56,221	9,370
Production	(8,124)	(192)	(9,278)	(1,546)
End of year	244,051	3,508	265,097	44,183
Proved developed reserves:				
Beginning of year	21,383	63	21,762	3,627
End of year	107,175	1,506	116,209	19,368
Proved undeveloped reserves:				
Beginning of year	21,723	244	23,187	3,865
End of year	136,876	2,002	148,888	24,815

The tables above include changes in estimated quantities of oil and natural gas reserves shown in MMcf equivalents ("MMcfe") at a rate of one MBbl per six MMcf and shown in MBbl equivalents ("MBOE") at a rate of six MMcf per one MBbls.

For the year ended December 31, 2010, the Combined Company's negative revision of 2,110 MBOE of previous estimated quantities is primarily due to uneconomic proved undeveloped locations. Extensions, discoveries and other additions of 91,363 MBOE during the year ended December 31, 2010, consist of 20,533 MBOE primarily from the drilling of new wells during the year and 70,830 MBOE from new proved undeveloped locations added during the year, which increased the Combined Company's proved reserves, the latter of which consists of 63,444 MBOE attributable to 957 vertical locations in our Permian Basin play, 7,002 MBOE attributable to 53 vertical locations in our Anadarko Granite Wash play and 384 MBOE attributable to 8 locations in other areas. The oil and natural gas reference prices used in computing our reserves as of December 31, 2010 were $75.96 per barrel and $4.15 per MMBtu before price differentials.

For the year ended December 31, 2009, the Combined Company's negative revision of previous estimated quantities is composed of a 7,708 MBOE revision due to the decrease in oil and gas prices at December 31, 2009 and a decrease of 1,715 MBOE for performance revisions. Extensions, discoveries and other additions of 21,322 MBOE during the year ended December 31, 2009, consist of 8,866 MBOE primarily from the drilling of new wells during the year and 12,456 MBOE from new proved undeveloped locations added during the year, which increased the Combined Company's proved reserves. The oil and natural gas reference prices used in computing our reserves as of December 31, 2009 were $57.04 per barrel and $3.15 per MMBtu before price differentials.

For the year ended December 31, 2008, the Combined Company's negative revision of previous estimated quantities is composed of a 338 MBOE revision due to the decrease in oil and gas prices at December 31, 2008 and a decrease of 510 MBOE for performance revisions. The Combined Company made three acquisitions of working and royalty interests during the year ended December 31, 2008, with total proved reserves of 9,370 MBOE, See Note C for additional details. Extensions, discoveries,

Laredo Petroleum

Supplemental Oil and Gas Disclosures (Continued)

December 31, 2010, 2009 and 2008

5. Net proved oil and gas reserves (unaudited) (Continued)

and other additions of 29,715 MBOE during the year ended December 31, 2008, consist of 8,122 MBOE primarily from the drilling of new wells during the year and 21,593 MBOE from new proved undeveloped locations added during the year, which increased the Combined Company's proved reserves. The oil and natural gas reference prices used in computing our reserves as of December 31, 2008 were $44.60 per barrel and $4.68 per MMBtu before price differentials.

6. Standardized measure of discounted future net cash flows—(unaudited)

The standardized measure of discounted future net cash flows does not purport to be, nor should it be interpreted to present, the fair value of the oil and natural gas reserves of the property. An estimate of fair value would take into account, among other things, the recovery of reserves not presently classified as proved, the value of unproved properties, and consideration of expected future economic and operating conditions.

The estimates of future cash flows and future production and development costs as of December 31, 2010 and 2009 are based on the unweighted arithmetic average first-day-of-the-month price for the preceding 12-month period and reserves as of December 31, 2008 prepared in compliance with the applicable prior SEC rules based on year-end prices. Estimated future production of proved reserves and estimated future production and development costs of proved reserves are based on current costs and economic conditions. Future income tax expenses are computed using the appropriate year-end statutory tax rates applied to the future pretax net cash flows from proved oil and natural gas reserves, less the tax basis of the Company's and Broad Oak's oil and natural gas properties. Reference prices used, before differentials were applied were $4.15, $3.15, and $4.68 per MMBtu and $75.96, $57.04, and $44.60 per Bbl of oil for December 31, 2010, 2009 and 2008, respectively. All wellhead prices are held flat over the forecast period for all reserve categories. The estimated future net cash flows are then discounted at a rate of 10%.

The standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves is as follows at December 31:

(in thousands)	2010	2009	2008
Future cash inflows	$ 6,597,739	$ 1,369,593	$ 1,521,739
Future production costs	(2,057,681)	(431,240)	(417,378)
Future development costs	(1,715,836)	(318,074)	(397,221)
Future income tax expenses	(602,551)	—	(111,779)
Future net cash flows	2,221,671	620,279	595,361
10% discount for estimated timing of cash flows	(1,351,689)	(352,664)	(372,990)
Standardized measure of discounted future net cash flows	$ 869,982	$ 267,615	$ 222,371

In the foregoing determination of future cash inflows, sales prices used for gas and oil for December 31, 2010 and 2009 were estimated using the average price during the 12-month period, determined as the unweighted arithmetic average of the first-day-of-the-month price for each month. Prices used for December 31, 2008 were prepared in compliance with the applicable prior SEC rules based on year-end prices. Prices were adjusted by lease for quality, transportation fees and regional price differentials. Future costs of developing and producing the proved gas and oil reserves reported at

Laredo Petroleum

Supplemental Oil and Gas Disclosures (Continued)

December 31, 2010, 2009 and 2008

6. Standardized measure of discounted future net cash flows—(unaudited) (Continued)

the end of each year shown were based on costs determined at each such year-end, assuming the continuation of existing economic conditions.

It is not intended that the FASB's standardized measure of discounted future net cash flows represent the fair market value of the Combined Company's proved reserves. The Combined Company cautions that the disclosures shown are based on estimates of proved reserve quantities and future production schedules which are inherently imprecise and subject to revision, and the 10% discount rate is arbitrary. In addition, costs and prices as of the measurement date are used in the determinations, and no value may be assigned to probable or possible reserves.

Changes in the standardized measure of discounted future net cash flows relating to proved oil and gas reserves are as follows:

(in thousands)	2010	2009	2008
Standardized measure of discounted future net cash flows, beginning of year	$ 267,615	$ 222,371	$ 76,205
Changes in the year resulting from:			
Sales, less production costs	(202,400)	(75,687)	(61,920)
Revisions of previous quantity estimates	(15,080)	(48,209)	(8,022)
Extensions, discoveries and other additions	788,090	127,704	137,639
Net change in prices and production costs	214,308	(40,062)	(31,418)
Changes in estimated future development costs	(62,386)	12,062	(198,862)
Previously estimated development costs incurred during the period	20,082	41,620	226,169
Purchases of minerals in place	—	—	78,977
Accretion of discount	26,762	24,302	11,221
Net change in income taxes	(191,714)	20,648	(5,117)
Timing differences and other	24,705	(17,134)	(2,501)
Standardized measure of discounted future net cash flows, end of year	$ 869,982	$ 267,615	$ 222,371

Estimates of economically recoverable oil and natural gas reserves and of future net revenues are based upon a number of variable factors and assumptions, all of which are to some degree subjective and may vary considerably from actual results. Therefore, actual production, revenues, development and operating expenditures may not occur as estimated. The reserve data are estimates only, are subject to many uncertainties and are based on data gained from production histories and on assumptions as to geologic formations and other matters. Actual quantities of oil and natural gas may differ materially from the amounts estimated.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Laredo Petroleum Holdings, Inc.

We have audited the accompanying balance sheet of Laredo Petroleum Holdings, Inc. (a Delaware corporation) (the "Company") as of August 12, 2011. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Laredo Petroleum Holdings, Inc. as of August 12, 2011, in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Tulsa, Oklahoma
August 23, 2011

Laredo Petroleum Holdings, Inc.

Balance sheet

August 12, 2011

	August 12, 2011
ASSETS	
Cash	$ 10
Total assets	$ 10
SHAREHOLDER'S EQUITY	
Common stock, $0.01 par value; authorized 10,000 shares; 1,000 issued and outstanding at August 12, 2011	$ 10
Total shareholder's equity	$ 10

The accompanying notes are an integral part of this balance sheet.

Laredo Petroleum Holdings, Inc.

Notes to the balance sheet

August 12, 2011

A—Organization

Laredo Petroleum Holding, Inc. ("Laredo Holdings") was formed on August 12, 2011, pursuant to the laws of the State of Delaware as a wholly-owned subsidiary of Laredo Petroleum, LLC ("Laredo LLC"). On August 12, 2011, Laredo LLC contributed $10 to Laredo Holdings in exchange for 1,000 shares of Laredo Holdings common stock.

Laredo Holdings plans to pursue an initial public offering of its common stock. Prior to the consummation of such initial public offering, Laredo LLC will be merged into Laredo Holdings, with Laredo Holdings surviving in the merger.

B—Summary of significant accounting policies

1. Basis of presentation

This balance sheet has been prepared in accordance with accounting principles generally accepted in the United States of America. Separate statements of operations, shareholder's equity and cash flows have not been presented because Laredo Holdings has had no business transactions or activities to date.

C—Subsequent events

We have evaluated subsequent events for recognition or disclosure through August 23, 2011, which was the date the financial statements were filed with the SEC.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Managers and Members
Laredo Petroleum, LLC

We have audited the accompanying statement of revenues and direct operating expenses of the interests of Linn Energy Holdings, LLC, Linn Operating, Inc., Mid-Continent I, LLC, Mid-Continent II, LLC, and Linn Exploration Midcontinent, LLC in certain oil and gas properties acquired by Laredo Petroleum, Inc. and subsidiaries (the "Company") for the period from January 1, 2008 to August 14, 2008. This statement of revenues and direct operating expenses is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of revenues and direct operating expenses based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues and direct operating expenses is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues and direct operating expense, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenues and direct operating expenses. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and direct operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for incorporation in the registration statement on Form S-4 of the Company) as described in Note A to the accompanying statement, and is not intended to be a complete presentation of the revenues and expenses of Linn Energy Holdings, LLC, Linn Operating, Inc., Mid-Continent I, LLC, Mid-Continent II, LLC, and Linn Exploration Midcontinent, LLC.

In our opinion, the statement of revenues and direct operating expense referred to above presents fairly, in all material respects, the revenues and direct operating expenses of Linn Energy Holdings, LLC, Linn Operating, Inc., Mid-Continent I, LLC, Mid-Continent II, LLC, and Linn Exploration Midcontinent, LLC in the properties acquired by the Company for the period from January 1, 2008 to August 14, 2008, in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Tulsa, Oklahoma
January 18, 2010

Laredo Petroleum, LLC

Statement of revenues and direct operating expenses—
assets acquired from Linn Energy Holdings, LLC,
Linn Operating, Inc., Mid-Continent I, LLC,
Mid-Continent II, LLC, and Linn Exploration Midcontinent, LLC

For the period from January 1, 2008 to August 14, 2008

REVENUE:	
Natural gas sales	$ 20,873,219
Oil and condensate sales	1,350,572
Total revenues	22,223,791
DIRECT OPERATING EXPENSES:	
Lease operating expenses	1,073,684
Transportation	16,013
Production taxes	1,664,000
Total direct operating expenses	2,753,697
EXCESS OF REVENUES OVER DIRECT OPERATING EXPENSES	$ 19,470,094

The accompanying notes are an integral part of this statement.

Laredo Petroleum, LLC

**Assets acquired from Linn Energy Holdings, LLC,
Linn Operating, Inc., Mid-Continent I, LLC,
Mid-Continent II, LLC, and Linn Exploration Midcontinent, LLC**

Notes to statement of revenues and direct operating expenses

for the period from January 1, 2008 to August 14, 2008

A—Basis of presentation

On May 30, 2008 and on August 6, 2008, Laredo Petroleum, LLC (the "Company"), through its wholly owned subsidiary, Laredo Petroleum, Inc. ("LPI"), entered into purchase and sale agreements with Linn Energy Holdings, LLC, Linn Operating, Inc., Mid-Continent I, LLC, Mid-Continent II, LLC, and Linn Exploration Midcontinent, LLC (collectively "Linn") to acquire ownership interests in oil and gas properties located in the Verden area in Caddo, Grady and Comanche Counties, Oklahoma, for a total purchase price of $185 million, subject to customary purchase price adjustments. The first purchase and sale agreement had an effective date of July 1, 2008, and closed on August 15, 2008 and represented all but one of the acquired properties. The second purchase and sale agreement pertained to the remaining property and had an effective date of July 1, 2008 and closed on August 7, 2008. The second purchase and sale agreement enabled the Company to take over drilling operations on this particular well on an earlier date. The properties acquired (the "Assets") include interests in the Verden field and other productive fields and are comprised of producing wells and units. As additional consideration to Linn, the Company agreed to a Participation Option Agreement, granting Linn a casing point election to acquire $^{1}/_{8}$ of the Company's newly acquired acreage in certain qualifying wells. The Company began operating these properties in August 2008.

The Assets were part of a larger enterprise prior to the acquisition by LPI, and representative amounts of general and administrative expense, effects of derivative transactions, interest income or expense, depreciation, depletion, and amortization, any provision for income tax expenses, and other income and expense items not directly associated with revenues from natural gas, natural gas liquids and oil and other indirect costs were not allocated to the properties acquired, nor would such allocated historical costs be relevant to future operation of the Assets. Historical financial statements reflecting financial position, results of operations, and cash flows required by accounting principles generally accepted in the United States of America are not presented as such information is not readily available on an individual property basis and not meaningful to the acquired properties. Accordingly, the historical statements of revenues and direct operating expenses reflecting LPI's interest in the properties are presented in lieu of the full financial statements under Item 3-05 of the Securities and Exchange Commission Regulation S-X.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B—Revenue and expense recognition

Oil and gas revenue are recognized based on actual volumes of oil and gas sold to purchasers. Gas imbalances are accounted for under the sales method. Under this method, revenues are recognized based on actual volumes of oil and gas sold to purchasers. An imbalance is created when an owner sells more or less than their entitlement share of volumes produced. The volumes sold may differ from the volumes entitled based on ownership interest in the property. Direct operating expenses are recognized on the accrual basis and consist of monthly operator overhead costs and other direct costs of operating

Laredo Petroleum, LLC

**Assets acquired from Linn Energy Holdings, LLC,
Linn Operating, Inc., Mid-Continent I, LLC,
Mid-Continent II, LLC, and Linn Exploration Midcontinent, LLC**

Notes to statement of revenues and direct operating expenses (Continued)

for the period from January 1, 2008 to August 14, 2008

B—Revenue and expense recognition (Continued)

the Assets, including field operating expenses, workovers, product transportation expenses, production and property taxes.

C—Commitments and contingencies

Pursuant to the terms of the related purchase and sale agreement, except for royalties and taxes attributed to the Assets for periods prior to the effective date and limited indemnification by Linn, any claims, litigation or disputes pending as of the effective date or any matters arising in connection with ownership of the Assets prior to the effective date were assumed by LPI. LPI is not aware of any legal, environmental or other commitments or contingencies that would have a material effect on the statement of revenues and direct operating expenses.

D—Supplemental financial information for oil and natural gas producing activities (unaudited)

The following reserve estimates present LPI's estimate of the proven oil and natural gas reserves and net cash flow of the Assets in accordance with guidelines established by the Securities and Exchange Commission. These reserve estimates were prepared by LPI. LPI emphasizes that reserve estimates are inherently imprecise and that estimates of new discoveries are more imprecise than those of producing oil and natural gas properties. Accordingly, the estimates are expected to change as future information becomes available. All of the oil and gas reserves purchased from Linn are located in the United States.

1. Reserve quantity information

Estimated net quantities of proved oil and natural gas reserves at July 31, 2008 and changes in the reserves during the period are shown in the schedule below:

	Oil (MBbls)	Gas (MMcf)	MMcfe
Proved developed and undeveloped reserves			
Beginning of period—January 1, 2008	254	56,157	57,681
Extensions, discoveries and other additions	—	151	151
Revisions of previous estimates	4	578	602
Production	(12)	(2,597)	(2,669)
End of period—July 31, 2008	246	54,289	55,765
Proved developed reserves			
Beginning of period—January 1, 2008	158	42,498	43,446
End of period—July 31, 2008	150	40,615	41,515

The table above includes changes in estimated quantities of oil and natural gas reserves shown in MMcf equivalents (MMcfe) at a rate of one MBbls per six MMcf.

Laredo Petroleum, LLC

**Assets acquired from Linn Energy Holdings, LLC,
Linn Operating, Inc., Mid-Continent I, LLC,
Mid-Continent II, LLC, and Linn Exploration Midcontinent, LLC**

Notes to statement of revenues and direct operating expenses (Continued)

for the period from January 1, 2008 to August 14, 2008

D—Supplemental financial information for oil and natural gas producing activities (unaudited) (Continued)

2. Standardized measure of discounted future net cash flows relating to oil and natural gas reserves

The standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves is a disclosure requirement under Accounting Standards Codification Topic 932, "Extractive Industries—Oil and Gas and Oil and Gas Reserve Estimation and Disclosures."

The standardized measure of discounted future net cash flows does not purport to be, nor should it be interpreted to present, the fair value of the oil and natural gas reserves of the property. An estimate of fair value would also take into account, among other things, the recovery of reserves not presently classified as proved, the value of unproved properties, and consideration of expected future economic and operating conditions.

The estimates of future cash flows and future production and development costs are based on period end sales prices for oil and natural gas, estimated future production of proved reserves and estimated future production and development costs of proved reserves, based on current costs and economic conditions. Pricing used for reserves as of July 31, 2008 was $8.05 per MMBtu of natural gas and $121.17 per barrel of oil. The estimated future net cash flows are then discounted at a rate of 10%.

The standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves is as follows:

	July 31, 2008
Future cash inflows	$ 466,853,990
Future production costs	(65,934,094)
Future development costs(1)	(27,258,625)
Future net cash flows	373,661,271
10% discount for estimated timing of cash flows	(209,536,923)
Standardized measure of discounted future net cash flows	$ 164,124,348

(1) Estimated future development costs, excluding abandonment, for proved undeveloped reserves are estimated to be $5.5 million, $14.1 million and $3.1 million and for August 1, 2008 to December 31, 2008, 2009 and 2010, respectively

In the foregoing determination of future cash inflows, sales prices for gas and oil were adjusted NYMEX prices at July 31, 2008. Future costs of developing and producing the proved gas and oil reserves shown were based on costs determined at July 31, 2008, assuming the continuation of existing economic conditions.

It is not intended that the standardized measure of discounted future net cash flows represent the fair market value of our proved reserves. The Company cautions that the disclosures shown are based

Laredo Petroleum, LLC

**Assets acquired from Linn Energy Holdings, LLC,
Linn Operating, Inc., Mid-Continent I, LLC,
Mid-Continent II, LLC, and Linn Exploration Midcontinent, LLC**

Notes to statement of revenues and direct operating expenses (Continued)

for the period from January 1, 2008 to August 14, 2008

D—Supplemental financial information for oil and natural gas producing activities (unaudited) (Continued)

on estimates of proved reserve quantities and future production schedules which are inherently imprecise and subject to revision, and the 10% discount rate is arbitrary. In addition, costs and prices as of the measurement date are used in the determinations, and no value may be assigned to probable or possible reserves.

Changes in the standardized measure of discounted future net cash flows relating to proved oil and gas reserves are as follows:

	2008
Standardized measure of discounted future net cash flows beginning of period—January 1	$ 122,947,300
Changes in the year resulting from:	
Sales, less production costs	(19,470,094)
Revisions of previous quantity estimates	1,875,147
Extensions, discoveries and improved recovery	583,608
Net change in prices and production costs	42,571,176
Changes in estimated development costs	(868,378)
Previously estimated development costs incurred during the period	4,605,280
Accretion of discount	7,171,926
Timing differences and other	4,708,383
Standardized measure of discounted future net cash flows, end of period—July 31	$ 164,124,348

Estimates of economically recoverable oil and natural gas reserves and of future net revenues are based upon a number of variable factors and assumptions, all of which are to some degree subjective and may vary considerably from actual results. Therefore, actual production, revenues, development and operating expenditures may not occur as estimated. The reserve data are estimates only, are subject to many uncertainties and are based on data gained from production histories and on assumptions as to geologic formations and other matters. Actual quantities of oil and natural gas may differ materially from the amounts estimated.


LAREDO
PETROLEUM, INC.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Laredo Petroleum, Inc. (the "Company") is incorporated in Delaware. Section 145 of the Delaware General Corporation Law ("DGCL") provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Section 145 further provides that a corporation similarly may indemnify any such person serving in any such capacity who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or such other court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

The Company's certificate of incorporation provides that indemnification shall be to the fullest extent permitted by the DGCL for all current or former directors or officers of the Company. As permitted by the DGCL, the Company's certificate of incorporation provides that directors of the Company shall have no personal liability to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that exculpation from liability is not permitted under the DGCL as in effect when such liability is determined.

Item 21. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as exhibits to this Registration Statement.

Exhibit Number	Description
3.1*	Certificate of Incorporation of Laredo Petroleum, Inc.
3.2*	By-laws of Laredo Petroleum, Inc.
3.3*	Certificate of Formation of Laredo Petroleum, LLC.
3.4	Second Amended and Restated Limited Liability Company Agreement of Laredo Petroleum, LLC dated as of July 1, 2011.
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5.1	Opinion of Akin Gump Strauss Hauer & Feld LLP.
10.1	Third Amended and Restated Credit Agreement dated as of July 1, 2011 among Laredo Petroleum, Inc., Wells Fargo Bank, N.A., as Administrative Agent, Bank of America, N.A. and JPMorgan Chase Bank, N.A., as Co-Syndication Agents, Societe Generale, Union Bank, N.A. and BMO Harris Financing, Inc., as Co-Documentation Agents, Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, as Joint Lead Arrangers and the financial institutions listed on Schedule I thereto.
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10.5	Stock Purchase and Sale Agreement, dated as of June 15, 2011, by and among Laredo Petroleum, Inc. and the individuals listed as Sellers on the signature pages thereto.
12.1	Computation of Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of Laredo Petroleum, Inc.

Exhibit Number	Description
23.1	Consent of Grant Thornton LLP.
23.2	Consent of Grant Thornton LLP.
23.3	Consent of Ryder Scott Company, L.P.
23.4	Consent of Akin Gump Strauss Hauer & Feld LLP (included in Exhibit 5.1).
24.1*	Powers of Attorney (included on the signature pages hereto).
25.1	Statement of Eligibility on Form T-1 of Wells Fargo Bank, National Association.
99.1	Summary Report of Ryder Scott Company, L.P.

* Previously filed.

† The schedules to this agreement have been omitted for this filing pursuant to Item 601(b)(2) of Regulation S-K. Laredo Inc. will furnish copies of such schedules to the Securities and Exchange Commission upon request.

(b) Financial Statement Schedules.

Schedules are omitted because they either are not required or are not applicable or because equivalent information has been included in the financial statements, the notes thereto or elsewhere herein.

Item 22. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrants, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of a registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, such registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Each registrant hereby undertakes:

To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(a) to include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(b) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(c) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, if such registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

That, for the purpose of determining liability of such registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, in a primary offering of securities of such registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(a) any preliminary prospectus or prospectus of the undersigned registrants relating to the offering required to be filed pursuant to Rule 424;

(b) any free writing prospectus relating to the offering prepared by or on behalf of such registrant or used or referred to by the undersigned registrants;

(c) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrants or their securities provided by or on behalf of such registrant; and

(d) any other communication that is an offer in the offering made by such registrant to the purchaser.

That, for purposes of determining any liability under the Securities Act of 1933, each filing of a registrant annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

To deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented

by Article 3 of Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11, or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tulsa, State of Oklahoma, on December 12, 2011.

LAREDO PETROLEUM, INC.

By: /s/ RANDY A. FOUTCH

Randy A. Foutch
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the registration statement has been signed below by the following persons in the capacities indicated.

Signatures	Title	Date
/s/ RANDY A. FOUTCH Randy A. Foutch	Sole Director and Chief Executive Officer (principal executive officer)	December 12, 2011
/s/ W. MARK WOMBLE W. Mark Womble	Senior Vice President and Chief Financial Officer (principal financial and accounting officer)	December 12, 2011

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tulsa, State of Oklahoma, on December 12, 2011.

LAREDO PETROLEUM, LLC

By: /s/ RANDY A. FOUTCH

Randy A. Foutch
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the registration statement has been signed below by the following persons in the capacities indicated.

Signatures	Title	Date
/s/ RANDY A. FOUTCH Randy A. Foutch	Chairman and Chief Executive Officer (principal executive officer)	December 12, 2011
/s/ W. MARK WOMBLE W. Mark Womble	Senior Vice President and Chief Financial Officer (principal financial and accounting officer)	December 12, 2011
/s/ JERRY SCHUYLER Jerry Schuyler	Director, President and Chief Operating Officer	December 12, 2011
* Peter R. Kagan	Director	December 12, 2011
* James R. Levy	Director	December 12, 2011
* B. Z. (Bill) Parker	Director	December 12, 2011
* Pamela S. Pierce	Director	December 12, 2011

Signatures	Title	Date
*	Director	December 12, 2011
Ambassador Francis Rooney		
/s/ EDMUND P. SEGNER, III	Director	December 12, 2011
Edmund P. Segner, III		
*	Director	December 12, 2011
Donald D. Wolf		
*By: /s/ W. MARK WOMBLE		
Attorney-in-Fact		

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tulsa, State of Oklahoma, on December 12, 2011.

LAREDO PETROLEUM—DALLAS, INC.

By: /s/ RANDY A. FOUTCH

Randy A. Foutch
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the registration statement has been signed below by the following persons in the capacities indicated.

Signatures	Title	Date
/s/ RANDY A. FOUTCH Randy A. Foutch	Sole Director and Chief Executive Officer (principal executive officer)	December 12, 2011
/s/ W. MARK WOMBLE W. Mark Womble	Senior Vice President and Chief Financial Officer (principal financial and accounting officer)	December 12, 2011

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tulsa, State of Oklahoma, on December 12, 2011.

LAREDO PETROLEUM HOLDINGS, INC.

By: /s/ RANDY A. FOUTCH

Randy A. Foutch
Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Randy A. Foutch and W. Mark Womble, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments and registration statements filed pursuant to Rule 462 or otherwise) and to file the same, with all exhibits thereto, and the other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the registration statement has been signed below by the following persons in the capacities indicated.

Signatures	Title	Date
/s/ RANDY A. FOUTCH Randy A. Foutch	Chairman and Chief Executive Officer (principal executive officer)	December 12, 2011
/s/ W. MARK WOMBLE W. Mark Womble	Senior Vice President and Chief Financial Officer (principal financial and accounting officer)	December 12, 2011
/s/ JERRY R. SCHUYLER Jerry R. Schuyler	Director, President and Chief Operating Officer	December 12, 2011
/s/ JAMES R. LEVY James R. Levy	Director	December 12, 2011

Signatures	Title	Date
/s/ PETER R. KAGAN Peter R. Kagan	Director	December 12, 2011
/s/ B.Z. (BILL) PARKER B.Z. (Bill) Parker	Director	December 12, 2011
/s/ PAMELA S. PIERCE Pamela S. Pierce	Director	December 12, 2011
/s/ AMBASSADOR FRANCIS ROONEY Ambassador Francis Rooney	Director	December 12, 2011
/s/ EDMUND P. SEGNER, III Edmund P. Segner, III	Director	December 12, 2011
Donald D. Wolf	Director	

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tulsa, State of Oklahoma, on December 12, 2011.

LAREDO GAS SERVICES, LLC

By: /s/ RANDY A. FOUTCH

Randy A. Foutch
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the registration statement has been signed below by the following persons in the capacities indicated.

Signatures	Title	Date
/s/ RANDY A. FOUTCH Randy A. Foutch	Manager and Chief Executive Officer (principal executive officer)	December 12, 2011
/s/ W. MARK WOMBLE W. Mark Womble	Manager, Senior Vice President and Chief Financial Officer (principal financial and accounting officer)	December 12, 2011
/s/ JERRY SCHUYLER Jerry Schuyler	Manager, President and Chief Operating Officer	December 12, 2011

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 1 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Tulsa, State of Oklahoma, on December 12, 2011.

LAREDO PETROLEUM TEXAS, LLC

By: /s/ RANDY A. FOUTCH

Randy A. Foutch
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 1 to the registration statement has been signed below by the following persons in the capacities indicated.

Signatures	Title	Date
/s/ RANDY A. FOUTCH Randy A. Foutch	Sole Manager and Chief Executive Officer (principal executive officer)	December 12, 2011
/s/ W. MARK WOMBLE W. Mark Womble	Senior Vice President and Chief Financial Officer (principal financial and accounting officer)	December 12, 2011

INDEX TO EXHIBITS

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3.3*	Certificate of Formation of Laredo Petroleum, LLC.
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12.1	Computation of Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of Laredo Petroleum, Inc.
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23.3	Consent of Ryder Scott Company, L.P.

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24.1*	Powers of Attorney (included on the signature pages hereto).
25.1	Statement of Eligibility on Form T-1 of Wells Fargo Bank, National Association.
99.1	Summary Report of Ryder Scott Company, L.P.

* Previously filed.

† The schedules to this agreement have been omitted for this filing pursuant to Item 601(b)(2) of Regulation S-K. Laredo Inc. will furnish copies of such schedules to the Securities and Exchange Commission upon request.

SECOND AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

LAREDO PETROLEUM, LLC

a Delaware limited liability company

July 1, 2011

TABLE OF CONTENTS

SECOND AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

LAREDO PETROLEUM, LLC
a Delaware limited liability company

This SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF LAREDO PETROLEUM, LLC, a Delaware limited liability company (the "***Company***"), dated as of July 1, 2011 (the "***Effective Date***"), is adopted, executed and agreed to, for good and valuable consideration, by the Members (as defined below) and the Company.

BACKGROUND:

WHEREAS, the Company and certain of its Members entered into the Limited Liability Company Agreement dated May 21, 2007 (such date, the "***Original Execution Date***", and such agreement, the "***Original Limited Liability Company Agreement***");

WHEREAS, the Company and certain of its Members desired to amend and restate the Original Limited Liability Company Agreement, and therefore entered into that certain First Amended and Restated Limited Liability Company Agreement dated as of October 15, 2008 (the "***First Amended and Restated LLC Agreement***");

WHEREAS, pursuant to Section 13.5 of the First Amended and Restated LLC Agreement, the Company and its Members desire to amend and restate the First Amended and Restated LLC Agreement according to the terms and conditions set forth herein; and

WHEREAS, this Agreement will be in force and effect and become binding on the current Members of the Company and their respective spouses by the execution hereof by the required signatories to effect the amendment and restatement of the First Amended and Restated LLC Agreement.

ARTICLE 1

DEFINITIONS AND CONSTRUCTION

Section 1.1 ***Definitions***. Capitalized terms used in this Agreement (including the Exhibits and Schedules hereto) but not defined in the body hereof are defined in Exhibit A.

Section 1.2 ***Construction***. Unless the context requires otherwise: (a) pronouns in the masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa; (b) the term "including" shall be construed to be expansive rather than limiting in nature and to mean "including, without limitation;" (c) references to Articles and Sections refer to Articles and

Sections of this Agreement; (d) the words "this Agreement," "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Agreement as a whole, including the Exhibits and Schedules attached hereto, and not to any particular subdivision unless expressly so limited; and (e) references to Exhibits and Schedules are to the items identified separately in writing by the parties hereto as the described Exhibits or Schedules attached to this Agreement, each of which is hereby incorporated herein and made a part hereof for all purposes as if set forth in full herein.

ARTICLE 2

ORGANIZATION

Section 2.1 ***Formation***. The Company was organized as a Delaware limited liability company under and pursuant to the Act by the filing of the Certificate.

Section 2.2 ***Name***. The name of the Company is "***LAREDO PETROLEUM, LLC***" and all Company business must be conducted in that name or such other name or names that comply with Law and as the Board may select.

Section 2.3 ***Registered Office; Registered Agent; Principal Office; Other Offices***.

The registered office of the Company required by the Act to be maintained in Delaware shall be the office of the initial registered agent named in the Certificate or such other office (which need not be a place of business of the Company) as the Board may designate in the manner provided by Law. The registered agent of the Company in Delaware shall be the initial registered agent named in the Certificate or such other Person or Persons as the Board may designate in the manner provided by Law. The principal office of the Company shall be at such place as the Board may designate. The Company may have such other offices as the Board may designate.

Section 2.4 ***Purposes***. The purposes of the Company are to carry on any lawful business, purpose or activity for which limited liability companies may be formed under the Act, including to engage indirectly through subsidiaries in the acquisition of, exploration for and exploitation and development of, oil and natural gas primarily in the United States and to engage in such other activities incidental or ancillary thereto as the Board deems necessary or advisable, all upon the terms and conditions set forth in this Agreement. For the avoidance of doubt, the Company does not intend to engage in any activities that could result in the recognition of unrelated business taxable income within the meaning of Code Section 512 by any Member or holder of Units or Membership Interests by reason of its ownership or holding of Units or Membership Interests.

Section 2.5 ***Foreign Qualification***. The Board shall cause the Company to comply with all requirements necessary to qualify the Company as a foreign limited liability company in foreign jurisdictions if that jurisdiction requires qualification. At the request of the Board, each Member shall execute, acknowledge, swear to and deliver all certificates and other instruments conforming with this Agreement that are necessary or appropriate to qualify, continue and

terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business, provided, that no Member shall be required to file any general consent to service of process or to qualify as a foreign corporation, limited liability company, partnership or other entity in any jurisdiction in which it is not already so qualified.

Section 2.6 ***Term***. The Company commenced upon the effectiveness of the Certificate and shall have a perpetual existence, unless and until it is dissolved and terminated in accordance with Article 12.

Section 2.7 ***No State Law Partnership***. The Members intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member, for any purposes other than federal and state tax purposes, and this Agreement may not be construed to suggest otherwise.

Section 2.8 ***Title to Company Assets***. Title to the Company's assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Company as an entity. Title to any or all of the Company assets may be held in the name of the Company or one or more of its Subsidiaries or one or more nominees, as the Board may determine. All Company assets shall be recorded as the property of the Company in its books and records, irrespective of the name in which record title to such Company assets is held.

ARTICLE 3

MEMBERS; UNITS

Section 3.1 ***Members***. The Persons listed on Schedule I are the Members of the Company as of the Effective Date.

Section 3.2 ***Units***.

(a) Series. The Membership Interests shall be divided into two classes of units referred to as "***Preferred Units***" and "***Profits Units***". The Preferred Units shall initially be divided into three series of units referred to as "***Series A-1 Preferred Units,***" "***Series A-2 Preferred Units***" and "***BOE Preferred Units***". The Profits Units shall initially be divided into seven series of units referred to as "***Series B Units***," "***Series C Units***," "***Series D Units***," "***Series E Units,***" "***Series F Units***," "***Series G Units***" and "***BOE Incentive Units***." The Company is authorized to issue up to 60,000,000 units designated as "***Series A-1 Preferred Units***," 48,000,000 units designated as "***Series A-2 Preferred Units***", 88,986,330 units designated as "***BOE Preferred Units***", 16,923,077 units designated as "***Series B Units***," 8,791,209 units designated as "***Series C Units***," 13,538,462 units designated as "***Series D Units***," 7,032,967 units designated as "***Series E Units***", 5,538,542 units designated as "***Series F Units***," units designated as "***Series G Units***" in a number hereinafter set by the Board and units designated as "***BOE Incentive Units***" in a number hereinafter set by the Board. The Series A-2 Preferred Units shall have a Designated Value of $1.25; provided, however, that such Units shall not constitute "***profits interests***" as described in Sections 3.2(d), (e), (f) and (g).

(b) Series A-1 Preferred Units. The Company has issued 60,000,000 Series A-1 Preferred Units at a purchase price of $5.00 per Series A-1 Preferred Unit pursuant to the Series A-1 Unit Subscription Agreement.

(c) Series A-2 Preferred Units. The Company has issued 40,000,000 Series A-2 Preferred Units at a purchase price of $6.25 per Series A-2 Preferred Unit pursuant to the Unit Subscription Agreement.

(d) BOE Preferred Units. The Company has issued 88,986,330 BOE Preferred Units pursuant to the Contribution Agreement for the Adjusted Equity Consideration as set forth therein.

(e) Series B Units.

(i) The Company may issue an aggregate of up to 16,923,077 Series B Units pursuant to Restricted Unit Agreements. The Series B Units may be vested (the "***Vested Series B Units***") or unvested (the "***Unvested Series B Units***"). Unvested Series B Units shall vest or remain unvested in the manner and subject to the conditions set forth in the applicable Restricted Unit Agreement under which such Units were granted. The Company shall not issue Series B Units to any Person who has not executed and delivered to the Company the applicable Restricted Unit Agreement, together with one or more of the following agreements selected by the Board: (A) a non-competition and confidentiality agreement, substantially in the form attached hereto as Exhibit H, or in the form as otherwise approved by the Board, (B) a confidentiality, non-solicitation and non- disparagement agreement in the form approved by the Board, or (C) an employment agreement in the form approved by the Board. Notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of a Change of Control, or upon the occurrence of a Liquidation Event, (x) the Compensation Committee, in its sole discretion, may allocate and cause the Company to issue all authorized but unissued Series B Units (not including any previously issued Series B Units that have been redeemed by or forfeited to the Company) and (y) all outstanding Series B Units shall automatically become Vested Series B Units. Furthermore, notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of the death or disability of a Member, all outstanding Unvested Series B Units held by such Member shall automatically become Vested Series B Units.

(ii) The Series B Units are intended to constitute "profits interests" within the meaning of Revenue Procedures 93-27 and 2001-43 (or the corresponding requirements of any subsequent guidance promulgated by the IRS or other applicable law). Accordingly, the capital account associated with each Series B Unit at the time of its issuance shall be equal to zero dollars ($0.00). The Company and the holders of Series B Units shall file all federal income tax returns consistent with such characterization.

(iii) Of the aggregate authorized number of Series B Units, 6,288,000 have been designated by the Board as "***Series B-1 Units***" and issued on or prior to the date hereof with a Designated Value of $0.00, and 2,329,000 have been designated by the

Board as "***Series B-2 Units***" and issued on or prior to the date hereof with a Designated Value of $1.25. The Company may from time to time designate and issue additional series of Series B Units (up to the number of authorized but unissued Series B Units), each of which shall be designated by a sequential number (e.g., Series B-3, Series B-4, etc.). The Board shall designate a "***Designated Value***" applicable to each such additional series of Series B Units to the extent necessary to cause such Units to constitute "profits interests" as provided in Section 3.2(e)(ii), but not less than $0.00 (taking into account the adjustments to Book Value contemplated in clause (ii) of subparagraph (b) of the definition thereof). The Designated Value for each such additional series of Series B Units shall equal not less than the amount that would, in the reasonable determination of the Board, be distributed with respect to each Series A-1 Preferred Unit if, immediately prior to the issuance of such additional series, the assets of the Company were sold for their fair market value and the proceeds (net of any liabilities of the Company) were distributed pursuant to Section 6.1(c).

(f) Series C Units.

(i) The Company may issue an aggregate of up to 8,791,209 Series C Units pursuant to Restricted Unit Agreements. The Series C Units may be vested (the "***Vested Series C Units***") or unvested (the "***Unvested Series C Units***"). Unvested Series C Units shall vest or remain unvested in the manner and subject to the conditions set forth in the applicable Restricted Unit Agreement under which such Units were granted. The Company shall not issue Series C Units to any Person who has not executed and delivered to the Company the applicable Restricted Unit Agreement, together with one or more of the following agreements selected by the Board: (A) a non-competition and confidentiality agreement, substantially in the form attached hereto as Exhibit H, or in the form as otherwise approved by the Board, (B) a confidentiality, non-solicitation and non- disparagement agreement in the form approved by the Board, or (C) an employment agreement in the form approved by the Board. Notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of a Change of Control, or upon the occurrence of a Liquidation Event, (x) the Compensation Committee, in its sole discretion, may allocate and cause the Company to issue all authorized but unissued Series C Units (not including any previously issued Series C Units that have been redeemed by or forfeited to the Company) and (y) all outstanding Series C Units shall automatically become Vested Series C Units. Furthermore, notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of the death or disability of a Member, all outstanding Unvested Series C Units held by such Member shall automatically become Vested Series C Units.

(ii) The Series C Units are intended to constitute "profits interests" within the meaning of Revenue Procedures 93-27 and 2001-43 (or the corresponding requirements of any subsequent guidance promulgated by the IRS or other applicable law). Accordingly, the capital account associated with each Series C Unit at the time of its issuance shall be equal to zero dollars ($0.00). The Company and the holders of Series C Units shall file all federal income tax returns consistent with such characterization.

(iii) Of the aggregate authorized number of Series C Units, 7,780,000 have been designated by the Board as "***Series C-1 Units***" and issued on or prior to the date hereof with a Designated Value of $10.00. The Company may from time to time designate and issue additional series of Series C Units (up to the number of authorized but unissued Series C Units), each of which shall be designated with a sequential number (e.g. Series C-2, Series C-3, etc.). The Board shall designate a "***Designated Value***" applicable to each such additional series of Series C Units to the extent necessary to cause such Units to constitute "profits interests" as provided in Section 3.2(f)(ii), but not less than $10.00 (taking into account the adjustments to Book Value contemplated in clause (ii) of subparagraph (b) of the definition thereof). The Designated Value for each such additional series of Series C Units shall equal not less than the sum of $10.00 plus the amount that would, in the reasonable determination of the Board, be distributed with respect to each Series A-1 Preferred Unit if, immediately prior to the issuance of such additional series, the assets of the Company were sold for their fair market value and the proceeds (net of any liabilities of the Company) were distributed pursuant to Section 6.1(c).

(g) Series D Units.

(i) The Company may issue an aggregate of up to 13,538,462 Series D Units pursuant to Restricted Unit Agreements. The Series D Units may be vested (the "***Vested Series D Units***") or unvested (the "***Unvested Series D Units***"). Unvested Series D Units shall vest or remain unvested in the manner and subject to the conditions set forth in the applicable Restricted Unit Agreement under which such Units were granted. The Company shall not issue Series D Units to any Person who has not executed and delivered to the Company the applicable Restricted Unit Agreement, together with one or more of the following agreements selected by the Board: (A) a non-competition and confidentiality agreement, substantially in the form attached hereto as Exhibit H, or in the form as otherwise approved by the Board, (B) a confidentiality, non-solicitation and non- disparagement agreement in the form approved by the Board, or (C) an employment agreement in the form approved by the Board. Notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of a Change of Control, or upon the occurrence of a Liquidation Event, (x) the Compensation Committee, in its sole discretion, may allocate and cause the Company to issue all authorized but unissued Series D Units (not including any previously issued Series D Units that have been redeemed by or forfeited to the Company) and (y) all outstanding Series D Units shall automatically become Vested Series D Units. Furthermore, notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of the death or disability of a Member, all outstanding Unvested Series D Units held by such Member shall automatically become Vested Series D Units.

(ii) The Series D Units are intended to constitute "profits interests" within the meaning of Revenue Procedures 93-27 and 2001-43 (or the corresponding requirements of any subsequent guidance promulgated by the IRS or other applicable law). Accordingly, the capital account associated with each Series D Unit at the time of its

issuance shall be equal to zero dollars ($0.00). The Company and the holders of Series D Units shall file all federal income tax returns consistent with such characterization.

(iii) Of the aggregate authorized number of Series D Units, a number of Series D Units shall be designated by the Board as "***Series D-1 Units***." The Company may from time to time designate and issue additional series of Series D Units (up to the number of authorized but unissued Series D Units) each of which shall be designated with a sequential number (e.g., Series D-2, Series D-3, etc.). The Board shall designate a "***Designated Value***" applicable to the Series D-1 Units and to each such additional series of Series D Units to the extent necessary to cause such Units to constitute "profits interests" as provided in Section 3.2(g)(ii), but not less than $1.25 (taking into account the adjustments to Book Value contemplated in clause (ii) of subparagraph (b) of the definition thereof). The Designated Value for each such additional series of Series D Units shall equal not less than the sum of $1.25 plus the amount that would, in the reasonable determination of the Board, be distributed with respect to each Series A-1 Preferred Unit if, immediately prior to the issuance of such additional series, the assets of the Company were sold for their fair market value and the proceeds (net of any liabilities of the Company) were distributed pursuant to Section 6.1(c).

(h) Series E Units.

(i) The Company may issue an aggregate of up to 7,032,967 Series E Units pursuant to Restricted Unit Agreements. The Series E Units may be vested (the "***Vested Series E Units***") or unvested (the "***Unvested Series E Units***"). Unvested Series E Units shall vest or remain unvested in the manner and subject to the conditions set forth in the applicable Restricted Unit Agreement under which such Units were granted. The Company shall not issue Series E Units to any Person who has not executed and delivered to the Company the applicable Restricted Unit

Agreement, together with one or more of the following agreements selected by the Board: (A) a non-competition and confidentiality agreement, substantially in the form attached hereto as Exhibit H, or in the form as otherwise approved by the Board, (B) a confidentiality, non-solicitation and non- disparagement agreement in the form approved by the Board, or (C) an employment agreement in the form approved by the Board. Notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of a Change of Control, or upon the occurrence of a Liquidation Event, (x) the Compensation Committee, in its sole discretion, may allocate and cause the Company to issue all authorized but unissued Series E Units (not including any previously issued Series E Units that have been redeemed by or forfeited to the Company) and (y) all outstanding Series E Units shall automatically become Vested Series E Units. Furthermore, notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of the death or disability of a Member, all outstanding Unvested Series E Units held by such Member shall automatically become Vested Series E Units.

(ii) The Series E Units are intended to constitute "profits interests" within the meaning of Revenue Procedures 93-27 and 2001-43 (or the corresponding requirements of any subsequent guidance promulgated by the IRS or other applicable law).

Accordingly, the capital account associated with each Series E Unit at the time of its issuance shall be equal to zero dollars ($0.00). The Company and the holders of Series E Units shall file all federal income tax returns consistent with such characterization.

(iii) Of the aggregate authorized number of Series E Units, a number of Series E Units shall be designated by the Board as "***Series E-1 Units***". The Company may from time to time designate and issue additional series of Series E Units (up to the number of authorized but unissued Series E Units), each of which shall be designated by a sequential number (e.g. Series E-2, Series E-3, etc.). The Board shall designate a "***Designated Value***" applicable to the Series E-1 Units and to each such additional series of Series E Units to the extent necessary to cause such Units to constitute "profits interests" as provided in Section 3.2(h)(ii), but not less than $13.75 (taking into account the adjustments to Book Value contemplated in clause (ii) of subparagraph (b) of the definition thereof). The Designated Value for each such additional series of Series E Units shall equal not less than the sum of $13.75 plus the amount that would, in the reasonable determination of the Board, be distributed with respect to each Series A-1 Preferred Unit if, immediately prior to the issuance of such additional series, the assets of the Company were sold for their fair market value and the proceeds (net of any liabilities of the Company) were distributed pursuant to Section 6.1(c).

(i) Series F Units.

(i) The Company may issue an aggregate of up to 5,538,542 Series F Units pursuant to Restricted Unit Agreements. The Series F Units may be vested (the "***Vested Series F Units***") or unvested (the "***Unvested Series F Units***"). Unvested Series F Units shall vest or remain unvested in the manner and subject to the conditions set forth in the applicable Restricted Unit Agreement under which such Units were granted. The Company shall not issue Series F Units to any Person who has not executed and delivered to the Company the applicable Restricted Unit Agreement, together with one or more of the following agreements selected by the Board: (A) a non-competition and confidentiality agreement, substantially in the form attached hereto as Exhibit H, or in the form as otherwise approved by the Board, (B) a confidentiality, non-solicitation and non- disparagement agreement in the form approved by the Board, or (C) an employment agreement in the form approved by the Board. Notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of a Change of Control, or upon the occurrence of a Liquidation Event, (x) the Compensation Committee, in its sole discretion, may allocate and cause the Company to issue all authorized but unissued Series F Units (not including any previously issued Series F Units that have been redeemed by or forfeited to the Company) and (y) all outstanding Series F Units shall automatically become Vested Series F Units. Furthermore, notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of the death or disability of a Member, all outstanding Unvested Series F Units held by such Member shall automatically become Vested Series F Units.

(ii) The Series F Units are intended to constitute "profits interests" within the meaning of Revenue Procedures 93-27 and 2001-43 (or the corresponding requirements

of any subsequent guidance promulgated by the IRS or other applicable law). Accordingly, the capital account associated with each Series F Unit at the time of its issuance shall be equal to zero dollars ($0.00). The Company and the holders of Series F Units shall file all federal income tax returns consistent with such characterization.

(iii) Of the aggregate authorized number of Series F Units, a number of Series F Units shall be designated by the Board as "***Series F-1 Units***". The Company may from time to time designate and issue additional series of Series F Units (up to the number of authorized but unissued Series F Units), each of which shall be designated by a sequential number (e.g. Series F-2, Series F-3, etc.). The Board shall designate a "***Designated Value***" applicable to the Series F-1 Units and to each such additional series of Series F Units to the extent necessary to cause such Units to constitute "profits interests" as provided in Section 3.2(i)(ii), but not less than $1.25 (taking into account the adjustments to Book Value contemplated in clause (ii) of subparagraph (b) of the definition thereof). The Designated Value for each such additional series of Series F Units shall equal not less than the sum of $1.25 plus the amount that would, in the reasonable determination of the Board, be distributed with respect to each Series A-1 Preferred Unit if, immediately prior to the issuance of such additional series, the assets of the Company were sold for their fair market value and the proceeds (net of any liabilities of the Company) were distributed pursuant to Section 6.1(c).

(j) Series G Units.

(i) The Company may issue Series G Units pursuant to Restricted Unit Agreements in a number hereinafter set by the Board. The Series G Units may be vested (the "***Vested Series G Units***") or unvested (the "***Unvested Series G Units***"). Unvested Series G Units shall vest or remain unvested in the manner and subject to the conditions set forth in the applicable Restricted Unit Agreement under which such Units were granted. The Company shall not issue Series G Units to any Person who has not executed and delivered to the Company the applicable Restricted Unit Agreement, together with one or more of the following agreements selected by the Board: (A) a non-competition and confidentiality agreement, substantially in the form attached hereto as Exhibit H, or in the form as otherwise approved by the Board, (B) a confidentiality, non-solicitation and non- disparagement agreement in the form approved by the Board, or (C) an employment agreement in the form approved by the Board.

Notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of a Change of Control, or upon the occurrence of a Liquidation Event, (x) the Compensation Committee, in its sole discretion, may allocate and cause the Company to issue all authorized but unissued Series G Units (not including any previously issued Series G Units that have been redeemed by or forfeited to the Company) and (y) all outstanding Series G Units shall automatically become Vested Series G Units. Furthermore, notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of the death or disability of a Member, all outstanding Unvested Series G Units held by such Member shall automatically become Vested Series G Units.

(ii) The Series G Units are intended to constitute "profits interests" within the meaning of Revenue Procedures 93-27 and 2001-43 (or the corresponding requirements of any subsequent guidance promulgated by the IRS or other applicable law). Accordingly, the capital account associated with each Series G Unit at the time of its issuance shall be equal to zero dollars ($0.00). The Company and the holders of Series G Units shall file all federal income tax returns consistent with such characterization.

(iii) Of the aggregate authorized number of Series G Units, a number of Series G Units shall be designated by the Board as "***Series G-1 Units***". The Company may from time to time designate and issue additional series of Series G Units (up to the number of authorized but unissued Series G Units), each of which shall be designated by a sequential number (e.g. Series G-2, Series G-3, etc.). The Board shall designate a "***Designated Value***" applicable to the Series G-1 Units and to each such additional series of Series G Units to the extent necessary to cause such Units to constitute "profits interests" as provided in Section 3.2(j)(ii), but not less than $1.25 (taking into account the adjustments to Book Value contemplated in clause (ii) of subparagraph (b) of the definition thereof). The Designated Value for each such additional series of Series G Units shall equal not less than the greater of (A) $1.25 or (B) the amount that would, in the reasonable determination of the Board, be distributed with respect to each Series A-1 Preferred Unit if, immediately prior to the issuance of such additional series, the assets of the Company were sold for their fair market value and the proceeds (net of any liabilities of the Company) were distributed pursuant to Section 6.1(c).

(k) BOE Incentive Units.

(i) The Company may issue BOE Incentive Units pursuant to Restricted Unit Agreements in a number hereinafter set by the Board. The BOE Incentive Units may be vested (the "***Vested BOE Incentive Units***") or unvested (the "***Unvested BOE Incentive Units***"). Unvested BOE Incentive Units shall vest or remain unvested in the manner and subject to the conditions set forth in the applicable Restricted Unit Agreement under which such Units were granted. The Company shall not issue BOE Incentive Units to any Person who has not executed and delivered to the Company the applicable Restricted Unit Agreement, together with one or more of the following agreements selected by the Board: (A) a non-competition and confidentiality agreement, substantially in the form attached hereto as Exhibit H, or in the form as otherwise approved by the Board, (B) a confidentiality, non-solicitation and non- disparagement agreement in the form approved by the Board, or (C) an employment agreement in the form approved by the Board. Notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of a Change of Control, or upon the occurrence of a Liquidation Event, (x) the Compensation Committee, in its sole discretion, may allocate and cause the Company to issue all authorized but unissued BOE Incentive Units (not including any previously issued BOE Incentive Units that have been redeemed by or forfeited to the Company) and (y) all outstanding BOE Incentive Units shall automatically become Vested BOE Incentive Units. Furthermore, notwithstanding anything to the contrary in this Agreement or the other Transaction Documents, in the event of the death or disability

of a Member, all outstanding Unvested BOE Incentive Units shall automatically become Vested BOE Incentive Units.

(ii) The BOE Incentive Units are intended to constitute "profits interests" within the meaning of Revenue Procedures 93-27 and 2001-43 (or the corresponding requirements of any subsequent guidance promulgated by the IRS or other applicable law). Accordingly, the capital account associated with each BOE Incentive Unit at the time of its issuance shall be equal to zero dollars ($0.00). The Company and the holders of BOE Incentive Units shall file all federal income tax returns consistent with such characterization.

(iii) Of the aggregate authorized number of BOE Incentive Units, a number of BOE Incentive Units shall be designated by the Board as "***BOE-1 Incentive Units***". The Company may from time to time designate and issue additional series of BOE Incentive Units (up to the number of authorized but unissued BOE Incentive Units), each of which shall be designated by a sequential number (e.g. BOE-2 Incentive, BOE-3 Incentive, etc.). The Board shall designate a "***Designated Value***" applicable to the BOE-1 Incentive Units and to each such additional series of BOE Incentive Units to the extent necessary to cause such Units to constitute "profits interests" as provided in Section 3.2(k)(ii). The Designated Value for each such additional series of BOE Incentive Units shall equal not less than an amount that would, in the reasonable determination of the Board, be distributed with respect to each BOE Preferred Unit if, immediately prior to the issuance of such additional series, the assets of the Company were sold for their fair market value and the proceeds (net of any liabilities of the Company) were distributed pursuant to Section 6.1(c).

(l) Units shall constitute "securities" governed by Article 8 of the applicable version of the Uniform Commercial Code, as amended from time to time after the date hereof.

(m) Profits Units that have been redeemed by or forfeited to the Company may be reissued subject to the requisite Board approval, Requisite Approval and other terms and conditions of this Agreement, including in the case of redeemed Profits Units the respective requirements of Section 3.2(e)(iii), Section 3.2(f)(iii), Section 3.2(g)(iii), Section 3.2(h)(iii), Section 3.2(i)(iii), Section 3.2(j)(i) and Section 3.2(k)(iii). For the avoidance of doubt, any Profits Units that have been redeemed by or forfeited to the Company may be reissued in accordance with this Agreement with a Designated Value that is different from the Designated Value of the Profits Units so redeemed or forfeited, subject to the provisions of Section 3.2(e)(iii), Section 3.2(f)(iii), Section 3.2(g)(iii), Section 3.2(h)(iii), Section 3.2(i)(iii), Section 3.2(j)(i) and Section 3.2(k)(iii), as applicable.

(n) In the event of a grant of Series G Units or BOE Incentive Units, the Board shall cause such grant to be proportionately allocated between the Series G Units and BOE Incentive Units on the same proportionate basis as the LP Allocation relates to the BOE Allocation.

Section 3.3 ***No Other Persons Deemed Members***. Unless admitted to the Company as a Member as provided in this Agreement, no Person (including an assignee of rights with respect

to Units or Membership Interests or a transferee of Units or Membership Interests, whether voluntary, by operation of law or otherwise) shall be, or shall be considered, a Member. The Company may elect to deal only with Persons so admitted as Members (including their duly authorized representatives). Any distribution by the Company to the Person shown on the Company's records as a Member or to its legal representatives, shall relieve the Company of all liability to any other Person who may have an interest in such distribution by reason of any Disposition by the Member or for any other reason.

Section 3.4 ***No Resignation***. A Member may not take any action to Resign as a Member voluntarily, and a Member may not be removed involuntarily, prior to the dissolution and winding up of the Company, other than as a result of a permitted Disposition of all of such Member's Units in accordance with Article 7 and each of the transferees of such Units being admitted as a Substituted Member in accordance therewith. A Member will cease to be a Member only in the manner described in Section 3.5 and Article 12.

Section 3.5 ***Admission of Additional Members and Substituted Members and Creation of Additional Units.***

(a) Authority. Subject to the limitations set forth in this Article 3 and in Article 7 and subject to Section 8.5, the Company may admit Additional Members and Substituted Members to the Company and may also issue additional Units or create and issue such additional classes or series of Units or Membership Interests (or securities convertible into or exercisable or exchangeable for a Unit or other Membership Interest), having such designations, preferences and relative, participating or other special rights, powers and duties as the Board shall determine, including: (i) the right of any such class or series of Units or Membership Interests to share in the Company's distributions; (ii) the allocation to any such class or series of Units or Membership Interests of Profits (and all items included in the computation thereof) or Losses (and all items included in the computation thereof); (iii) the rights of any such class or series of Units or Membership Interests upon dissolution or liquidation of the Company; and (iv) the right of any such class or series of Units or Membership Interests to vote on matters relating to the Company and this Agreement. Upon the issuance pursuant to and in accordance with this Article 3 of any class or series of Units or Membership Interests, the Board may, subject to Section 13.5, amend any provision of this Agreement, and authorize any Person to execute, acknowledge, deliver, file and record, if required, such documents, to the extent necessary or desirable to reflect the admission of any additional Member to the Company or the authorization and issuance of such class or series of Units or Membership Interests (or securities convertible into or exercisable or exchangeable for a Unit or other Membership Interest), and the related rights and preferences thereof.

(b) Conditions. No Additional Member or Substituted Member shall be admitted to the Company unless and until all applicable conditions of this Section 3.5 and Article 7 are satisfied. Without limiting the generality of the foregoing, no Disposition or issuance of Units or Membership Interests otherwise permitted or required by this Agreement shall be effective, no Member shall have the right to substitute a transferee as a Member in its place with respect to any Units or Membership Interests acquired by such transferee in any Disposition and no purchaser of newly issued Units or Membership Interests from the Company shall be deemed to

be a Member, in each case unless and until any such transferee or purchaser who is not already a party to this Agreement (and such transferee's or such purchaser's spouse, if applicable) shall execute and deliver to the Company an Addendum Agreement in the form attached as Exhibit C (an "***Addendum Agreement***") and such other documents or instruments as may be required in the Company's reasonable judgment to effect the admission.

(c) Rights and Obligations of Additional Members and Substituted Members. A transferee of Units or Membership Interests who has been admitted as an Additional Member or as a Substituted Member or a purchaser of newly issued Units or Membership Interests from the Company who has been admitted as an Additional Member in accordance with this Section 3.5 shall have all the rights and powers and be subject to all the restrictions and liabilities under this Agreement relating to a Member holding Units.

(d) Date of Admission as Additional or Substituted Member. Admission of an Additional Member or Substituted Member shall become effective on the date such Person's name is recorded on the books and records of the Company. Upon the admission of an Additional Member or Substituted Member, (i) the Company shall amend Schedule I or II, as applicable, to reflect the name and address of, and number and class of Units held by, such Additional Member or Substituted Member and to eliminate or adjust, if necessary, the name, address and interest of the predecessor of such Substituted Member (such revisions to be presented to the Board no later than at the next regular meeting of the Board) and (ii) to the extent of the Disposition to such Substituted Member, the Disposing Member shall be relieved of its obligations under this Agreement. Any Member who shall Dispose of all of such Member's Units or Membership Interests in one or more Dispositions permitted pursuant to this Section 3.5 and Article 7 (where each transferee was admitted as a Substituted Member) shall cease to be a Member as of the last date on which all transferees are admitted as Substituted Members, provided, that, notwithstanding anything to the contrary herein, such Member shall not be relieved of any liabilities incurred by such Member pursuant to the terms and conditions of this Agreement prior to the time such Member Disposes of any Units or Membership Interests or ceases to be a Member hereunder.

Section 3.6 ***No Liability of Members***. Except as otherwise provided under the Act, the debts, liabilities, contracts and other obligations of the Company (whether arising in contract, tort or otherwise) shall be solely the debts, liabilities, contracts and other obligations of the Company, and no Member in its capacity as such shall be liable personally (a) for any debts, liabilities, contracts or any other obligations of the Company, except to the extent and under the circumstances set forth in any non-waivable provision of the Act or in any separate written instrument signed by the applicable Member, or (b) for any debts, liabilities, contracts or other obligations of any other Member. No Member shall have any responsibility to restore any negative balance in its Capital Account or to contribute to or in respect of the liabilities or obligations of the Company or to return distributions made by the Company, except as expressly provided herein (including pursuant to Section 12.3) or required by any non-waivable provision of the Act; provided, however, that each Committed Member shall be responsible for its failure to make required Capital Contributions in accordance with this Agreement. The agreement set forth in the immediately preceding sentence shall be deemed to be a compromise with the consent of all of the Members for purposes of §18-502(b) of the Act. However, if any court of

competent jurisdiction orders, holds or determines that, notwithstanding the provisions of this Agreement, any Member is obligated to restore any such negative balance, make any such contribution or make any such return, such obligation shall be the obligation of such Member and not of any other Person.

Section 3.7 ***Spouses of Members***. Spouses of the Members that are natural persons do not become Members as a result of such marital relationship. Each spouse of a Member shall be required to execute a Spousal Agreement in the form of Exhibit B to evidence his or her agreement and consent to be bound by the terms and conditions of this Agreement as to his or her interest, whether as community property or otherwise, if any, in the Units owned by such Member.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

Section 4.1 ***Representations and Warranties of Committed Members***. Each Committed Member severally, but not jointly, represents and warrants as of the Effective Date (or such later date that such Member becomes a Committed Member) to the Company that:

(a) Authority. Such Member has full power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder, and the execution, delivery and performance by such Member of this Agreement and the other Transaction Documents to which it is a party have been duly authorized by all necessary action.

(b) Binding Obligations. This Agreement and the other Transaction Documents to which such Member is a party have been duly and validly executed and delivered by such Member and constitute the binding obligations of such Member enforceable against such Member in accordance with their respective terms, subject to Creditors' Rights.

(c) No Conflict. The execution, delivery and performance by such Member of this Agreement and the other Transaction Documents to which it is a party will not, with or without the giving of notice or the lapse of time, or both, (i) violate any provision of Law to which such Member is subject, (ii) violate any order, judgment or decree applicable to such Member, or (iii) conflict with, or result in a breach or default under, any term or condition of its certificate of incorporation or by-laws, certificate of limited partnership or partnership agreement, certificate of formation or limited liability company agreement, as applicable, or, except where such conflict, breach or default would not reasonably be expected to, individually or in the aggregate, have an adverse effect on such Member's ability to satisfy its obligations hereunder or thereunder, any agreement or other instrument to which such Member is a party.

(d) Purchase Entirely For Own Account. The Units to be acquired by such Member will be acquired for investment for such Member's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof; such Member has no present intention of selling, granting any participation in, or otherwise distributing the same; and such

Member does not have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to any of the Units.

(e) No Registration. Such Member understands that the Units, at the time of issuance, will not be registered under the Securities Act on the ground that the issuance of Units hereunder is exempt from registration under the Securities Act pursuant to Section 4(2) thereof and Rule 506 promulgated thereunder.

(f) Investment Experience. Such Member confirms that it or he has such knowledge and experience in financial and business matters that such Member is capable of evaluating the merits and risks of an investment in Units and of making an informed investment decision and understands that (i) this investment is suitable only for an investor which is able to bear the economic consequences of losing its entire investment, (ii) the acquisition of Units hereunder is a speculative investment which involves a high degree of risk of loss of the entire investment, and (iii) there are substantial restrictions on the transferability of, and there will be no public market for, the Units, and accordingly, it may not be possible for such Member to liquidate such Member's investment in case of emergency.

(g) Accredited Investor. Such Member is an Accredited Investor.

(h) Restricted Securities. Such Member understands that the Units may not be sold, transferred or otherwise disposed of without registration under the Securities Act or an exemption therefrom, and that in the absence of either an effective registration statement covering such Units or an available exemption from registration under the Securities Act, the Units must be held indefinitely. In particular, such Member is aware that the Units may not be sold pursuant to Rule 144 promulgated under the Securities Act unless all of the conditions of that Rule are met. Among the conditions for use of Rule 144 may be availability of current information to the public about the Company. Such information is not now available and the Company has no present plans to make such information available.

Section 4.2 ***Representations and Warranties of Members other than Committed Members***. Each Member that is not a Committed Member severally, but not jointly, represents and warrants as of the Effective Date (or such later date that such Member becomes a Member) to the Company that:

(a) Authority. Such Member has full power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder, and the execution, delivery and performance by such Member of this Agreement and the other Transaction Documents to which it is a party have been duly authorized by all necessary action.

(b) Binding Obligations. This Agreement and the other Transaction Documents to which such Member is a party have been duly and validly executed and delivered by such Member and constitute the binding obligations of such Member enforceable against such Member in accordance with their respective terms, subject to Creditors' Rights.

(c) No Conflict. The execution, delivery and performance by such Member of this Agreement and the other Transaction Documents to which it is a party will not, with or without the giving of notice or the lapse of time, or both, (i) violate any provision of Law to which such Member is subject, (ii) violate any order, judgment or decree applicable to such Member, or (iii) conflict with, or result in a breach or default under, any term or condition of its certificate of incorporation or by-laws, certificate of limited partnership or partnership agreement, certificate of formation or limited liability company agreement, as applicable, or, except where such conflict, breach or default would not reasonably be expected to, individually or in the aggregate, have an adverse effect on such Member's ability to satisfy its obligations hereunder or thereunder, any agreement or other instrument to which such Member is a party.

ARTICLE 5

CAPITAL CONTRIBUTIONS

Section 5.1 ***Prior Contributions***. As of the Effective Date, the Members listed on Schedule II have made Capital Contributions to the Company in exchange for Preferred Units as set forth opposite such Member's name in Schedule II.

Section 5.2 ***Additional Commitments***. Subject to the terms and conditions hereof and of the Unit Subscription Agreement:

(a) Each Member listed on Schedule II with a dollar amount set forth under column (2) opposite such Member's name (each, a "***Committed Member***") agrees to make, upon the issuance of Capital Calls meeting the requirements of this Article 5, additional cash Capital Contributions ("***Commitment Contributions***") in an amount not to exceed in aggregate the amount set forth opposite the name of such Committed Member under column (2) on Schedule II (the "***Additional Commitment***" of such Committed Member) in exchange for Series A-2 Preferred Units. The amount, at a particular time, by which a Committed Member's Additional Commitment exceeds the total amount of the Commitment Contributions previously made by such Committed Member pursuant to this Article 5 shall be the "***Remaining Commitment***" of such Committed Member at such time. For the avoidance of doubt, in no event shall any Member's Additional Commitment or Remaining Commitment be increased without such Member's prior written consent and in no event shall any Member be obligated at any time to make Capital Contributions in excess of its Remaining Commitment as of the time of such Capital Call less any amounts required to be funded pursuant to then outstanding Capital Calls.

(b) [Intentionally deleted.]

(c) In connection with any adjustment to the Additional Commitments of the Committed Members in connection with the reallocation of Future Series A-2 Preferred Units to employees of the Company or its Subsidiaries (including members of the Management Team) or non-employee Managers of the Company (each such employee or Manager, a "***Reallocated Committed Member***") pursuant to Section 3.1 of the Unit Subscription Agreement, the Board, in its sole discretion, may elect to apportion the first Capital Call following such adjustment in a manner such that after such Reallocated Committed Member makes the Commitment

Contributions required by it pursuant to the Call Notice related to such Capital Call (i) the quotient (expressed as a percentage) obtained by dividing (a) the total amount of Commitment Contributions such Reallocated Committed Member will have funded immediately after such Capital Call by (b) the total amount of Commitment Contributions all Committed Members will have funded immediately after such Capital Call will be equal to (ii) the quotient (expressed as a percentage) obtained by dividing (x) such Reallocated Committed Member's Total Commitment by (y) the aggregate Total Commitments of all Committed Members.

(d) The Remaining Commitment of each Committed Member shall be reduced to zero upon the consummation of a Qualified Public Offering and no Management Committed Member shall thereafter be entitled to increase its Additional Commitment.

(e) If a Committed Member is an employee of the Company or any of its Subsidiaries and such employment ceases for any reason, then, except as otherwise agreed by the Board, such Committed Member's Remaining Commitment shall immediately be reduced to zero and such Committed Member shall have no right to increase its Additional Commitment. If the Remaining Commitment of a Committed Member is reduced to zero pursuant to the preceding sentence, the Board shall have the authority to reassign the amount of such forfeited Remaining Commitment to one or more other Committed Members who consent in writing to such reassignment in such amounts as are determined by the Board in its sole discretion.

(f) A Member whose Remaining Commitment is zero shall have no further right or obligation to make Commitment Contributions to the Company except as may be required with respect to a Defaulting Member pursuant to Section 5.4.

Section 5.3 ***Capital Calls***.

(a) The Company may from time to time prior to the expiration of the Takedown Period call for Commitment Contributions from the Committed Members (each, a "***Capital Call***") for project development activities, working capital and acquisitions, and each Committed Member, subject to the terms and conditions hereof and the Unit Subscription Agreement, shall make its Commitment Contribution in response to each Capital Call. No Capital Call may be made for an aggregate amount less than $5,000,000, except that if the aggregate amount of remaining Commitment Contributions is less than $5,000,000 a Capital Call may be made for the aggregate amount of remaining Commitment Contributions. After giving effect to the provisions of Sections 5.2(a) and 5.2(c), if applicable, each Capital Call shall be apportioned ratably among all Committed Members based on, and such Capital Call may not exceed, their respective Remaining Commitments less any amounts required to be funded pursuant to then outstanding Capital Calls as of the date of such Capital Call. Each Capital Call shall be made pursuant to a call notice, substantially in the form attached hereto as Exhibit G-1 (each a "***Call Notice***"), executed by the Chief Executive Officer and another Officer authorized by the Board and (other than an Investor Call Right Call Notice) approved by (i) the Board and (ii) within five days after such Board Approval, by Requisite Approval as provided in Section 8.5. Each Call Notice shall specify (i) in reasonable detail the purpose of such Capital Call, and (ii) the amount of the Commitment Contributions to be made by each Committed Member pursuant to such Capital Call. Each Call Notice shall be delivered to the Committed Members. A Call Notice may

provide for the Commitment Contribution to be made in a single contribution or in multiple contributions over time. The Board shall have the authority (but only with, and conditioned upon, prior written Requisite Approval) to withdraw any Call Notice at any time prior to the time that funding is required thereunder.

(b) Upon the exercise of the Investor Call Right (as defined in the Unit Subscription Agreement), the Company shall issue a Call Notice, which shall be in the form of Exhibit G-2 (the "***Investor Call Right Call Notice***"), setting forth the Commitment Contributions to be made by the Committed Members.

(c) Each Committed Member shall make the Commitment Contribution required by it pursuant to a Call Notice (other than a Call Notice that provides for periodic funding) within 30 days after such Call Notice is delivered to the Committed Members. Each Committed Member shall make the Commitment Contribution required by it pursuant to a Call Notice which provides for periodic funding, on or prior to the periodic dates set forth in such Call Notice; provided, however, that the Committed Members shall not be required to make the initial funding under any such Call Notice prior to the 30th day after such Call Notice is received by the Committed Members. The time periods specified in this Section 5.3(c) for making Commitment Contributions shall be subject to extension to the extent necessary to pursue any required regulatory approvals, as further described below. Upon payment of any Commitment Contribution, and upon the terms and conditions of the Unit Subscription Agreement, the Company shall issue to such Committed Member a number of Series A-2 Preferred Units equal to the amount of such Commitment Contribution, divided by $6.25.

(d) If any regulatory approval, including the filing and the expiration of any waiting period under the Hart Scott-Rodino Antitrust Improvements Act of 1976 (the "***HSR Act***"), is required prior to the issuance of any Series A-2 Preferred Units, the Company shall not issue such Series A-2 Preferred Units, and the Committed Member to whom such Series A-2 Preferred Units are to be issued shall not be required to make any Commitment Contribution with respect thereto, until such approval has been obtained (or in the case of the HSR Act, such filing has been completed and such waiting period has expired). The Company and the Members shall use their commercially reasonable efforts to comply promptly with all applicable regulatory requirements. The Company shall bear all documented and reasonable fees and expenses, including all filing fees, incurred by it or such Committed Member in connection with such compliance. In no event shall any Member be deemed to have become a Defaulting Member as a result of its inability, as reasonably determined by such Member, to make a Commitment Contribution prior to such compliance.

(e) Notwithstanding the foregoing, no Member shall be obligated to fund a Commitment Contribution in the event of a Bankruptcy of the Company or the commencement of a Liquidation Event with respect to the Company.

(f) Notwithstanding anything to the contrary in this Agreement, no Member that is not an Accredited Investor at the time of any funding of a Commitment Contribution shall be entitled to fund such Commitment Contribution.

(g) Not less than five days prior to the required funding date of each Commitment Contribution required to be made pursuant to a Call Notice that provides for periodic funding, the Company shall deliver to each Committed Member an officers' certificate signed by the Chief Executive Officer and the Chief Financial Officer certifying that to the actual knowledge of the Management Team since the date of the most recent prior Commitment Contribution, no event has occurred that (including with the passage of time or the giving of notice or both) could reasonably be expected to result in a material adverse effect on the business, condition (financial or otherwise), properties, assets, results of operations or liabilities of the Company and its Subsidiaries, taken as a whole (the "***MAE Bringdown Certificate***"). Notwithstanding anything to the contrary in this Agreement, each Member's obligation to fund a Commitment Contribution required pursuant to a Call Notice that provides for periodic funding shall be suspended on the fifth day prior to the applicable funding date if the Company has failed to deliver the MAE Bringdown Certificate, unless waived by Requisite Approval, and such obligation shall remain suspended until reinstated by the Board with Requisite Approval.

Section 5.4 ***Defaulting Members***. A Committed Member that fails to make a Capital Contribution as prescribed in Section 5.3 (a "***Defaulted Contribution***") and does not cure such failure within five business days after notice from the Company of such failure (a "***Defaulting Member***") shall be in default of this Agreement but shall remain fully obligated to make such Capital Contribution to the Company, shall cease to have the rights (but shall remain subject to the obligations, as applicable) set forth in Sections 7.4, 7.6 and 7.8, and shall be subject to all such other rights and remedies as the Company may have against such Committed Member, including rights and remedies arising from its breach of this Agreement and rights and remedies the Company may have at law or in equity. Furthermore, if the Defaulting Member is a Committed Member (other than a member of the Warburg Pincus Group), at the election of the Company, the Company may take any one or more of the following remedial actions (to the extent not mutually exclusive with any other remedy described in this Section 5.4):

(a) cause such Defaulting Member to (i) sell such Member's Preferred Units at a price equal to 75% of such Member's Capital Contributions that were made in exchange for Preferred Units made prior to the default (net of expenses, Losses and prior distributions) to the Company or a designee or designees of the Company and (ii) forfeit such Member's Profits Units to the Company or a designee or designees of the Company, unless such Member cures such failure within 30 days after notice from the Company of such failure;

(b) charge interest on such Member's Defaulted Contributions at (i) a rate that is the lower of (A) 14% per annum, compounded quarterly or (B) the maximum rate permitted under applicable law or (ii) such other lower rate determined by the Board;

(c) loan such Member an amount equal to such Member's Defaulted Contributions and charge interest on such amount at a rate that is the lower of (i) 14% per annum, compounded quarterly or (ii) the maximum rate permitted under applicable law;

(d) reduce such Defaulting Member's Remaining Commitment (including the Remaining Commitment related to the Defaulted Contribution) to zero and permit each Committed Member that is not a Defaulting Member to increase its Additional Commitment by

its pro rata portion of such Defaulting Member's Remaining Commitment (including the Remaining Commitment related to the Defaulted Contribution) pursuant to this Section 5.4(d). In such event, the Company shall notify each Committed Member who is not a Defaulting Member of the aggregate amount of

the Remaining Commitment (including all Defaulted Contributions) of such Defaulting Member (the "***Defaulted Commitments***"). Each non- Defaulting Committed Member will then have the right to elect to fund a pro-rata percentage of all Defaulted Commitments based on the relative Remaining Commitments of the non- Defaulting Committed Members less any amounts required to be funded by such Committed Members pursuant to then outstanding Capital Calls. To exercise the right to fund Defaulted Commitments, a non-Defaulting Committed Member must notify the Company in writing within five days after the receipt of notice from the Company that such non-Defaulting Committed Member elects to fund its pro-rata percentage of the Defaulted Commitments. Such election by a non-Defaulting Committed Member will automatically increase its Remaining Commitment on a dollar-for-dollar basis by the amount of its pro rata percentage of such Defaulted Commitments. If there are any Defaulted Commitments remaining after such five day notice period, the Warburg Pincus Group may elect to increase its Remaining Commitment on a dollar-for-dollar basis by the amount of such remaining Defaulted Commitments. The delivery of a notice of election under this Section 5.4(d) by a non-Defaulting Committed Member shall constitute an irrevocable commitment to fund such Defaulted Commitments. Unless otherwise determined by the Board, the Defaulted Commitment shall not include the amount of any unexercised option to increase such Defaulting Member's Additional Commitment pursuant to Section 5.2(a) and a Defaulting Member shall have no further right, if any, to elect to increase such Defaulted Member's Additional Commitment pursuant to Section 5.2(a) upon becoming a Defaulting Member; or

(e) pursue any other rights and remedies the Company may have against such Member.

Section 5.5 ***Return of Contributions***. A Member is not entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its Capital Account or its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of any Member. A Member is not required to contribute or to lend any cash or property to the Company to enable the Company to return any Member's Capital Contributions.

Section 5.6 ***Capital Account***. A Capital Account shall be established and maintained for each Member in accordance with the requirements of Treasury Regulations Section 1.704- l(b)(2)(iv). Each Member's Capital Account (a) shall be increased by (i) the amount of money contributed by such Member to the Company, (ii) the Book Value of property contributed by such Member to the Company (net of liabilities secured by the contributed property that the Company is considered to assume or take subject to under Code Section 752) and (iii) allocations to such Member of Profits and any other items of income or gain allocated to such Member, and (b) shall be decreased by (i) the amount of money distributed to such Member by the Company, (ii) the Book Value of property distributed to such Member by the Company (net of liabilities secured by the distributed property that such Member is considered to assume or take subject to under Code Section 752), and (iii) allocations to such Member of Losses and any other items of loss or deduction allocated to such Member. The Capital Accounts shall also be increased or decreased to reflect a revaluation of Company property pursuant to paragraph (b) of the

definition of Book Value. On the transfer of all or part of a Member's Units, the Capital Account of the transferor that is attributable to the transferred Units shall carry over to the transferee Member in accordance with the provisions of Treasury Regulation Section 1.704- l(b)(2)(iv)(l). A Member that has more than one class of Units shall have a single Capital Account that reflects all such Units; provided, however, that the Capital Accounts shall be maintained in such manner as will facilitate a determination of the portion of each Capital Account attributable to each series of Preferred Units and Profits Units.

Section 5.7 ***Advances by Members***. If the Company does not have sufficient cash to pay its obligations, then with the approval of the Board, any or all of the Members may (but will have no obligation to) advance all or part of the needed funds to or on behalf of the Company, which advances will constitute a loan from such Member or Members to the Company, will bear interest and be subject to such other terms and conditions as agreed between such Member or Members and the Company and will not be deemed to be a Capital Contribution.

ARTICLE 6

DISTRIBUTIONS AND ALLOCATIONS

Section 6.1 ***Distributions***.

(a) Each distribution made by the Company, regardless of the source or character of the assets to be distributed, shall be made in accordance with this Article 6 and applicable Law.

(b) Prior to making distributions pursuant to Section 6.1(c), on each Tax Distribution Date, the Company shall, subject to the availability of funds, distribute to each Member in cash an amount equal to such Member's Assumed Tax Liability, if any. "Tax Distribution Date" means any date that is five business days prior to the date on which estimated income tax payments are required to be made by calendar year individual taxpayers and each due date for the income tax return of an individual calendar year taxpayer (without regard to extensions). "***Assumed Tax Liability***" of each Member means an amount equal to (i) the cumulative amount of federal, state and local income taxes (including any applicable estimated taxes) determined taking into account the character of income and loss allocated as it affects the applicable tax rate that the Board estimates would be due from such Member as of such Tax Distribution Date, (x) assuming such Member were an individual who earned solely the items of income, gain, deduction, loss, and/or credit allocated to such Member pursuant to Section 6.2, (y) after taking proper account of loss carryforwards available to individual taxpayers resulting from losses allocated to the Members by the Company, to the extent not taken into account in prior periods, and (z) assuming that such Member is subject to tax at the highest applicable rate, reduced by (ii) all previous distributions made pursuant to this Section 6.1. The Board will make its determination of the Assumed Tax Liability of (i) the holders of Preferred Units, assuming that each such holder is a resident of New York, New York, and (ii) the holders of Profits Units, based upon its good faith determination of the jurisdiction in which such holders are subject to tax with respect to the income of the Company (or if no such determination is made, in the same manner as determined for the holders of Preferred Units). Distributions pursuant to this Section 6.1(b) shall be treated as an advance distribution under Section 6.1(c) and shall offset future

distributions that such holder of Units would otherwise be entitled to receive pursuant to Section 6.1(c). If on a Tax Distribution Date there are not sufficient funds on hand to distribute to each Member the full amount of such Member's Assumed Tax Liability, distributions pursuant to this Section 6.1(b) shall be made to the Members to the extent of the available funds in proportion to each Member's Assumed Tax Liability, and the Company shall make future distributions as soon as funds become available to pay the remaining portion of such Member's Assumed Tax Liability. Notwithstanding the foregoing and for the avoidance of doubt, the Members agree that the Company shall not be required to make distributions to a Member pursuant to this Section 6.1(b) to the

extent that such Member realizes income in connection with the issuance of Profits Units to such Member, the forfeiture of Profits Units by such Member in accordance with the Transaction Documents or the repurchase of Profits Units from such Member in accordance with the Transaction Documents.

(c) The Board shall have sole discretion to determine the timing of any other distribution and the aggregate amounts available for such distribution. Each such other distribution made by the Company, regardless of the source or character of the assets to be distributed, shall be divided into the LP Allocation and the BOE Allocation, each of which shall then be distributed contemporaneously in accordance with the following provisions:

The distribution of the LP Allocation shall be made in the following order of priority:

(i) First, with respect to the holders of outstanding LP Preferred Units, in proportion to the Preferred Unit Preference Amount of each outstanding LP Preferred Unit, until the entire Preferred Unit Preference Amount of all outstanding LP Preferred Units has been reduced to zero;

(ii) Second, until the $1.25 Threshold is met, (A) the Series A-1 Unit Percentage Interest of such distribution shall be distributed to the holders of the Series A- 1 Preferred Units in proportion to their Series A-1 Unit Sharing Ratios, and (B) the Series B Unit Percentage Interest of such distribution shall be distributed to the holders of Series B Units in proportion to their Series B Unit Sharing Ratios;

(iii) Third, until the $10.00 Threshold is met, (A) the Series A-1 Unit Percentage Interest of such distribution shall be distributed to the holders of the Series A- 1 Preferred Units in proportion to their Series A-1 Unit Sharing Ratios, (B) the Series B Unit Percentage Interest of such distribution shall be distributed to the holders of Series B Units in proportion to their Series B Unit Sharing Ratios, (C) the Series A-2 Unit Percentage Interest of such distribution shall be distributed to the holders of Series A-2 Preferred Units in proportion to their Series A-2 Unit Sharing Ratios, (D) the Series D Unit Percentage Interest of such distribution shall be distributed to the holders of Series D Units in proportion to their Series D Unit Sharing Ratios, (E) the Series F Unit Percentage Interest of such distribution shall be distributed to the holders of Series F Units in proportion to their Series F Unit Sharing Ratios and (F) the Series G Unit Percentage Interest of such distribution shall be distributed to the holders of Series G Units in proportion to their Series G Unit Sharing Ratios;

(iv) Fourth, until the $13.75 Threshold is met, (A) the Series A-1 Unit Percentage Interest of such distribution shall be distributed to the holders of the Series A- 1 Preferred Units in proportion to their Series A-1 Unit Sharing Ratios, (B) the Series B Unit Percentage Interest of such distribution shall be distributed to the holders of Series B Units in proportion to their Series B Unit Sharing Ratios, (C) the Series A-2 Unit Percentage Interest of such distribution shall be distributed to the holders of Series A-2 Preferred Units in proportion to their Series A-2 Unit Sharing Ratios, (D) the Series D Unit Percentage Interest of such distribution shall be distributed to the holders of Series D Units in proportion to their Series D Unit Sharing Ratios, (E) the Series F Unit Percentage Interest of such distribution shall be distributed to the holders of Series F Units in proportion to their Series F Unit Sharing Ratios, (F) the Series G Unit Percentage Interest of such distribution shall be distributed to the holders of Series G Units in proportion to their Series G Unit Sharing Ratios, and (G) the Series C Unit Percentage Interest of such distribution shall be distributed to the holders of Series C Units in proportion to their Series C Unit Sharing Ratios; and

(v) Thereafter, (A) the Series A-1 Unit Percentage Interest of such distribution shall be distributed to the holders of the Series A-1 Preferred Units in proportion to their Series A-1 Unit Sharing Ratios, (B) the Series B Unit Percentage Interest of such distribution shall be distributed to the holders of Series B Units in proportion to their Series B Unit Sharing Ratios, (C) the Series A-2 Unit Percentage Interest of such distribution shall be distributed to the holders of Series A-2 Preferred Units in proportion to their Series A-2 Unit Sharing Ratios, (D) the Series D Unit Percentage Interest of such distribution shall be distributed to the holders of Series D Units in proportion to their Series D Unit Sharing Ratios, (E) the Series F Unit Percentage Interest of such distribution shall be distributed to the holders of Series F Units in proportion to their Series F Unit Sharing Ratios, (F) the Series G Unit Percentage Interest of such distribution shall be distributed to the holders of Series G Units in proportion to their Series G Unit Sharing Ratios (G) the Series C Unit Percentage Interest of such distribution shall be distributed to the holders of Series C Units in proportion to their Series C Unit Sharing Ratios, and (H) the Series E Unit Percentage Interest of such distribution shall be distributed to the holders of Series E Units in proportion to their Series E Unit Sharing Ratios.

The distribution of the BOE Allocation shall be made in the following order of priority:

(i) First, with respect to the holders of outstanding BOE Preferred Units, in proportion to the BOE Preferred Unit Preference Amount of each outstanding BOE Preferred Unit, until the entire BOE Preferred Unit Preference Amount of all outstanding BOE Preferred Units has been reduced to zero;

(ii) Second, to the holders of the outstanding BOE Preferred Units, in proportion to their BOE Preferred Unit Sharing Ratios, until the BOE Incentive Threshold is met; and

(iii) Third, (A) the Applicable BOE Preferred Unit Percentage of such distribution shall be distributed to the holders of the BOE Preferred Units in proportion to their BOE Preferred Unit Sharing Ratios, and (B) the BOE Incentive Unit Percentage Interest of such distribution shall be distributed to the holders of BOE Incentive Units in proportion to their BOE Incentive Unit Sharing Ratios.

(d) Notwithstanding the foregoing provisions of Section 6.1(c), all amounts otherwise distributable pursuant to this Agreement (other than Section 6.1(b)) with respect to each Unvested Profits Unit shall be retained by the Company (collectively, the "***Withheld Amounts***"). Prior to making any distribution pursuant to Section 6.1(c) or Section 12.2(c), but subject to the first sentence of this Section 6.1(d) and to Section 6.1(e), (i) the Withheld Amounts with respect to each Profits Unit that has become a Vested Profits Unit shall be distributed to the holder of such Profits Unit and (ii) the Withheld Amounts with respect to each Unvested Profits Unit that has been forfeited or cancelled shall be available for distribution pursuant to Section 6.1(c) or Section 12.2(c).

(e) Notwithstanding the foregoing, from and after the Original Execution Date, 100% of the amount otherwise distributable to the holders of Profits Units pursuant to Section 6.1(c) or Section 6.1(d) (or such lesser percentage as approved by the Board) shall be retained by the Company (collectively, the "***Retained Amounts***") until the Retained Amounts equal not less than the aggregate amount that would be required to satisfy the sum of the Profits Units

Clawback Amount with respect to each holder of Profits Units in the event that all then Remaining Commitments of all Committed Members were fully funded and no further distributions were made pursuant to this Section 6.1 (such sum, the "***Potential Clawback Amount***"). If at any time, whether as a result of distributions made pursuant to this Section 6.1 or a reduction in the aggregate Remaining Commitments of the Committed Members, the Retained Amounts exceed the Potential Clawback Amount, then the Company shall distribute all Retained Amounts in excess of the Potential Clawback Amount to the holders of the outstanding Profits Units to whom such Retained Amounts would have been distributed had they not been retained pursuant to this Section 6.1(e).

(f) All distributions made under this Section 6.1 shall be made to the holders of record of the applicable Units on the record date established by the Board or, in the absence of any such record date, to the holders of the applicable Units on the date of the distribution.

(g) If the Company distributes any securities in kind to a holder of Units, the Company shall, to the extent reasonably possible, distribute to such holder securities that were previously contributed by such holder to the Company or that are traceable to securities previously contributed by such holder, with a view toward minimizing any gain recognized by such holder and the other Members under Section 704(c)(1)(B) or Section 737 of the Code.

(h) The Company is authorized to withhold from distributions, or with respect to allocations, to the holders of Units and to pay over to any federal, state, local or foreign government any amounts required to be so withheld pursuant to the Code or any provisions of applicable Law. For all purposes under this Agreement, any amount so withheld shall be treated as actually distributed to the holder with respect to which such amount was withheld.

(i) An illustration of the distribution provisions set forth in Section 6.1(c) is attached hereto as Exhibit I.

Section 6.2 ***Allocations of Profits and Losses***.

(a) General Profit and Loss Allocations. For each taxable period of the Company, Profits and Losses and all items included in the computation thereof shall be allocated among the Members in such a manner that, as of the end of each taxable period and to the extent possible, the Capital Account of each Member shall be equal to the excess (which may be negative) of:

(i) the amount that would be distributed to such Member under this Agreement if (x) all Company assets were sold for cash equal to their Book Values at the end of such taxable period, (y) all Company liabilities were satisfied in cash according to their terms (limited, with respect to each nonrecourse liability, to the Book Value of the assets securing such liability) and all Members' obligations to make contributions to the Company upon such a hypothetical sale and dissolution of the Company were satisfied in full in cash, and (z) the net proceeds thereof (after satisfaction of such liabilities) were distributed in full pursuant to Section 6.1, over

(ii) the sum of (x) the amount, if any, that such Member would be obligated to contribute to the capital of the Company as determined immediately after the hypothetical sale described in Section 6.2(a)(i), (y) such Member's share of the Minimum Gain determined pursuant to Section 6.2(b)(i) computed immediately prior to the hypothetical sale described in Section 6.2(a)(i), and (z) such Member's share of Member Nonrecourse Debt Minimum Gain determined pursuant to Section 6.2(b)(ii) computed immediately prior to the hypothetical sale described in Section 6.2(a)(i);

provided that Losses shall not be allocated to a Member pursuant to this Section 6.2(a) to the extent that such allocation would cause such Member to have a deficit balance in its Adjusted Capital Account (or increase any existing deficit balance in its Adjusted Capital Account) at the end of such taxable period. Losses in excess of the limitation set forth in this Section 6.2(a) shall be allocated to the Members who do not have deficit balances in their Adjusted Capital Accounts in proportion to their relative Adjusted Capital Account balances.

(b) Regulatory Allocations. Notwithstanding any other provisions of this Section 6.2, the following special allocations shall be made for each taxable period:

(i) Notwithstanding any other provision of this Section 6.2, if there is a net decrease in Minimum Gain during any taxable period, each Member shall be allocated items of Company income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Sections 1.704- 2(f)(6), (g)(2) and (j)(2)(i). For purposes of this Section 6.2(b), each Member's Capital Account shall be determined, and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.2(b) with respect to such taxable period. This Section 6.2(b)(i) is intended to comply

with the minimum gain chargeback requirement in Treasury Regulation Section 1.704- 2(f) and shall be interpreted consistently therewith.

(ii) Notwithstanding the other provisions of this Section 6.2 (other than Section 6.2(b)(i)), if there is a net decrease in Member Nonrecourse Debt Minimum Gain during any taxable period, any Member with a share of Member Nonrecourse Debt Minimum Gain at the beginning of such taxable period shall be allocated items of Company income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Section 1.704-2(i)(4) and (j)(2)(ii). For purposes of this Section 6.2(b), each Member's Adjusted Capital Account balance shall be determined, and the allocation of income and gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 6.2(b), other than Section 6.2(b)(i), with respect to such taxable period. This Section 6.2(b)(ii) is intended to comply with the partner nonrecourse debt minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) Except as provided in Sections 6.2(b)(i) and 6.2(b)(ii), a Member who unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulation Section 1.704-l(b)(2)(ii)(d)(4), (5) or (6) shall be allocated items of income and gain (consisting of a pro rata portion of each item of income, including gross income, and gain for the taxable year) in an amount and manner sufficient to eliminate any deficit balance in such Member's Adjusted Capital Account as quickly as possible provided that an allocation pursuant to this Section 6.2(b)(iii) shall be made only if and to the extent that such Member would have a negative Adjusted Capital Account after all allocations provided for in

this Article 6 have been tentatively made as if this Section 6.2(b)(iii) were not in this Agreement. This Section 6.2(b)(iii) is intended to constitute a qualified income offset under Treasury Regulation Section 1.704-1 (b)(2)(ii)(d) and shall be interpreted consistently therewith.

(iv) In the event that any Member has a deficit balance in its Adjusted Capital Account at the end of any taxable year, such Member shall be allocated items of Company income and gain in the amount of such deficit as quickly as possible; provided that an allocation pursuant to this Section 6.2(b)(iv) shall be made only if and to the extent that such Member would have a deficit balance in its Adjusted Capital Account after all other allocations provided for in this Article 6 have been tentatively made as if Section 6.2(b)(iii) and this Section 6.2(b)(iv) were not in this Agreement.

(v) To the extent an adjustment to the adjusted tax basis of any Company property pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulation Section 1.704-l(b)(2)(iv)(m)(2) or 1.704-l(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as the result of a distribution to any Member in complete liquidation of such Member's Membership Interest, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be allocated to the Members in accordance with Treasury Regulation

Section 1.704-l(b)(2)(iv)(m)(2) if such Section applies, or to the Member to whom such distribution was made if Treasury Regulation Section 1.704-l(b)(2)(iv)(m)(4) applies.

(vi) If, as a result of an exercise of a noncompensatory option or warrant, a Capital Account reallocation is required under Proposed Treasury Regulation Section 1.704-l(b)(2)(iv)(s)(3) (as such Proposed Treasury Regulation may be amended or modified, including upon the issuance of temporary or final Treasury Regulations), the Company shall make corrective allocations pursuant to Proposed Treasury Regulation Section 1.704-l(b)(4)(x), as such Proposed Treasury Regulation may be amended or modified, including upon the issuance of temporary or final Treasury Regulations.

(vii) If any holder of Management Units or Profits Units forfeits all or a portion of such Units, the Company shall make forfeiture allocations to such holder in the manner and to the extent required by Proposed Treasury Regulation Section 1.704-1(b)(4)(xii) (as such Proposed Treasury Regulation may be amended or modified, including upon the issuance of temporary or final Treasury Regulations).

(viii) Nonrecourse Deductions for any taxable period shall be allocated to the Members in accordance with their relative Nonrecourse Deduction Shares.

(ix) Member Nonrecourse Deductions for any taxable period shall be allocated 100% to the Member that bears the Economic Risk of Loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i). If more than one Member bears the Economic Risk of Loss with respect to a Member Nonrecourse Debt, Member Nonrecourse Deductions attributable thereto shall be allocated between or among such Members in accordance with the ratios in which they share such Economic Risk of Loss.

(c) Curative Allocations. The Regulatory Allocations are intended to comply with certain requirements of Treasury Regulation Sections 1.704-1(b) and 1.704-2. The Regulatory Allocations may be inconsistent with the manner in which the Members intend to divide distributions from the Company. Accordingly, the Board is authorized to divide other items of income, gain, loss and deduction of the Company among the Members, so that the net amount of the Regulatory Allocations and the Curative Allocations to each Member is zero (0). The Board will have discretion to accomplish this result in any reasonable manner that is consistent with Code Section 704 and the corresponding Treasury Regulations.

Section 6.3 ***Income Tax Allocations***.

(a) Except as provided in this Section 6.2, each item of income, gain, loss and deduction of the Company for federal income tax purposes shall be allocated among the Members in the same manner as such items are allocated for book purposes under Section 6.1.

(b) In accordance with Code Section 704(c) and the applicable Treasury Regulations thereunder, income, gain, loss and deduction with respect to any property contributed to the Company shall, solely for tax purposes, be allocated among the Members so as to take account of

any variation between the adjusted basis of such property to the Company for Federal income tax purposes and its initial Book Value. In the event the Book Value of any property is adjusted pursuant to clause (b) or (d) of the definition of Book Value, subsequent allocations of income, gain, loss and deduction with respect to such property shall take account of any variation between the adjusted basis of such property for Federal income tax purposes and its Book Value in the same manner as under Code Section 704(c) and the applicable Treasury Regulations thereunder. For purposes of such allocations, the Company shall use the allocation method described in Treasury Regulation Section 1.704-3 selected by the Board.

(c) All items of income, gain, loss, deduction and credit allocated to the Members in accordance with the provisions hereof and basis allocations recognized by the Company for federal income tax purposes shall be determined without regard to any election under Section 754 of the Code which may be made by the Company; provided, however, such allocations, once made, shall be adjusted as necessary or appropriate to take into account the adjustments permitted by sections 734 and 743 of the Code.

(d) If any deductions for depreciation, cost recovery or depletion are recaptured as ordinary income upon the sale or other disposition of Company properties, the ordinary income character of the gain from such sale or disposition shall be allocated among the Members in the same ratio as the deductions giving rise to such ordinary income character were allocated.

Section 6.4 ***Other Allocation Rules***. All items of income, gain, loss, deduction and credit allocable to Units that may have been transferred shall be allocated between the transferor and the transferee based on the portion of the calendar year during which each was recognized as the owner of such

Units, without regard to the results of Company operations during any particular portion of that calendar year and without regard to whether cash distributions were made to the transferor or the transferee during that calendar year; provided, however, that this allocation must be made in accordance with a method permissible under Code Section 706 and the regulations thereunder. If any Units are Disposed of or redeemed in compliance with the provisions of this Agreement, all distributions with respect to which the record date is before the date of such Disposition or redemption shall be made to the Disposing Member, and all distributions with respect to which the record date is after the date of such Disposition, in the case of a Disposition other than a redemption, shall be made to the transferee.

ARTICLE 7

DISPOSITIONS OF UNITS; PREEMPTIVE RIGHTS; IPO CONVERSION

Section 7.1 ***Restrictions on Dispositions of Units***.

(a) Disposition of Units otherwise permitted or required by this Agreement may only be made in compliance with federal and state securities laws, including the Securities Act and the rules and regulations thereunder, and the Act.

(b) For so long as the Company is a partnership for U.S. federal income tax purposes, in no event may any Disposition of any Units by any Member be made if such Disposition is

effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code or if such Disposition would otherwise result in the Company being treated as a "publicly traded partnership," as such term is defined in Section 7704(b) of the Code and the regulations promulgated thereunder.

(c) Dispositions of Units may only be made in strict compliance with all applicable terms of this Agreement, and any purported Disposition of Units that does not so comply with all applicable provisions of this Agreement shall be null and void and of no force or effect, and the Company shall not recognize or be bound by any such purported Disposition and shall not effect any such purported Disposition on the transfer books of the Company or Capital Accounts of the Members. The Members agree that the restrictions contained in this Article 7 are fair and reasonable and in the best interests of the Company and the Members.

(d) Each Member that is an entity that was formed for the sole or principal purpose of directly or indirectly acquiring Membership Interests or Units or an entity whose principal asset is its Membership Interests or Units, or direct or indirect interests in Membership Interests or Units, agrees that it will not permit Dispositions of Capital Stock in such Member in a single transaction or series of related transactions if such Dispositions collectively would result in Capital Stock in such Member representing a majority of the economic or voting interests in such Member being owned or Controlled by a Person or Persons that do not own or Control Capital Stock in such Member as of the date that such Member became a Member unless such Member requires such Dispositions of such Capital Stock to be treated as a full Disposition of Membership Interests or Units by such Member hereunder.

Section 7.2 ***Additional Restrictions on Dispositions of Profits Units and Management Units***.

(a) No Disposition of Unvested Profits Units may be made except (i) to a Permitted Transferee in accordance with Section 7.3, (ii) in connection with an IPO Exchange, (iii) in connection with a Drag-Along Transaction or (iv) to the Company in accordance with the redemption provisions of the applicable Restricted Unit Agreement or this Agreement.

(b) No Disposition of Management Units or Vested Profits Units may be made except (i) to a Permitted Transferee in accordance with Section 7.3, (ii) in connection with an IPO Exchange, (iii) after the fifth anniversary of the Effective Date, subject to Section 7.4, (iv) in connection with a Drag-Along Transaction, (v) after the fifth anniversary of the Effective Date, in connection with the exercise of inclusion rights pursuant to Section 7.6 or (vi) to the Company or to any other holder or holders of Profits Units, in each case if such Disposition is either approved by the Compensation Committee or in accordance with the redemption or repurchase provisions of the applicable Restricted Unit Agreement or this Agreement.

(c) Notwithstanding anything to the contrary contained herein, no Disposition of Management Units or Vested Profits Units may be made to any Person that is a Potential Competitor of, or an adverse party to, the Company, as reasonably determined by the Board, except pursuant to Section 7.5 or in connection with the permitted exercise of inclusion rights pursuant to Section 7.6.

Section 7.3 ***Permitted Dispositions***.

(a) In addition to any Disposition expressly permitted by this Section 7.3, any holder of any Preferred Units may Dispose of such Units to any Person, subject to the provisions of Section 7.1 and to the applicable provisions of Section 7.2(b), Section 7.4 and Section 7.6. Notwithstanding the foregoing and for the avoidance of doubt, any member of the Warburg Pincus Group may Dispose of any Units to one or more Affiliates of Warburg Pincus LLC, subject only to the provisions of Section 7.1.

(b) Any holder of any Units may Dispose of such Units by way of gift to a Permitted Transferee of such holder; provided, however, that (i) such Permitted Transferee shall not be entitled to make any further Dispositions in reliance upon this Section 7.3(b), except for a Disposition of such acquired Units back to such original holder or to another Permitted Transferee of such holder or a Person to whom such transfer is permitted under Section 7.2, and (ii) such Permitted Transferee must assume all of the obligations of the original holder of the Units and agree to comply with the provisions of the applicable Restricted Unit Agreement and this Agreement, as applicable.

(c) Notwithstanding anything to the contrary in this Section 7.3, a Member may not make a Disposition of Units to a Permitted Transferee if such Disposition has as a purpose the avoidance of or is otherwise undertaken in contemplation of avoiding the restrictions on Dispositions in this Agreement (it being understood that the purpose of this Section 7.3(c) is to prohibit the Disposition of Units to a Permitted Transferee followed by a change in the

relationship between the transferor and the Permitted Transferee (or a change of Control of such transferor or Permitted Transferee) after the Disposition with the result and effect that the transferor has indirectly made a Disposition of Units by using a Permitted Transferee, which Disposition would not have been directly permitted under this Section 7.3 had such change in such relationship occurred prior to such Disposition).

(d) In connection with any Disposition of Preferred Units (including Management Units) that a Committed Member is permitted to make under this Article 7, such Committed Member may also transfer all or a portion of such Member's Remaining Commitment with the approval of the Board.

Section 7.4 ***Rights of First Refusal***.

(a) If any holder of any Preferred Units (other than any member of the Warburg Pincus Group) or any Vested Profits Units receives a bona fide written offer from any Third Party (a "***Third Party Offer***") for the purchase of all or a part of such holder's Preferred Units or Vested Profits Units and such holder desires to accept and is permitted to effect such proposed Disposition pursuant to Section 7.2, such holder (the "***Offeror Holder***") shall deliver written notice of such Third Party Offer (the "***Notice of Right of First Refusal***") to the Company no less than 30 days prior to the date of the proposed Disposition. The date that the Notice of Right of First Refusal is received by the Company shall constitute the "***First Refusal Notice Date***." Within five days after receipt of the Notice of Right of First Refusal by the Company, the Company shall send a copy of the Notice of Right of First Refusal along with a letter indicating

the First Refusal Notice Date to each Institutional Investor that holds Preferred Units (other than the Offeror Holder and any such holder that is a Defaulting Member) (each, a "***ROFR Holder***"). The notice shall set forth the name of the Third Party (including, if such information is not publicly available, information about the identity of the Third Party), the number and class or series of Preferred Units or Vested Profits Units to be sold (the "***Offered Units***," which shall not include Units to be sold that are not Preferred Units or Vested Profits Units), the price per Unit for the Offered Units (the "***Offer Price***"), all details of the payment terms and all other terms and conditions of the proposed Disposition. A Third Party Offer may not contain provisions related to any property of the Offeror Holder other than Preferred Units or Vested Profits Units held by the Offeror Holder, and the Offer Price shall be expressed only in terms of cash (in U.S. dollars). The Offer Price per Offered Unit may differ in order to reflect differences in the LP Allocation, BOE Allocation, Preferred Unit Preference Amounts, BOE Preferred Unit Preference Amount and Designated Values with respect to the Preferred Units that are Offered Units and differences in rights to distributions pursuant to Section 6.1(c), Designated Values, Withheld Amounts and Retained Amounts, if any, with respect to the Vested Profits Units that are Offered Units. Any Third Party Offer for Preferred Units or Vested Profits Units not satisfying the terms of this Section 7.4 (e.g., a Third Party Offer in which not all of the proposed consideration is cash or a Third Party Offer to purchase property other than Preferred Units or Vested Profits Units or a Third Party Offer that is not bona fide) may not be made unless otherwise expressly permitted pursuant to the other provisions of this Article 7.

(b) Each ROFR Holder shall have the right to purchase up to that number of the Offered Units (calculated separately with respect to each series of Preferred Units that are Offered Units and each series of Vested Profits Units that are Offered Units, and, within each series of Preferred Units and Vested Profits Units, divided as evenly as practicable among the purchasing ROFR Holders with respect to any Preferred Units that are Offered Units subject to the LP Allocation or BOE Allocation and with differing Preferred Unit Preference Amounts, BOE Preferred Unit Preference Amounts and Designated Values and any Vested Profits Units that are Offered Units that have differing rights to distributions pursuant to Section 6.1(c), Designated Values, Withheld Amounts and Retained Amounts) equal to the product of (A) the applicable number of Offered Units and (B) a fraction (the "***Proportionate Share***"), the numerator of which shall be the number of Preferred Units held by such ROFR Holder and the denominator of which shall be the total number of Preferred Units held by all ROFR Holders. Within 25 days after the First Refusal Notice Date, each ROFR Holder may deliver a written notice to the Offeror Holder, the Company and each other ROFR Holder of its election to purchase such Offered Units. To the extent any ROFR Holder does not elect to purchase its full Proportionate Share of such Offered Units or fails to deliver a notice within the applicable period, each ROFR Holder that has elected to purchase its full Proportionate Share shall be entitled, by delivering written notice to the Offeror Holder and the Company within five days following the end of such 25-day period (such fifth day, the "***Offer Expiration Date***"), to purchase up to all of the remaining Offered Units. If there is an oversubscription, the oversubscribed amount shall be allocated among the ROFR Holders fully exercising their rights to purchase such remaining Offered Units pro rata based on the number of Preferred Units owned by each fully electing ROFR Holder relative to the outstanding Preferred Units held by all fully electing ROFR Holders. The delivery of a notice of election under this Section 7.4 shall constitute an irrevocable commitment to purchase such Offered Units. If the ROFR Holders shall

have elected to purchase all but not less than all of the Offered Units, the Company shall thereafter set a reasonable place and time for the closing of the purchase and sale of the Offered Units, which shall be not less than 30 days nor more than 90 days after the First Refusal Notice Date (subject to extension to the extent necessary to pursue any required regulatory approvals, including to allow for the expiration or termination of all waiting periods under the HSR Act) unless otherwise agreed by all of the parties to such transaction.

(c) The purchase price and terms and conditions for the purchase of the Offered Units pursuant to this Section 7.4 shall be the price and terms and conditions set forth in the applicable Third Party Offer; provided, that the Offeror Holder shall at a minimum make customary representations and warranties concerning (i) such Offeror Holder's valid title to and ownership of the Offered Units, free and clear of all liens, claims and encumbrances (excluding those arising under applicable securities laws), (ii) such Offeror Holder's authority, power and right to enter into and consummate the sale of the Offered Units, (iii) the absence of any violation, default or acceleration of any agreement to which such Offeror Holder is subject or by which its assets are bound as a result of the agreement to sell and the sale of the Offered Units, and (iv) the absence of, or compliance with, any governmental or third party consents, approvals, filings or notifications required to be obtained or made by such Offeror Holder in connection with the sale of the Offered Units. The Offeror Holder also agrees to execute and deliver such instruments and documents and take such actions, including obtaining all applicable approvals and consents and making all applicable notifications and filings, as the purchasing ROFR Holders may reasonably request in order more effectively to implement the purchase and sale of the Offered Units hereunder. Upon the request of any ROFR Holder, the Company will promptly verify the Preferred Unit Preference Amounts and BOE Preferred Unit Preference Amounts, rights to distributions pursuant to Section 6.1(c), Designated Values, Withheld Amounts and Retained Amounts, if any, with respect to any Offered Units.

(d) Notwithstanding the foregoing, if the ROFR Holders shall not have elected to purchase all of such Offered Units on or prior to the Offer Expiration Date, such ROFR Holders shall not have the right to purchase any of the Offered Units and the Offered Units or any portion thereof may be sold by the Offeror Holder at any time within 90 days after the Offer Expiration Date, subject to the provisions of Section 7.1 and to the applicable provisions of Section 7.2(b). Any such sale shall not be at less than the price or upon terms and conditions more favorable, individually or in the aggregate, to the purchaser

than those specified in the Third Party Offer. If any such Offered Units are not so transferred within such 90-day period, the Offeror Holder may not sell any of the Offered Units without again complying in full with the provisions of this Section 7.4.

(e) Notwithstanding anything to the contrary in this Agreement, each member of the Warburg Pincus Group that is a ROFR Holder shall be entitled to assign its right to purchase Offered Units pursuant to this Section 7.4 to any other Person.

(f) Notwithstanding anything to the contrary in this Agreement, at any time after the six-month anniversary of the First Refusal Notice Date with respect to each Third Party Offer, the Company shall be entitled to waive, on behalf of each ROFR Holder, each former ROFR Holder and each of their respective Affiliates, successors and assigns and the members, partners,

stockholders, directors, managers, officers, liquidators and employees of each of the foregoing (collectively, the "***ROFR Holder Persons***") any and all claims such ROFR Holder Persons have, had or may have or had with respect to any non-compliance or violation of this Section 7.4 by any Person with respect to such Third Party Offer (whether or not any Units were Disposed of pursuant to this Section 7.4), other than any such claim that has been made in writing and delivered to the Company prior to expiration of such six-month anniversary.

Section 7.5 ***Drag-Along Rights***.

(a) At any time the Warburg Pincus Group may propose a Drag-Along Transaction and require all other holders of Units to sell all but not less than all of their Units in accordance with this Section 7.5.

(b) In connection with any such Drag-Along Transaction, all holders of Units entitled to consent thereto shall consent to and raise no objections against the Drag-Along Transaction, and if the Drag-Along Transaction is structured as (i) a merger, conversion, Unit exchange or consolidation of the Company, or a sale of all or substantially all of the assets of the Company, each holder of Units entitled to vote thereon shall vote in favor of the Drag-Along Transaction and shall waive any appraisal rights or similar rights in connection with such merger, conversion, Unit exchange, consolidation or asset sale, or (ii) a sale of all the Units, each holder of Units shall agree to sell all of his or its Units that are the subject of the Drag-Along Transaction, on the terms and conditions of such Drag-Along Transaction. The holders of Units shall promptly take all necessary and desirable actions in connection with the consummation of the Drag-Along Transaction, including the execution of such agreements and such instruments and other actions reasonably necessary to (A) provide customary representations, warranties, indemnities, and escrow/holdback arrangements relating to such Drag-Along Transaction (subject to Sections 7.5(c)(iv) and 7.5(c)(v)), in each case to the extent that each other holder of Units is similarly obligated, and (B) effectuate the allocation and distribution of the aggregate consideration upon the Drag-Along Transaction as set forth in Section 7.5(c). The holders of Units shall be permitted to sell their Units pursuant to any Drag-Along Transaction without complying with any other provisions of this Article 7.

(c) The obligations of the holders of Units pursuant to this Section 7.5 are subject to the following terms and conditions:

(i) Upon the consummation of the Drag-Along Transaction, each holder of Units shall receive the same proportion of the aggregate consideration from such Drag- Along Transaction that such holder would have received if such aggregate consideration had been distributed by the Company in complete liquidation pursuant to the rights and preferences set forth in Section 6.1 as in effect immediately prior to such Drag-Along Transaction (for the avoidance of doubt, this means that differences in the LP Allocation, BOE Allocation, Preferred Unit Preference Amounts, BOE Preferred Unit Preference Amounts and Designated Values with respect to the Preferred Units and differences in Designated Values, Withheld Amounts and Retained Amounts, if any, with respect to Profits Units will be taken into account and that the timing of distributions will be taken into account, including the timing of any distributions of any Withheld Amounts or

Retained Amounts), and if a holder of Units receives consideration from such Drag-Along Transaction in a manner other than as contemplated by such rights and preferences or in excess of the amount to which such holder is entitled in accordance with such rights and preferences, then such holder shall take such action as is necessary so that such consideration shall be immediately reallocated among and distributed to the holders of Units in accordance with such rights and preferences;

(ii) if any holder of a series of Units is given an option as to the form and amount of consideration to be received, all holders of Units shall be given the same option; provided, that, the form of consideration per Unit may differ to reflect differences in the LP Allocation, BOE Allocation, Preferred Unit Preference Amounts, BOE Preferred Unit Preference Amounts and Designated Values of the Preferred Units and differences in Designated Values, Withheld Amounts and Retained Amounts, if any, with respect to Profits Units;

(iii) the Company shall bear the reasonable, documented costs incurred in connection with any Drag-Along Transaction (costs incurred by or on behalf of any holder of Units for its sole benefit will not be considered costs of the transaction hereunder) unless otherwise agreed by the Company and the acquiror, in which case no holder of Units shall be obligated to make any out-of-pocket expenditure prior to the consummation of the Drag-Along Transaction (excluding modest expenditures for postage, copies, and the like) and no holder of Units shall be obligated to pay any portion (or, if paid, shall be entitled to be reimbursed by the Company for that portion paid) that is more than its pro rata share (based upon the amount of consideration received, after the payment of all Preferred Unit Preference Amounts and BOE Preferred Unit Preference Amounts) of reasonable expenses incurred in connection with a consummated Drag-Along Transaction;

(iv) no holder of Units shall be required to provide any representations, warranties or indemnities (other than pursuant to an escrow or holdback of consideration proportionate to the amount receivable under this Section 7.5) in connection with the Drag-Along Transaction, other than customary (including with respect to qualifications) several representations, warranties and indemnities concerning (i) such holder's valid title to and ownership of Units, free and clear of all liens, claims and encumbrances (excluding those arising under applicable securities laws), (ii) such holder's authority, power and right to enter into and consummate such Drag-Along Transaction, (iii) the absence of any violation, default or acceleration of any agreement to which such holder is subject or by which its assets are bound as a result of the Drag-Along Transaction, and (iv) the absence of, or compliance with, any governmental or third party consents, approvals, filings or notifications required to be obtained or made by such holder in

connection with the Drag-Along Transaction (and then only to the extent that each other holder of Units provides similar representations, warranties and indemnities with respect to the Units held by such holder of Units);

(v) no holder of Units shall be obligated in respect of any indemnity obligations in such Drag-Along Transaction for an aggregate amount in excess of the total consideration payable to such holder of Units in such Drag-Along Transaction; and

(vi) if some or all of the consideration received in connection with the Drag- Along Transaction is other than cash, then such consideration shall be deemed to have a dollar value equal to the fair market value of such consideration as determined by the Board in its reasonable judgment.

(d) Notwithstanding anything to the contrary in this Section 7.5, if the consideration proposed to be paid to the holders of Units in a Drag-Along Transaction includes securities with respect to which no registration statement covering the issuance of such securities has been declared effective under the Securities Act, then each of the holders of Units that is not then an Accredited Investor (without regard to Rule 501(a)(4)) may be required (notwithstanding Section 7.5(c)(ii)), at the request and election of the holders of Units that are pursuing a Drag-Along Transaction, to (i) appoint a purchaser representative (as such term is defined in Rule 501 under the Securities Act) reasonably acceptable to such requesting holders or (ii) accept cash in lieu of any securities such non-Accredited Investor would otherwise receive in an amount equal to the fair market value of such securities as determined in the manner set forth in Section 7.5(c)(vi).

(e) The Warburg Pincus Group shall have the right in connection with any such transaction (or in connection with the investigation or consideration of any such potential transaction) to require the Company to cooperate fully with potential acquirors in such prospective Drag-Along Transaction by taking all customary and other actions reasonably requested by such holders or such potential acquirors, including making the Company's properties, books and records, and other assets reasonably available for inspection by such potential acquirors, establishing a physical or electronic data room including materials customarily made available to potential acquirors in connection with such processes and making its employees reasonably available for presentations, interviews and other diligence activities, in each case subject to reasonable and customary confidentiality provisions. In addition, the Warburg Pincus Group shall be entitled to take all steps reasonably necessary to carry out an auction of the Company, including selecting an investment bank, providing confidential information (pursuant to confidentiality agreements), selecting the winning bidder and negotiating the requisite documentation. The Company shall provide assistance with respect to these actions as reasonably requested.

Section 7.6 ***Tag-Along Rights***.

(a) Subject to Section 7.4 and Section 7.2, if any Institutional Investor or Institutional Investors (the "***Transferors***") desire to Dispose of all or any portion of their respective Preferred Units to a Third Party (the "***Tag-Along Transferee***"), such Transferors shall offer to include in such proposed Disposition (the "***Tag-Along Sale***") a number of Eligible Units owned and designated by any Eligible Seller, in each case in accordance with the terms of this Section 7.6. Notwithstanding the foregoing, this Section 7.6 shall not be applicable to, and the Transferors may Dispose of Preferred Units without complying with any of the provisions of this Section 7.6 in connection with, any Disposition (i) to a Permitted Transferee, (ii) made pursuant to a Drag-

Along Transaction, or (iii) made pursuant to an IPO Exchange. The Transferors shall cause the offer from such Tag-Along Transferee (the "***Tag-Along Offer***") to be reduced to writing, which writing shall include (x) an offer to purchase or otherwise acquire Eligible Units from the Eligible Sellers as required by this Section 7.6, (y) a time and place designated for the closing of such purchase and (z) the per Unit purchase price proposed to be paid by the Tag-Along Transferee for the Transferors' Preferred Units in a Tag-Along Sale and the aggregate proceeds expected to be payable in respect of any Profits Units included in such Tag-Along Sale (which proceeds shall be calculated in accordance with Section 7.6(h)). The per Unit purchase price proposed to be paid by the Tag-Along Transferee may differ in order to reflect differences in the LP Allocation, the BOE Allocation, Preferred Unit Preference Amounts, BOE Preferred Unit Preference Amounts and Designated Values with respect to the Preferred Units that are Eligible Units and differences in Designated Values, Withheld Amounts and Retained Amounts with respect to Profits Units that are Eligible Units. Certain capitalized terms that are used in this Section 7.6 are defined in Section 7.6(j).

(b) Each of the Preferred Tag Offerees and Profits Series Tag Offerees shall be entitled to request to include certain Eligible Units in such Tag-Along Sale, in each case in accordance with the terms of this Section 7.6; provided, however, that notwithstanding anything to the contrary in this Section 7.6, for each series of Profits Units, the Profits Series Tag Offerees who hold Profits Units of such series shall not be entitled to include, and the Tag-Along Transferee shall not purchase, any Profits Units of such series that are Eligible Units in such Tag-Along Sale unless the aggregate number of the Profits Units of such series that are Eligible Units so included is equal to (i) the aggregate number of Profits Units of such series (including Unvested and Vested Profits Units of such series) then outstanding multiplied by (ii) the Purchased Preferred Percentage.

(c) The Transferors shall send written notice of such Tag-Along Offer (the "***Preferred Inclusion Notice***"), together with the Transferor Requested Preferred Percentage, to each of the Preferred Tag Offerees. Each Preferred Tag Offeree shall have the right (a "***Preferred Inclusion Right***"), exercisable by delivery of notice to the Transferors at any time within 15 days after receipt of the Preferred Inclusion Notice, to request to sell in the Tag-Along Sale a number of Preferred Units equal to the total number of Preferred Units held by such Preferred Tag Offeree multiplied by the Transferor Requested Preferred Percentage. Promptly following such 15-day period, the Transferors shall calculate the number of Requested Preferred Units and the Requested Preferred Tag-Along Percentage.

(d) Promptly following the determination of the Requested Preferred Tag-Along Percentage, the Transferors shall send written notice of such Tag Along Offer (the "***Profits Series Notice***"), together with (i) the number of Requested Preferred Units and (ii) the Requested Preferred Tag-Along Percentage, to each of the Profits Series Tag Offerees. The Profits Series Tag Offerees shall have the following rights:

(i) Each Profits Series Tag Offeree shall have the right (a "***Profits Series Inclusion Right***"), exercisable by delivery of notice (a "***Profits Series Tag-Along Exercise Notice***") to the Transferors at any time within 15 days after receipt of the Profits Series Inclusion Notice, to request to sell in the Tag-Along Sale, for each series of Profits

Units held by such Profits Tag Offeree, a number of Profits Units of such series that are Eligible Units equal to the total number of Profits Units of such series (including Unvested and Vested Profits Units of such series) held by such Profits Series Tag Offeree multiplied by the Requested Preferred Tag-Along Percentage (for any series of Profits Units, the "***Initial Requested Profits Series Units***"). Promptly following the expiration of such 15-day period, the Transferors shall notify, for each series of Profits Units, the Profits Series Tag Offerees of the then Initial Requested Profits Series Tag-Along Percentage for such series of Profits Units and the names of each Profits Series Tag Offeree of such series of Profits Units who did not timely exercise his Profits Series Inclusion Right with respect to such series of Profits Units. If, with respect to any series of Profits Units, any Profits Series Tag Offeree does not timely exercise his Profits Series Inclusion Right with respect to such series of Profits Units by so delivering a Profits Series Tag-Along Exercise Notice prior to the expiration of such 15-day period, such that the Initial Requested Profits Tag-Along Percentage for such series of Profits Units is less than the Requested Preferred Tag-Along Percentage, the Profits Series Tag Offerees that exercised their Profits Series Inclusion Rights for such series shall have an additional five days in which to agree to sell in such Tag-Along Sale an aggregate number of additional Profits Units of such series that are Eligible Units that is equal to the number of Profits Units of such series that are Eligible Units that the non-exercising Profits Series Tag Offerees with respect to such series of Profits Units would have been entitled to request to sell had they exercised their Profits Series Inclusion Rights with respect to such series in accordance with the foregoing (the "***Additional Requested Profits Series Units***" and, together with the Initial Requested Profits Series Units of such series, the "***Requested Profits Series Units***"). Each such Profits Series Tag Offeree who so agrees to sell additional Profits Units of such series that are Eligible Units shall be required to sell such additional number of Profits Units of such series that are Eligible Units as may be agreed upon by all exercising Profits Series Tag Offerees of such series, it being understood and agreed that the Profits Series Tag Offerees shall not be entitled to sell any Profits Units of such Series in such Tag-Along Sale unless the aggregate number of Profits Units of such Series that are Eligible Units so included in such sale is equal to (i) the aggregate number of Profits Units of such series (including Unvested and Vested Profits Units of such series) then outstanding multiplied by (ii) the Purchased Preferred Percentage. If, for any series of Profits Units, the exercising Profits Series Tag Offerees hold at least 40% of the total number of outstanding Profits Units of such series, but such Profits Series Tag Offerees do not hold a sufficient number of Profits Units of such series that are Eligible Units to permit them to comply with the foregoing sentence, such exercising Profits Series Tag Offerees shall be entitled to require each non-exercising Profits Series Tag Offeree to request to be included in such Tag-Along Sale, on a pro rata basis, up to a number of Profits Units of such series that are Eligible Units that shall cause the number of Profit Units of such that are Eligible Units that are requested to be included in such Tag-Along Sale to equal (i) the aggregate number of Profits Units of such series (including Unvested and Vested Profits Units of such series) then outstanding multiplied by (ii) the Requested Preferred Tag-Along Percentage. The exercising Profit Series Tag Offerees of such series of Profits Units shall send written notice to the Transferors on or prior to the end of such additional five-day period, which notice shall specify the number

of Additional Requested Profits Series Units requested to be included in such Tag-Along Sale by each exercising Profits Series Tag Offeree (including each Profits Series Tag Offeree that was required to exercise Profits Series Inclusion Rights pursuant to this Section 7.6(d)(i)).

(e) Promptly following the completion of the procedures described in Section 7.6(c) and Section 7.6(d), the Transferors shall notify the Tag-Along Transferee of the number of Requested Preferred Units, and the number of Requested Profits Series Units for each applicable series of Profits Units. If the Tag-Along Transferee is unwilling to purchase all of the Preferred Units that the Transferors propose to sell in the Tag-Along Sale, all of the Requested Preferred Units and all of the Requested Profits Units, then the Transferors shall determine what percentage of Preferred Units and Profits Units (which percentage shall be the same for each class of Units, and each series within each class of Units) such Tag-Along Transferee is willing to purchase in the aggregate (the "***Purchased Percentage***"). In such event, the number of Preferred Units that the Transferors propose to sell in the Tag-Along Sale and the number of the Requested Preferred Units and the Requested Profits Units that the Transferors and each of the exercising Preferred Tag Offerees and Profits Series Tag Offerees otherwise would have sold shall be reduced on a pro rata basis (based on the respective total numbers of Preferred Units and Profits Units that are Eligible Units that such holders desired to sell) so as to permit the Transferors, the exercising Preferred Tag Offerees, and the exercising Profits Series Tag Offerees to sell in the aggregate (i) a number of Preferred Units equal to the total number of Preferred Units multiplied by the Purchased Percentage (the "***Purchased Preferred Units***"), and, for each series of Profits Units that are to be included in the sale, (ii) a number of Profits Units that are Eligible Units equal to the total number of Profits Units of such series then outstanding multiplied by the Purchased Percentage. The total amount of Profits Units to be sold for each series of Profits Units to be included in the Tag-Along Sale is referred to as the "***Purchased Profits Units***".

(f) Notwithstanding anything to the contrary in this Section 7.6, if the consideration proposed to be paid by the Tag-Along Transferee in a Tag-Along Sale includes securities with respect to which no registration statement covering the issuance of such securities has been declared effective under the Securities Act, then each holder of Units participating in the Tag- Along Sale that is not then an Accredited Investor (without regard to Rule 501(a)(4)) may be required, at the request and election of the Transferors, to (i) appoint a purchaser representative (as such term is defined in Rule 501 under the Securities Act) reasonably acceptable to such Transferors or (ii) agree to accept cash in lieu of any securities such holder would otherwise receive in an amount equal to the fair market value of such securities, as determined by the Board in its reasonable judgment.

(g) The Preferred Tag Offerees, the Profits Series Tag Offerees and the Transferors shall sell to the Tag-Along Transferee all of the Purchased Preferred Units, and Purchased Profit Units proposed to be transferred by them in accordance with this Section 7.6 at not less than the price and upon the terms and conditions, if any, not more favorable, individually and in the aggregate, to the Tag-Along Transferee than those in the Tag-Along Offer and the Preferred Inclusion Notice, at the time (subject to extension to the extent necessary to pursue any required regulatory approvals, including to allow for the expiration or termination of all waiting periods

under the HSR Act) and place provided for the closing in the Tag-Along Offer, or at such other time and place as the Preferred Tag Offerees, the Profits Series Tag Offerees, the Transferors and the Tag-Along Transferee shall agree.

(h) The aggregate proceeds for the Purchased Preferred Units and the Purchased Profits Units sold pursuant to a Tag-Along Sale shall be distributed in a manner that gives effect to Section 6.1(c) and Section 6.1(e).

(i) The Warburg Pincus Group shall have the right in connection with any Tag-Along Sale (or in connection with the investigation or consideration of any potential Tag-Along Sale) to require the Company to cooperate fully with potential acquirors in such prospective Tag-Along Sale by taking all customary and other actions reasonably requested by such Transferors or such potential acquirors, including making the Company's properties, books and records, and other assets reasonably available for inspection by such potential acquirors, establishing a physical or electronic data room including materials customarily made available to potential acquirors in connection with such processes and making its employees reasonably available for presentations, interviews and other diligence activities, in each case subject to reasonable and customary confidentiality provisions. The Company shall provide assistance with respect to these actions as reasonably requested.

(j) For purposes of this Section 7.6, the following terms shall have the following meanings:

(i) "***Initial Requested Profits Series Tag-Along Percentage***" means, with respect to any series of Profits Units, the percentage determined by dividing (x) the aggregate number of Initial Requested Profits Series Units for such series by (y) the total number of outstanding Units of such series of Profits Units (including Unvested and Vested Profits Units of such series).

(ii) "***Preferred Tag Offeree***" means each of the Eligible Sellers that owns Preferred Units.

(iii) "***Profits Series Tag Offeree***" means each of the Eligible Sellers that owns Profits Units.

(iv) "***Purchased Preferred Percentage***" means the percentage determined by dividing (x) the Purchased Preferred Units by (y) the total number of outstanding Preferred Units.

(v) "***Requested Preferred Tag-Along Percentage***" means, as of a specified date, the percentage determined by dividing (x) the Requested Preferred Units by (y) the total number of outstanding Preferred Units.

(vi) "***Requested Preferred Units***" means (x) the aggregate number of Preferred Units requested to be included in a Tag-Along Sale by all Preferred Tag Offerees exercising their Preferred Inclusion Rights plus (y) the number of Preferred Units that the Transferors propose to sell in a Tag-Along Sale.

(vii) "***Requested Profits Series Tag-Along Percentage***" means, as of a specified date and with respect to any series of Profits Units, the percentage determined by dividing (x) the Requested Profits Units of such series by (y) the total number of outstanding Profits Units of such series (including Unvested and Vested Profits Units of such series).

(viii) "***Transferor Requested Preferred Percentage***" means the percentage determined by dividing (x) the aggregate number of Preferred Units that the Transferors propose to sell in a Tag-Along Sale by (y) the total number of outstanding Preferred Units.

(k) Notwithstanding anything to the contrary in this Agreement, at any time after the six-month anniversary of the date of the Inclusion Notice with respect to each proposed Tag- Along Sale, the Company shall be entitled to waive, on behalf of each Eligible Seller, each former Eligible Seller and each of their respective Affiliates, successors and assigns and the members, partners, stockholders, directors, managers, officers, liquidators and employees of each of the foregoing (collectively, the "***Eligible Seller Persons***") any and all claims such Eligible Seller Persons have, had or may have or had with respect to any non-compliance or violation of this Section 7.6 by any Person with respect to such Tag-Along Sale (whether or not any Units were Disposed of pursuant to this Section 7.6), other than any such claim that has been made in writing and delivered to the Company prior to the expiration of such six-month anniversary.

Section 7.7 ***Qualified Public Offering***.

(a) In connection with any proposed Qualified Public Offering approved in accordance with this Agreement, the outstanding Units will be converted in accordance with this Section 7.7 into equity securities of the IPO Issuer ("***IPO Securities***") of the same class or series as the securities of the IPO Issuer proposed to be offered to the public in the Qualified Public Offering (the "***Publicly Offered Securities***"). In connection therewith, each outstanding Unit will be converted into or exchanged for IPO Securities in a transaction or series of transactions that give effect to the provisions of Section 6.1(c), Section 6.1(d), Section 6.1(e) and Section 6.1(f) (the "***IPO Exchange***") such that each holder of Units will receive IPO Securities having a value equal to the same proportion of the aggregate Pre-IPO Value that such holder would have received if all of the Company's cash and other property had been distributed by the Company in complete liquidation pursuant to the rights and preferences set forth in Section 6.1 as in effect immediately prior to such distribution assuming that (i) the value of the IPO Issuer immediately prior to such liquidation distribution was equal to the Pre-IPO Value, (ii) all Unvested Profits Units were Vested Profits Units and therefore entitled to all Withheld Amounts with respect to such Unvested Profits Units, and (iii) the holders of Profits Units were entitled to all Retained Amounts; provided, however, that the IPO Securities issued with respect to Unvested Profits Units shall remain subject to vesting in accordance with, and to the extent provided in, the applicable Restricted Unit Agreement, and provided, further, that if the foregoing provisions would result in the holders of Profits Units receiving either no or only a nominal amount of IPO Securities, then the Board, acting in good faith, shall grant to each of such holders of Profits Units options to purchase IPO Securities that are at the time of such grant reasonably equivalent in value in the aggregate to the Profits Units held by such holders and thereupon such Profits

Units shall be automatically canceled and provided, further, that if the value of the IPO Securities to be distributed to the holders of Preferred Units in connection with the IPO Exchange is less than the amount that would be required to be distributed pursuant to Section 6.1(c) to result in the Preferred Unit Preference Amounts and BOE Preferred Unit Preference Amounts for all outstanding Preferred Units to be reduced to zero, then the IPO Securities to be distributed in exchange for the Retained Amounts shall instead be distributed to the holders of Preferred Units in an amount (to the extent possible) equal to the amount that would be required to be distributed to the holders of Preferred Units pursuant to Section 6.1(c) to result in the Preferred Unit Preference Amounts and BOE Preferred Unit Preference Amounts for all outstanding Preferred Units to be reduced to zero; provided that in no event shall a holder of an LP Preferred Unit or an BOE Preferred Unit be entitled to receive hereunder more than the share of IPO Securities apportioned by the LP Allocation and the BOE Allocation, respectively, prescribed by Section 6.1(c). The market value of any IPO Securities issued in connection with the IPO Exchange will be deemed to be the price at which the Publicly Offered Securities were initially sold by the underwriters, which underwriters will be led by a qualified

independent investment bank with a national reputation. If, in connection with the IPO Exchange, the Board determines that it is advisable to have all of the Units contributed by the holders thereof in one or a series of transactions to the IPO Issuer pursuant to an agreement that provides for the exchange of Units into IPO Securities of such Person (with the amount of IPO Securities to be received by each such holder being determined in accordance with this Section 7.7), each holder of Units agrees to participate in such an exchange. Prior to effecting any IPO Exchange in accordance with this Section 7.7, the Company will offer to each non-Defaulting Member that holds Series A-2 Preferred Units the option to purchase additional Series A-2 Preferred Units up to the amount of such Member's Remaining Commitment.

(b) Notwithstanding anything to the contrary in this Agreement, at any time after the approval of a Qualified Public Offering in accordance with this Agreement, the Board shall be entitled to approve the transaction or transactions to effect the IPO Exchange in accordance with this Section 7.7 without the consent or approval of any other Person (including any Member). If the Company elects to exercise its rights under this Section 7.7, each of the Members shall (i) take such actions as may be reasonably necessary or required in connection with consummating the IPO Exchange and (ii) use commercially reasonable efforts to (x) cooperate with the other Members so that the IPO Exchange is undertaken in a tax-efficient manner and (y) if any Institutional Investor or its limited partners or investors has a structure involving ownership of all or a portion of its interests in the Company, directly or indirectly, through one or more single purpose entities (a "***Blocker Corporation***"), at the request of any such Institutional Investor, merge its Blocker Corporation into the IPO Issuer in a tax-free reorganization, utilize such Blocker Corporation as the IPO Issuer or otherwise structure the transaction so that the Blocker Corporation is not subject to a level of corporate tax on the Qualified Public Offering or subsequent dividend payments or sales of stock, so long as, with respect to each of clauses (x) and (y), the foregoing could not reasonably be expected to result in any costs or liabilities that are not indemnified or reimbursed by the holders of Capital Stock or Affiliates of the Blocker Corporation or other adverse effects (other than de minimis adverse effects) to the Company or any of the Members (other than to (A) the Blocker Corporation in the event that the Blocker Corporation is neither merged nor otherwise combined with the Company or the IPO Issuer nor

utilized as the IPO Issuer and (B) the Institutional Investor or its Affiliates through which the Blocker Corporation directly or indirectly holds its interest in the Company).

(c) Each Member shall sell any fractional IPO Securities owned by such party (after taking into account all IPO Securities held by such party) to the IPO Issuer, upon the request of the Company in connection with or in anticipation of the consummation of a Qualified Public Offering, for cash consideration equal to the fair value of such fractional securities, as determined by the Board.

(d) Notwithstanding anything to the contrary in this Section 7.7, if no registration statement covering the issuance of the IPO Securities to the Members in the IPO Exchange has been declared effective under the Securities Act, then each of the Members that is not then an Accredited Investor (without regard to Rule 501(a)(4)) may be required, at the request and election of the Company, to (i) appoint a purchaser representative (as such term is defined in Rule 501 under the Securities Act) reasonably acceptable to the Company or (ii) agree to accept cash in lieu of any IPO Securities such Member would otherwise receive in an amount equal to the fair value of such IPO Securities, as determined by the Board in its reasonable judgment.

(e) If so requested by any Institutional Investor that holds Preferred Units, the certificate of incorporation (if the IPO Issuer is a corporation) or other organizational documents (if the IPO Issuer is a Person other than a corporation) of the IPO Issuer shall include a provision substantially the same as Section 8.6(b) hereof.

Section 7.8 ***Preemptive Rights***.

(a) Prior to the Company issuing (other than through issuances of (i) Series A-2 Preferred Units to Committed Members pursuant to Commitment Contributions made in accordance with Article 5, including any issuance of Series A-2 Preferred Units pursuant to the last sentence of Section 7.7(a), (ii) BOE Preferred Units issued in accordance with the Contribution Agreement, (iii) Profits Units, (iv) Series A-2 Units issued to a future employee on the same basis as set forth for Committed Members in Section 5.2(a) or options to purchase Units issued pursuant to incentive equity plans approved by the Compensation Committee, (v) Units issued to any Person that is not a Member or an Affiliate thereof as consideration in any acquisition or other strategic transaction (such as a joint venture, marketing or distribution arrangement, or technology transfer or development arrangement) approved in accordance with this Agreement, (vi) Units issued in connection with any split, distribution or recapitalization of the Company, (vii) any Capital Stock issued by the IPO Issuer pursuant to a registration statement filed under the Securities Act and approved in accordance with this Agreement and (viii) IPO Securities in connection with an IPO Exchange pursuant to this Agreement) any Units or options or other rights to acquire Units, whether through exchange, conversion or otherwise (collectively, the "***New Units***") to a proposed purchaser (the "***Proposed Purchaser***"), each Eligible Purchaser shall have the right to purchase the number of New Units as provided in this Section 7.8. In addition, in the event of an issuance of Series A-2 Preferred Units otherwise excluded from this provision pursuant to Section 7.8(a)(i), each Eligible BOE Purchaser shall be entitled hereunder to purchase its BOE Pro Rata Share of the BOE Allocation of such Series A-2 Preferred Units being issued, with the provisions of Section 7.8(b) through (d) hereof applying to

such purchase as if New Units designation in such subsections was a designation solely to the Series A-2 Preferred Units being issued, the Eligible Purchaser designation in such subsections was a designation solely to Eligible BOE Purchaser and the Pro Rata Share designation in such subsections was a designation solely to BOE Pro Rata Share. Notwithstanding anything to the contrary in this Agreement, the execution of this Agreement by each Eligible Purchaser shall constitute a waiver of any right to purchase BOE Preferred Units that may exist under the First Amended and Restated LLC Agreement.

(b) The Company shall give each Eligible Purchaser at least 15 days' prior notice (the "***First Notice***") of any proposed issuance of New Units, which notice shall set forth in reasonable detail the proposed terms and conditions thereof and shall offer to each Eligible Purchaser the opportunity to purchase its Pro Rata Share (which Pro Rata Share shall be calculated as of the date of such notice) of the New Units at the same price, on the same terms and conditions and at the same time as the New Units are proposed to be issued by the Company. If any Eligible Purchaser wishes to exercise its preemptive rights, it must do so by delivering an irrevocable written notice to the Company within 15 days after delivery by the Company of the First Notice (the "***Election Period***"), which notice shall state the dollar amount of New Units such Eligible Purchaser (each a "***Requesting Purchaser***") would like to purchase up to a maximum amount equal to such Eligible Purchaser's Pro Rata Share of the total offering amount plus the additional dollar amount of New Units such Requesting Purchaser would like to purchase in excess of its Pro Rata Share (the "***Over-Allotment Amount***"), if any, if other Eligible Purchasers do not elect to purchase their full Pro Rata Share of the New Units. The rights of each Requesting Purchaser to purchase a dollar amount of New Units in excess of each

such Requesting Purchaser's Pro Rata Share of the New Units shall be based on the relative Pro Rata Share of the New Units of those Requesting Purchasers desiring Over-Allotment Amounts and not based on the Requesting Purchasers' relative Over-Allotment Amounts.

(c) If not all of the New Units are subscribed for by the Eligible Purchasers, the Company shall have the right, but shall not be required, to issue and sell the unsubscribed portion of the New Units to the Proposed Purchaser at any time during the 90 days following the termination of the Election Period pursuant to the terms and conditions set forth in the First Notice. The Board may, in its reasonable discretion, impose such other reasonable and customary terms and procedures such as setting a closing date, rounding the number of Units covered by this Section 7.8 to the nearest whole Unit and requiring customary closing deliveries in connection with any preemptive rights offering. In the event any Eligible Purchaser refuses to purchase offered Units for which it subscribed pursuant to the exercise of preemptive rights granted thereto under this Section 7.8, in addition to any other rights the Company may be permitted to enforce at law or in equity, such Eligible Purchaser and any Permitted Transferee of such Eligible Purchaser shall not be considered an Eligible Purchaser for any future rights granted under this Section 7.8 unless the Board expressly designates such Person as an Eligible Purchaser (which the Board, in its sole discretion, may do on an offer-by-offer basis or not at all) and shall be deemed to be a Defaulting Member subject to the provisions of Section 5.4.

(d) Notwithstanding anything to the contrary in this Agreement, at any time after the six-month anniversary of the First Notice with respect to each proposed issuance of New Units pursuant to this Section 7.8, the Company shall be entitled to waive, on behalf of each Eligible

Purchaser, each former Eligible Purchaser and each of their respective Affiliates, successors and assigns and the members, partners, stockholders, directors, managers, officers, liquidators and employees of each of the foregoing (collectively, the "***Eligible Purchaser Persons***") any and all claims such Eligible Purchaser Persons have, had or may have or had with respect to any non¬compliance or violation of this Section 7.8 by any Person with respect to such proposed issuance of New Units (whether or not any Units were issued or sold pursuant to this Section 7.8), other than any such claim that has been made in writing and delivered to the Company prior to the expiration of such six-month anniversary.

Section 7.9 ***Registration Rights***. The Members will have the registration rights set forth in Exhibit D.

Section 7.10 ***Specific Performance***. Each Member acknowledges that it shall be inadequate or impossible, or both, to measure in money the damage to the Company or the Members, if any of them or any transferee or any legal representative of any party hereto fails to comply with any of the restrictions or obligations imposed by this Article 7, that every such restriction and obligation is material, and that in the event of any such failure, the Company or the Members shall not have an adequate remedy at law or in damages. Therefore, each Member consents to the issuance of an injunction or the enforcement of other equitable remedies against such Member at the suit of an aggrieved party without the posting of any bond or other security, to compel specific performance of all of the terms of this Article 7 and to prevent any Disposition of Units in contravention of any terms of this Article 7, and waives any defenses thereto, including the defenses of: (i) failure of consideration, (ii) breach of any other provision of this Agreement, and (iii) availability of relief in damages.

Section 7.11 ***Termination Following Qualified Public Offering or Change of Control***. Notwithstanding anything to the contrary in this Article 7, (a) the provisions of this Article 7 (other than Section 7.2) shall terminate and be of no further force or effect upon the consummation of a Qualified Public Offering and (b) the provisions of Section 7.5 shall terminate and be of no further force or effect upon the consummation of a Change of Control.

ARTICLE 8

MANAGEMENT

Section 8.1 ***Management Under Direction of the Board***. Subject to the consent rights provided in Section 8.5, the business and affairs of the Company shall be managed and controlled by a board of managers (the "***Board***," and each member of the Board, a "***Manager***"), and the Board shall have full and complete discretion to manage and control the business and affairs of the Company, to make all decisions affecting the business and affairs of the Company and to take all such actions as it deems necessary or appropriate to accomplish the purposes of the Company as set forth herein. Notwithstanding the foregoing, no Manager in his or her individual capacity shall have the authority to manage the Company or approve matters relating to, or otherwise to bind the Company, such powers being reserved to all of the Managers acting pursuant to Section 8.2(f) through the Board and to such agents of the Company as designated by the Board.

Section 8.2 ***Board of Managers***.

(a) Composition: Managers. The Board shall consist of nine Managers, designated as follows:

(i) one designee of Warburg Pincus IX, one designee of Warburg Pincus X and one designee of the Warburg Pincus Group (each, a "***Warburg Pincus Group Manager***");

(ii) one designee mutually agreed by the Management Team and the Warburg Pincus Group, which designee shall be an executive Officer of the Company (a "***Management Team Manager***");

(iii) four designees of the Warburg Pincus Group (each an "***Independent Manager***") provided that an Independent Manager (A) shall not be an employee of the Company or its Subsidiaries or of a member of the Warburg Pincus Group and shall not be an employee of a Person that Controls a member of the Warburg Pincus Group (but may be an employee of a Person that is Controlled by a member of the Warburg Pincus Group other than the Company or a Subsidiary of the Company), it being understood that Independent Managers may serve as directors or employees of other portfolio companies of the Warburg Pincus Group, and (B) shall, in the good faith judgment of the appointing Members, have experience that is relevant to the oil and gas industry; and

(iv) the Chief Executive Officer (for so long as such person holds such office).

The Warburg Pincus Group and each of its members shall be entitled to assign its right to designate one or more Managers to any Person in connection with the Disposition by the Warburg Pincus Group or any such member of any Preferred Units held by the Warburg Pincus Group or any such member or of any of the Warburg Pincus Group's Remaining Commitment to such Person. Each Manager shall serve in such capacity until his successor has been elected and qualified or until such person's death, resignation or removal. The Board as of the Effective Date consists of the persons listed on Schedule III. The members of the Board shall be "managers" within the meaning of the Act.

(b) Size. The Warburg Pincus Group shall have the right, at any time, to cause the Company to increase the number of Managers on the Board and, after consultation with the Management Team, shall have the right to designate or replace any such additional Managers, each of whom must be an Independent Manager.

(c) Removal. Any Manager (other than the Chief Executive Officer) may be removed with or without cause only by vote or consent of the Members entitled to designate such Manager.

(d) Resignations. A Manager may resign at any time. Such resignation shall be in writing and shall take effect at the time specified therein or, if no time is specified, at the time of its receipt by the Company. The acceptance of a resignation shall not be necessary to make it effective unless expressly so provided in the resignation. For so long as the Chief Executive

Officer holds such office, the Chief Executive Officer shall serve as a Manager; provided, however, that the failure of such person to hold such office shall constitute an automatic resignation as a Manager.

(e) Vacancies. In the event that a vacancy is created on the Board by the death, disability, retirement, resignation or removal of any Manager (other than the Chief Executive Officer) such vacancy shall be filled only by consent of the Member or Members then entitled to designate such Manager pursuant to Section 8.2(a) or Section 8.2(b) hereof. A Member or group of Members entitled to designate a Manager (other than the Chief Executive Officer) may do so at any time by written notice to the Company.

(f) Votes Per Manager; Quorum; Required Vote for Board Action. Each Manager shall have one vote; provided, however, that any Warburg Pincus Group Manager shall be entitled to cast an aggregate of up to three votes at any meeting if (i) any of the Warburg Pincus Group Managers is not present at such meeting (and such absent Warburg Pincus Group Manager shall be deemed to have given a proxy to vote at such meeting to any other Warburg Pincus Group Manager who is present at such meeting and is designated by the Warburg Pincus Group), or (ii) if there are any vacancies in the Warburg Pincus Group Managers (for example, if the Warburg Pincus Group has only designated one of its three managers, then one Warburg Pincus Group Manager may cast a total of three votes on matters presented to the Board). Unless otherwise required by this Agreement a majority of the total number of Managers (either present (in person or by teleconference) or represented by proxy) shall constitute a quorum for the transaction of business at a meeting of the Board. Actions by the Board shall require the vote or consent of at least a majority of the votes cast on such matter, including at least one Warburg Pincus Group Manager. For quorum proposes any Warburg Pincus Group Manager or Warburg Pincus Group Managers present at a meeting shall count as an aggregate of three votes.

(g) Place of Meetings: Order of Business. The Board may hold its meetings and may have an office and keep the books of the Company, except as otherwise provided by Law, in such place or places, within or without the State of Delaware, as the Board may from time to time determine by resolution. At all meetings of the Board, business shall be transacted in such order as shall from time to time be determined by the by resolution of the Board.

(h) Regular Meetings. Regular meetings of the Board shall be held at such times and places as shall be designated from time to time by resolution of the Board. Notice of such regular meetings shall not be required.

(i) Special Meetings. Special meetings of the Board may be called by the Chairman of the Board (if any), the Chief Executive Officer, or, on the written request of any Warburg Pincus Group Manager, on at least 24 hours personal, written, telegraphic, cable, wireless or electronic notice to each Manager, which notice must include appropriate dial-in information to permit each Manager to participate in such meeting by means of telephone conference. Such notice need not state the purpose or purposes of such meeting, except as may otherwise be required by Law.

(j) Compensation. None of the Warburg Pincus Group Managers who are employees of a member of the Warburg Pincus Group or any of its Affiliates shall receive any compensation for serving on the Board prior to a Qualified Public Offering. All of the Managers shall be entitled to reimbursement for reasonable out-of-pocket expenses in attending meetings of the Board. Unless otherwise restricted by the Certificate or this Agreement, the Board shall have the authority to fix the compensation of Managers.

(k) Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by Managers having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Managers entitled to vote thereon were present and voted. Prompt notice of the taking of the action without a meeting by less than a unanimous written consent shall be given by the Company to those Managers who have not consented in writing, and the writing or writings shall be filed with the minutes of proceedings of the Board.

(l) Telephonic Conference Meeting. Subject to the requirement for notice of meetings, members of the Board may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

(m) Waiver of Notice Through Attendance. Attendance of a Manager at any meeting of the Board (including by telephone) shall constitute a waiver of notice of such meeting, except where such Manager attends the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened and notifies the other Managers at such meeting of such purpose.

(n) Reliance on Books. Reports and Records. Each Manager shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or reports made to the Company by any of its Officers or by an independent certified public accountant or by an appraiser selected with reasonable care by the Board, or in relying in good faith upon other records of the Company.

(o) Committees.

(i) Designation; Powers. Subject to the provisions of Section 8.2(o)(ii), the Board may designate one or more committees, including if they shall so determine an executive committee, each such committee consisting of one or more of the Managers. Any such designated committee shall have and may exercise such of the powers and authority of the Board in the management of the business and affairs of the Company as may be provided in such resolution, except that no such committee shall have the power or authority of the Board with regard to amending the Certificate or this Agreement, adopting an agreement of merger, consolidation, conversion or transfer by way of

continuation, recommending to the Members the sale, lease or exchange of all or substantially all of the Company's property and assets, recommending to the Members a dissolution of the Company or a revocation of a dissolution of the Company or approving any Capital Call, and unless such resolution or the Certificate expressly so provides no such committee shall have the power or authority to declare a distribution or, except as otherwise provided by Sections 3.2(d)(i), 3.2(e)(i), 3.2(f)(i) or 3.2(g)(i), authorize the issuance of Membership Interests and Units. In addition, such committee or committees shall have such other limitations of authority as may be determined from time to time by resolution adopted by the Board. Each such committee shall be subject to the provisions of Section 8.5.

(ii) Required Committees. The Board shall establish an audit committee (the "***Audit Committee***") and a compensation committee (the "***Compensation Committee"***). The Audit Committee, the Compensation Committee and each other committee designated by the Board in accordance with Section 8.2(o)(i) shall have at least one Warburg Pincus Group Manager. The Management Team Managers shall not be permitted to serve on the Compensation Committee.

(iii) Procedure: Meetings; Quorum. Any committee designated in accordance with this Section 8.2(o) shall choose its own chairman and, if desired, its own secretary, shall keep regular minutes of its proceedings and report the same to the Board when requested, shall fix its own rules or procedures, and shall meet at such times and at such place or places as may be provided by such rules or procedures, or by resolution of such committee or Board. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the affirmative vote of a majority of the members (including at least one Warburg Pincus Group Manager) present shall be necessary for the adoption of any resolution.

(iv) Substitution of Managers. Subject to the provisions of Section 8.2(o)(ii), the Board may designate one or more Managers as alternate members of any committee, who may replace any absent or disqualified member at any meeting of such committee. Subject to the provisions of Section 8.2(o)(ii), in the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of the absent or disqualified member.

(p) Observers. The Warburg Pincus Group shall have the right to have non-voting observers (each, an "Observer") and any other person approved by the Board attend each meeting of the Board and any committee thereof. In addition, it is expected that members of the Management Team will attend each meeting of the Board.

(q) Subsidiaries. The Warburg Pincus Group shall have the right to designate at least one director (or equivalent) of any Subsidiary and any actions by the board (or equivalent) of any Subsidiary shall require a majority of the votes cast on such matter, including at least one vote from a Warburg Pincus Group designee.

Section 8.3 ***Officers.***

(a) Generally. The Company may have such officers (the "***Officers***") as the Board in its discretion may appoint. The Board may remove any Officer with or without cause at any time; provided, however, that such removal shall be without prejudice to the contractual rights, if any, of the Officer so removed. Election or appointment of an Officer shall not of itself create contractual rights. Any such Officers may, subject to the general direction of the Board, have responsibility for the management of the normal and customary day-to-day operations of the Company, and act as "agents" of the Company in carrying out such activities. The Officers shall be compensated, and the terms and conditions of their employment with the Company or a Subsidiary (as applicable) shall be, as provided in their respective employment agreements, if any. Any Officer may resign at any time. Such resignation shall be in writing and shall take effect at the time specified therein or, if no time is specified, at the time of its receipt by the Board. The acceptance of a resignation shall not be necessary to make it effective unless expressly so provided in the resignation.

(b) Initial Officers. As of the Original Execution Date, Randy A. Foutch was appointed Chief Executive Officer of the Company, with such powers, authority and duties as specified from time to time by the Board.

(c) General Authority of Officers. Except as expressly provided otherwise in this Agreement, the Officers shall have delegated authority from the Board for conducting the day-to- day business of the Company, including the authority to:

(i) manage the daily affairs, business operations and properties of the Company (including the opening, maintaining and closing of bank accounts and drawing checks or other orders for the payment of monies in the ordinary course of business) and, in connection therewith, bind the Company and otherwise act as its agent;

(ii) expend Company funds in connection with operating the business of the Company;

(iii) collect all amounts due to the Company and contest and exercise the Company's right to collect such amounts;

(iv) to the extent that funds of the Company are available therefore, pay as they become due, all obligations of the Company;

(v) employ and dismiss from employment any and all employees (other than another Officer) and appoint and remove agents, consultants and independent contractors, in each case in the ordinary course of business;

(vi) acquire, hold, manage, own, sell, transfer, convey, assign, exchange or otherwise dispose of assets of the Company;

(vii) enter into, execute, make, amend, supplement, acknowledge, deliver and perform in the name and on behalf of the Company all contracts, agreements, licenses

and other instruments, undertakings and understandings in the ordinary course of the business and affairs of the Company (or that the Board and, if applicable, the Members determine are necessary, appropriate or incidental to the carrying out of such business and affairs); and

(viii) deliver Call Notices in accordance with this Agreement.

Section 8.4 ***Members***. Except for the right to consent to or approve certain matters as expressly provided in Section 8.5, the Members in their capacity as Members shall not have any other power or authority to manage the business or affairs of the Company or to bind the Company or enter into agreements on behalf of the Company. To the fullest extent permitted by Law and notwithstanding any provision of this Agreement or any Transaction Document, no Member in its capacity as a Member shall have any duty, fiduciary or otherwise, to the Company or any other Member in connection with the business and affairs of the Company or any consent or approval given or withheld pursuant to this Agreement or any Transaction Document. The foregoing sentence will not be deemed to alter the contractual obligations of a Member to another Member or the Company pursuant to the Transaction Documents. Except as otherwise expressly provided in this Agreement, Members shall have no voting rights or rights of approval, veto or consent or similar rights over any actions of the Company. Any matter requiring the consent or approval of any of the Members pursuant to this Agreement shall be taken without a meeting, without prior notice and without a vote, by a consent in writing, setting forth such consent or approval, and signed by the holders of not less than the number of outstanding Units necessary to consent to or approve such action. Prompt notice of such consent or approval shall be given by the Company to those Members who have not joined in such consent or approval.

Section 8.5 ***Decisions Requiring Board or Member Approval***.

(a) Notwithstanding anything in this Agreement to the contrary, the following actions by the Company or any of its Subsidiaries shall require the approval of the Board in accordance with Section 8.2(f) as well as Requisite Approval:

(i) the adoption of an Annual Budget or any modification to an Annual Budget;

(ii) making, modifying or withdrawing any Capital Call or reinstating any suspended Capital Call; and provided, that any such Capital Call not receiving Requisite Approval within five days of the approval of such Capital call by the Board shall be deemed to not have received Requisite Approval, and provided, further, however, that neither Board approval nor Requisite Approval shall be required for any Capital Call made pursuant to a Call Notice that requires periodic funding and that has been previously approved by the Board and Requisite Approval;

(iii) except as specified in an Annual Budget or a Capital Call that has been approved in accordance with this Section 8.5(a), the entry into any agreement, contract or commitment or series of related agreements, contracts or commitments, in each case involving expenditures which, when fully funded are expected to (A) be in excess of

$2,000,000 or (B) exceed by more than $2,000,000 the amount approved in an Annual Budget;

(iv) entering into or amending a note, credit agreement, credit facility, letter of credit or other instrument of indebtedness in an aggregate amount in excess of $5,000,000 or more in any transaction or series of related transactions; otherwise incurring indebtedness or agreeing to furnish a guarantee or other credit support in an amount in excess of $5,000,000 in any transaction or series of related transactions; or the purchase, redemption, cancellation, prepayment or other complete or partial discharge in advance of a scheduled payment or mandatory redemption date of any such obligation in any transaction or series of related transactions, if, in each case, after the entering into any such transaction or series of related transactions the Company's aggregate indebtedness would exceed five times EBITDA (adjusted for acquisitions on a pro forma basis) over the 12 months preceding such transaction or transactions;

(v) making or entering into any material agreement, commitment, guarantee, obligation or activity related to hedging, forward sales arrangements or similar activities or any marketing contract with a term in excess of one year;

(vi) the purchase, sale, lease, transfer or other acquisition or disposition of assets (including equity interests in any Person) in any transaction or series of related transactions for consideration (including assumed indebtedness) in excess of $5,000,000;

(vii) amending or otherwise modify the Certificate or this Agreement;

(viii) except as otherwise provided in the Transaction Documents, entering into, modifying, amending or terminating, or agreeing to enter into, modify, amend or terminate any agreement, contract or other commercial arrangement between the Company or any of its Subsidiaries on the one hand and any Affiliate, Manager, Member; on the other hand, other than compensatory arrangements with Officers approved by the Compensation Committee;

(ix) the repurchase, creation, authorization or issuance of any Units or other Membership Interests (including any securities convertible into or exercisable or exchangeable for a Unit or other Membership Interest); other than the sale and issuance of Preferred Units pursuant to this Agreement and the Unit Subscription Agreement, the issuance of Profits Units pursuant to this Agreement and the applicable Restricted Unit Agreement or the repurchase of Units pursuant to the Transaction Documents;

(x) the formation of any Subsidiary of the Company;

(xi) any change in the Company's independent public accountants or independent reserve engineers;

(xii) the adoption of any voluntary change in the tax classification for federal income tax purposes of the Company or any of its Subsidiaries;

(xiii) any change in the principal line of business of the Company and its Subsidiaries taken as a whole or in the Company's purpose as set forth in Section 2.4;

(xiv) the adoption of any compensation plan;

(xv) any commencement or settlement of any material litigation, investigation or proceeding;

(xvi) any consolidation, merger or other business combination or any conversion to another type or form of business entity;

(xvii) any Liquidation Event;

(xviii) the registration of any securities under the Securities Act or any public offering of securities (including any Qualified Public Offering, it being understood and agreed that following the approval of a Qualified Public Offering in accordance with this Section 8.5(a)(xviii), the conversion or exchange of Units into IPO Securities in connection therewith and pursuant to Section 7.7 shall not require further Requisite Approval pursuant to this Section 8.5(a)(xviii) or further Requisite Approval or approval by Randy A. Foutch pursuant to Section 8.5(b)(iii));

(xix) the adoption of a plan or proposal for a complete or partial liquidation, reorganization or recapitalization or commencement of any case, proceeding or action seeking relief under any laws relating to bankruptcy, insolvency, conservatorship or relief of debtors, or applying for or consenting to the appointment of a receiver, trustee, custodian, conservator or similar official, or filing an answer admitting the material allegations of a petition filed against the Company or any of its Subsidiaries in any such proceeding, or making a general assignment for the benefit of creditors, or admitting in writing its inability or failing generally to pay its debts as they become due;

(xx) any distribution to the holders of Units or any redemption, acquisition or repurchase of any Units or other Membership Interests (including any securities convertible into or exercisable or exchangeable for a Unit or other Membership Interest);

(xxi) changes in compensation for any Officer or entering into or amending any employment or severance agreement with any Officer; or the adoption of any compensation, employee benefit or welfare plans; and

(xxii) entering into any agreement or otherwise committing to do any of the foregoing.

(b) Notwithstanding anything in this Agreement to the contrary, if at any time that the Warburg Pincus Group owns less than 75% of the then outstanding Preferred Units and Randy A. Foutch is a Manager, then any of the following actions by the Company or any of its Subsidiaries shall require the approval of the Board in accordance with Section 8.2(f) as well as (x) Requisite Approval and (y) the approval of Randy A. Foutch:

(i) any consolidation, merger or other business combination or any conversion to another type or form of business entity;

(ii) any Liquidation Event;

(iii) the registration of any securities under the Securities Act or any public offering of securities (including any Qualified Public Offering, it being understood and agreed that following the approval of a Qualified Public Offering in accordance with this Section 8.5(b)(iii), the conversion or exchange of Units into IPO Securities in connection therewith and pursuant to Section 7.7 shall not require further Requisite Approval or approval by Randy A. Foutch pursuant to this Section 8.5(b)(iii) or further Requisite Approval pursuant to Section 8.5(a)(xviii)); and

(iv) the adoption of a plan or proposal for a complete or partial liquidation, reorganization or recapitalization or commencement of any case, proceeding or action seeking relief under any laws relating to bankruptcy, insolvency, conservatorship or relief of debtors, or applying for or consenting to the appointment of a receiver, trustee, custodian, conservator or similar official, or filing an answer admitting the material allegations of a petition filed against the Company or any of its Subsidiaries in any such proceeding, or making a general assignment for the benefit of creditors, or admitting in writing its inability or failing generally to pay its debts as they become due.

(c) Notwithstanding anything in this Agreement to the contrary, upon a sale or other taxable disposition of less than 100% of the shares of Laredo Petroleum Inc. (or any successor entity thereto), the Company shall use reasonable efforts to structure such sale or other disposition so that no more than the BOE Allocation percentage of the value of the shares sold shall be "Section 704(c) property" with respect to the holders of BOE Preferred Units. For this purpose, the term "Section 704(c) property" means property the sale of which would cause the holders of BOE Preferred Units to recognize gain under Section 704(c) of the Code.

Section 8.6 ***Acknowledgement Regarding Outside Businesses and Opportunities***.

(a) Notwithstanding anything in this Agreement or any other Transaction Document to the contrary, each of the Company and the Members acknowledges and agrees that the Institutional Investors and their respective Affiliates (i) have made, prior to the date hereof, and are expected to make, on and after the date hereof, investments (by way of capital contributions, loans or otherwise), and (ii) have engaged, prior to the date hereof, and are expected to engage, on and after the date hereof, in other transactions with and with respect to, in each case, Persons engaged in businesses that directly or indirectly compete with the business of the Company and its Subsidiaries as conducted from time to time. Except as otherwise expressly set forth in Section 8.6(b), the Company and the Members agree that any involvement, engagement or participation of such Institutional Investors and their respective Affiliates (including any Institutional Investor Nominee) in such investments, transactions and businesses, even if competitive with the Company, shall not be deemed wrongful or improper or to violate any duty express or implied under applicable Law.

(b) The Company and each Member hereby renounce any interest or expectancy in any business opportunity, transaction or other matter in which any member of the Institutional Investor Group participates or desires or seeks to participate and that involves any aspect of the oil and gas industry or any other industry or business (each, a "***Business Opportunity***") other than a Business Opportunity that (i) is presented to an Institutional Investor Nominee solely in such individual's capacity as an Institutional Investor Nominee (whether at a meeting of the Board or otherwise) and with respect to which no member of the Institutional Investor Group has independently received notice or is otherwise pursuing or aware of such Business Opportunity or (ii) is identified to the Institutional Investor Nominee solely through the disclosure of information by or on behalf of the Company to the Institutional Investor Nominee and with respect to which no member of the Institutional Investor Group has independently received notice or is otherwise pursuing or aware of such Business Opportunity (each Business Opportunity other than those referred to in clauses (i) or (ii) are referred to as a "***Renounced Business Opportunity***"). No member of the Institutional Investor Group, including any Institutional Investor Nominee, shall have any obligation to communicate or offer any Renounced Business Opportunity to the Company, and any member of the Institutional Investor Group may pursue for itself or direct, sell, assign or transfer to a Person other than the Company any Renounced Business Opportunity.

(c) Each of the Company and the Members hereby agrees that any claims against, actions, rights to sue, other remedies or other recourse to or against the Institutional Investors, any Covered Person or any of their respective Affiliates for or in connection with any such investment activity or other transaction activity or other matters described in Section 8.6(a) or (b), or activities related to any of the foregoing, whether arising in common law or equity or created by rule of law, statute, constitution, contract (including this Agreement or any other Transaction Document) or otherwise, are expressly released and waived by the Company and each Member, in each case to the fullest extent permitted by Law; provided, however, that this Section 8.6(c) shall not constitute a release or waiver by the Company of any violation of Section 10.5 by a Member.

(d) Notwithstanding anything in this Agreement or any other Transaction Document to the contrary, each of the Company and the Members acknowledges and agrees that the Institutional Investors and their respective Affiliates (including the Institutional Investor Nominees) have obtained, prior to the date hereof, and are expected to obtain, on and after the date hereof, confidential information from other companies in connection with the activities and transactions described in Section 8.6(a) or otherwise. Each of the Company and the Members hereby agrees that (i) none of the Institutional Investors or any of their respective Affiliates (including the Institutional Investor Nominees) has any obligation to use in connection with the business, operations, management or other activities of the Company or to furnish to the Company or any Member any such confidential information, and (ii) that any claims against, actions, rights to sue, other remedies or other recourse to or against the Institutional Investors, any Covered Person or any of their respective Affiliates (including the Institutional Investor Nominees) for or in connection with any such failure to use or to furnish such confidential information, whether arising in common law or equity or created by rule of law, statute, constitution, contract (including this Agreement or any other Transaction Document) or

otherwise, are expressly released and waived by the Company and each Member, to the fullest extent permitted by Law.

Section 8.7 ***Acknowledgement and Release Relating to Matters Requiring Member Approval***. Notwithstanding anything in this Agreement or any other Transactional Document to the contrary, each of the Company and the Members acknowledges and agrees that each Member, in its capacity as a Member, may decide or determine any matter subject to such Member's approval pursuant to Section 8.5 or any other provision of this Agreement, including any decision or determination to approve a proposed Capital Call, in such Member's sole and absolute discretion, and in making such decision or determination such Member shall have no duty, fiduciary or otherwise, to any other Member or to the Company, it being the intent of all Members that each Member, in its capacity as a Member, have the right to make such determination solely on the basis of its own interests. Each of the Company and the Members hereby agrees that any claims against, actions, rights to sue, other remedies or other recourse to or against the Members or any of their respective Affiliates (including each Institutional Investor Nominee) for or in connection with any such decision or determination, including any decision or determination to approve a proposed Capital Call, in each case whether arising in common law or equity or created by rule of law, statue, constitution, contract (including this Agreement or any other Transaction Document) or otherwise, are in each case expressly released and waived by the Company and each Member, to the fullest extent permitted by Law, as a condition of, and as part of the consideration for, the execution of this Agreement, the other Transaction Documents and any related agreement, and the incurring by the Members of the obligations provided in such agreements.

Section 8.8 ***Amendment, Modification or Repeal***. Any amendment, modification or repeal of the second sentence of Section 8.3(c)(viii), Section 8.6, Section 8.7 or any provision thereof shall be prospective only and shall not in any way affect the limitations on the liability of the applicable Members or any of their respective Affiliates under such provisions as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

ARTICLE 9

LIMITATION OF LIABILITY AND INDEMNIFICATION

Section 9.1 ***Limitation of Liability and Indemnification.***

(a) Except as otherwise provided in any Transaction Document, no Manager (solely in such individual's capacity as a Manager) nor any of its Affiliates shall be liable to the Company or to any Member for losses sustained or liabilities incurred as a result of any act or omission taken or omitted by such Manager in his capacity as such; provided, that such Manager's conduct did not constitute fraud or knowing violation of Law.

(b) Subject to its obligations and duties as set forth in Section 8.1 and Section 8.2, the Board may exercise any of the powers granted to it by this Agreement and perform any of the

duties imposed upon it hereunder either directly or by or through its agents, and neither the Board nor any individual Manager (acting solely in such individual's capacity as a Manager) shall be responsible or liable to the Company or any Member for any mistake, action, inaction, misconduct, negligence, fraud or bad faith on the part of any such agent appointed by the Board unless, with respect to an individual Manager only, such Manager had knowledge that such agent was acting unlawfully or engaging in fraud.

(c) Any Covered Person acting for, on behalf of or in relation to, the Company in respect of any transaction, any investment or any business decision or action, or otherwise shall be entitled to rely on the provisions of the Transaction Documents and on the advice of counsel, accountants and other professionals that is provided to the Company or such Covered Person, and such Covered Person shall not be liable to the Company or to any Member for such Covered Person's reliance on any Transaction Document or such advice, provided, that such Covered Person's conduct did not constitute fraud or knowing violation of Law. Except as otherwise required pursuant to any Transaction Document, notwithstanding any provisions of Law or in equity to the contrary, whenever a Covered Person is permitted or required to make a decision in its "sole discretion" or "discretion" or under a grant of similar authority or latitude, such Covered Person shall be entitled to consider only such interests (including its own interests) and factors as it desires, and shall have no duty or obligation to give any consideration to any interest of or factors affecting the Company, the Members or any other Person to the fullest extent permitted by applicable Law. Each Member acknowledges and agrees that any Manager designated by an Institutional Investor, or its transferees or successors, pursuant to Section 8.2 shall serve in such capacity to represent the interests of the Members that designated such Manager and shall be entitled to consider only such interests (including the interests of the Members that designated such Manager) and factors specified by the Members that designated such Manager, and shall not owe duties, fiduciary or otherwise, at Law, in equity or under the Transaction Documents, to the Company, any other Member or to any creditor of the Company (even if the Company is insolvent or near insolvency). The provisions of this Agreement, to the extent that they restrict or eliminate the duties and liabilities of a Manager or Member otherwise existing at Law or in equity, are agreed by the Members to replace, to the fullest extent permitted by applicable Law, such other duties and liabilities of such Manager or Member. This Section 9.1 does not create any duty or liability of a Covered Person that does not otherwise exist at Law or in equity. Notwithstanding anything to the contrary under this Agreement or pursuant to any duty (fiduciary or otherwise) or otherwise applicable provision of Law or equity, a Member or Manager may enter into voting agreements or arrangements with one or more other Members regarding, among other things, the voting by such Member or by Managers appointed by such Member. Without limiting the scope of any such voting agreement or arrangement permitted hereunder, a voting agreement or arrangement may provide that Members may act in concert and that Managers may act in concert.

(d) Each Covered Person (regardless of such person's capacity and regardless of whether another Covered Person is entitled to indemnification) shall be indemnified and held harmless by the Company (but only to the extent of the Company's assets), to the fullest extent permitted under applicable Law, from and against any and all loss, liability and expense (including taxes; penalties; judgments; fines; amounts paid or to be paid in settlement; costs of investigation and preparations; and fees, expenses and disbursements of attorneys, whether or not

the dispute or proceeding involves the Company or any Manager or Member) reasonably incurred or suffered by any such Covered Person in connection with the activities of the Company or its Subsidiaries, provided, that such Covered Person's conduct did not constitute fraud or knowing violation of Law. Notwithstanding anything to the contrary in this Section 9.1(d), no Officer shall be entitled to indemnification hereunder if such Officer did not act in good faith and in a manner such Officer reasonably believed to be in, or not opposed to, the best interests of the Company. The indemnification provided by this Section 9.1 shall be in addition to any other rights to which a Covered Person may be entitled under any agreement, as a matter of Law or otherwise, both as to actions in such Covered Person's capacity as a Covered Person hereunder and as to actions in any other capacity, and shall continue as to a Covered Person who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of such Covered Person. A Covered Person shall not be denied indemnification in whole or in part under this Section 9.1 because such Covered Person had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(e) The Company shall advance to any Covered Person the expenses and other indemnification payments to which such Covered Person may be otherwise entitled; provided, however, that any such advance shall only be made if the Covered Person delivers a written affirmation by such Covered Person of its good faith belief that it is entitled to indemnification hereunder and agrees to repay all amounts so advanced if it shall ultimately be determined that such Covered Person is not entitled to be indemnified hereunder.

(f) Each Covered Person may rely, and shall incur no liability in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, paper, document, signature or writing reasonably believed by it to be genuine, and may rely on a certificate signed by an officer, agent or representative of any Person in order to ascertain any fact with respect to such person or within such Person's knowledge, in each case provided, that such Covered Person's conduct did not constitute fraud or knowing violation of Law.

(g) NOTWITHSTANDING ANYTHING IN ANY TRANSACTION DOCUMENT TO THE CONTRARY, TO THE FULLEST EXTENT PERMITTED BY LAW, NEITHER THE COMPANY NOR ANY COVERED PERSON SHALL BE LIABLE TO THE COMPANY, TO ANY MEMBER OR TO ANY OTHER PERSON MAKING CLAIMS ON BEHALF OF THE FOREGOING FOR CONSEQUENTIAL, EXEMPLARY, PUNITIVE, INCIDENTAL, INDIRECT OR SPECIAL DAMAGES, INCLUDING DAMAGES FOR LOSS OF PROFITS, LOSS OF USE OR REVENUE OR LOSSES BY REASON OF COST OF CAPITAL, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, THE BUSINESS OF THE COMPANY OR ANY OF ITS SUBSIDIARIES, THE GRANTING OR WITHHOLDING OF ANY APPROVAL REQUIRED HEREUNDER OR THE TRANSACTIONS CONTEMPLATED HEREBY, REGARDLESS OF WHETHER BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, VIOLATION OF ANY APPLICABLE DECEPTIVE TRADE PRACTICES ACT OR SIMILAR LAW OR ANY OTHER LEGAL OR EQUITABLE DUTY OR PRINCIPLE, AND THE

COMPANY AND EACH COVERED PERSON RELEASE EACH OF THE OTHER SUCH PERSONS FROM LIABILITY FOR ANY SUCH DAMAGES.

(h) The obligations of the Company to the Covered Persons provided in the Transaction Documents or arising under Law are solely the obligations of the Company, and no personal liability whatsoever shall attach to, or be incurred by, any Member or other Covered Person for such obligations, to the fullest extent permitted by Law. The obligations of the Institutional Investors which are Members provided in the Transaction Documents or arising under Law are solely the obligations of such Member, and no personal liability whatsoever shall attach to, or be incurred by, any other Covered Person for such obligations, to the fullest extent permitted by Law. Where the foregoing provides that no personal liability shall attach to or be incurred by a Covered Person, any claims against or recourse to such Covered Person for or in connection with such liability, whether arising in common law or equity or created by rule of law, statute, constitution, contract or otherwise, are expressly released and waived under the Transaction Documents, to the fullest extent permitted by Law, as a condition of, and as part of the consideration for, the execution of the Transaction Documents and any related agreement, and the incurring by the Company or such Member of the obligations provided in such agreements.

(i) Unless otherwise expressly provided in this Agreement, whenever a conflict of interest exists or arises between a Covered Person or any of its Affiliates, on the one hand, and the Company or another Member, on the other, any resolution or course of action by such Covered Person or its Affiliates in respect of such conflict of interest shall be permitted and deemed approved by all Members, and shall not constitute a breach of this Agreement, of any other Transaction Document or of any duty stated or implied by law or equity, if the resolution or course of action in respect of such conflict of interest is (i) approved by the disinterested holders of a majority of each series of Units then outstanding (voting as a separate class), (ii) determined by such Covered Person in accordance with the provisions of Section 9.1(c) to be on terms no less favorable to the Company than those generally being provided to or available from unrelated third parties or (iii) determined by such Covered Person in accordance with the provisions of Section 9.1(c) to be fair and reasonable to the Company, taking into account the totality of the relationships among the parties involved (including other transactions that may be particularly favorable or advantageous to the Company). If the resolution or course of action taken with respect to a conflict of interest is determined by the Board to satisfy either of the standards set forth in clauses (ii) or (iii) above, then it shall be presumed that, in making such decision, the Board acted in accordance with the standards set forth in the Transaction Documents, and in any proceeding brought by any Member or by or on behalf of such Member or any other Member or the Company challenging such approval, the Person bringing or prosecuting such proceeding shall have the burden of overcoming such presumption.

(j) Nothing in this Section 9.1 shall be deemed to limit or waive any rights that any Person has for breach of contract under the terms of the Transaction Documents; provided, however, that each Member acknowledges that it is not relying upon any other Member or any of such other Member's Affiliates, or any of such other Member's or such other Member's Affiliates' respective stockholders, partners, members, directors, officers or employees, in making its investment or decision to invest in the Company or in monitoring such investment,

and each Member hereby agrees that any claims against, actions, rights to sue, other remedies or other recourse to or against any other Member and such other Member's Affiliates and any of such other Member's or such other Member's Affiliates' respective stockholders, partners, members, directors, officers, managers, liquidators and employees (collectively, the "***Released Persons***") for or in connection with any breach by any Released Person of the terms of any Transaction Document (other than a breach by a Released Person of its obligations under Section 7.4, Section 7.5 or Section 7.6) are expressly released and waived by each Member, in each case to the fullest extent permitted by Law. For the avoidance of doubt, the Company shall not be deemed to have waived or released its rights against any Released Person for a breach of such Released Person's obligations to the Company pursuant to the Transaction Documents. For purposes of this Section 9.1(j), the Company and its Subsidiaries shall be deemed to not be an Affiliate of any Released Person.

(k) Any amendment, modification or repeal of this Section 9.1 or any provision hereof shall be prospective only and shall not in any way affect the limitations on liability of the Covered Persons, or terminate, reduce or impair the right of any past, present or future Covered Person, under and in accordance with the provisions of this Section 9.1 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 9.2 ***Insurance***. The Company shall maintain insurance (including directors' and officers' insurance), at its expense, to protect each Manager and Officer of the Company, and the Company may maintain such insurance to protect itself and any Covered Person or other Member of the Company, in each case against any expense, liability or loss, whether or not the Company would have the power to indemnify such Person against such expense, liability or loss under the Act.

ARTICLE 10

CERTAIN AGREEMENTS OF THE COMPANY AND MEMBERS

Section 10.1 ***Financial Reports and Access to Information***.

(a) Each member of the Warburg Pincus Group shall be entitled to receive the following information from the Company:

(i) Not later than the last day of each month, a monthly management report, including an unaudited balance sheet as of the end of the prior month and an unaudited related income statement and statement of cash flows for such month prepared in accordance with GAAP (with the exception of normal year end adjustments and absence of footnotes), consistently applied, together with a comparison of such statements to the Annual Budget for such periods (e.g., not later than October 31, unaudited financial statements as of and for the month ending September 30 shall be delivered);

(ii) Within 45 days after the end of each fiscal quarter, an unaudited balance sheet as of the end of such quarter and an unaudited related income statement, and statement of cash flows for such quarter including any footnotes thereto (if any) prepared in accordance with GAAP

(with the exception of normal year end adjustments and absence of footnotes), consistently applied, together with a comparison of such statements to the Annual Budget for such periods;

(iii) Within 120 days after the end of each fiscal year, an audited balance sheet as of the end of such fiscal year and the related income statement, statement of members' equity and statement of cash flows for such fiscal year prepared in accordance with GAAP, consistently applied and a signed audit letter from the Company's auditors who shall be an accounting firm approved by the Board, together with a comparison of such statements to the Annual Budget for such periods;

(iv) Within 120 days after the end of each fiscal year, a reserve report prepared by the Company's independent reservoir engineers;

(v) Promptly after the occurrence of any material event, notice of such event together with a summary describing the nature of the event and its impact on the Company; and

(vi) Such other information as such member of the Warburg Pincus Group or their advisors may reasonably request.

(b) The Board shall use its reasonable efforts to meet no less frequently than quarterly, and at such meetings the Company shall report to the Board on, among other things, its business activities, prospects, and financial position.

(c) The Company shall permit each member of the Warburg Pincus Group and their respective representatives, at the sole risk of such Persons, to visit and inspect any of the properties of the Company and its Subsidiaries, including its books of account and other records (and make copies of and take extracts from such books and records), and to discuss all aspects of its business, affairs, finances and accounts with the Company's and its Subsidiaries' officers and its independent public accountants, all at such reasonable times during the Company's and such Subsidiaries' usual business hours and as often as any such person may reasonably request, and to consult with and advise management of the Company and its Subsidiaries, upon reasonable notice at reasonable times from time to time, on all matters relating to the operation of the Company and its Subsidiaries. Any information received by a Member pursuant to this Section 10.1(c) shall be subject to the provisions of Section 10.5.

Section 10.2 ***Annual Budget***. The Officers of the Company shall present to the Board, at least 30 days before the beginning of each fiscal year of the Company ending on or after December 31, 2008, a reasonably detailed consolidated general and administrative annual budget for the upcoming fiscal year. Such budget shall be subject to approval in accordance with Section 8.5. The budget for any fiscal year included in the Initial Budget, and the budget for any such other fiscal year described herein, as so approved, is referred to as the "Annual Budget."

Section 10.3 ***Maintenance of Books***. The Company shall keep or cause to be kept at its principal office complete and accurate books and records of the Company, supporting documentation of the transactions with respect to the conduct of the Company's business and minutes of the proceedings of the Board and any of the Members. The Company's financial books and records shall be maintained on a full cost accounting basis unless otherwise agreed by the entire Board. The records shall include complete and accurate information regarding the state of the business and financial condition of the Company; a copy of the Certificate and this Agreement and all amendments thereto; a current list of the names and last known business, residence or mailing addresses of all Members; and the Company's federal, state and local tax returns for the Company's six most recent tax years.

Section 10.4 ***Accounts***. The Company shall establish one or more separate bank and investment accounts and arrangements for the Company, which shall be maintained in the Company's name with financial institutions and firms that the Board may determine. The Company may not commingle the Company's funds with the funds of any Member.

Section 10.5 ***Information.***

(a) No Member shall be entitled to obtain any information relating to the Company except as expressly provided in this Agreement or to the extent required by the Act; and to the extent a Member is so entitled to such information, such Member shall be subject to the provisions of Section 10.5(b).

(b) Each Member agrees that all Confidential Information shall be kept confidential by such Member and shall not be disclosed by such Member in any manner whatsoever; provided, however, that (i) any of such Confidential Information may be disclosed to such Member's Affiliates, to Persons who are (or who are prospective) beneficial owners of equity interests in such Member and to managers; directors; officers; employees; and authorized representatives (including attorneys, accountants, consultants, bankers and financial advisors) of such Member and of such Member's Affiliates (collectively, for purposes of this Section 10.5(b), "***Representatives***"), each of which Representatives shall be bound by the provisions of this Section 10.5(b) or substantially similar terms; (ii) any disclosure of Confidential Information may be made to the extent to which the Company consents in writing; (iii) any disclosure may be made of the terms of a Member's investment in the Company pursuant to this Agreement and the performance of that investment to the extent in compliance with applicable Law (whether in the Member's fundraising materials or otherwise); (iv) Confidential Information may be disclosed by a Member or Representative to the extent reasonably necessary in connection with such Member's enforcement of its rights under this Agreement; and (v) Confidential Information may be disclosed by any Member or Representative to the extent that the Member or Representative has received advice from its counsel that it is legally compelled to do so, provided, that, prior to making such disclosure, the Member or Representative, as the case may be, uses reasonable efforts to preserve the confidentiality of the Confidential Information, including consulting with the Company regarding such disclosure and, if reasonably requested by the Company, assisting the Company, at the Company's expense, in seeking a protective order to prevent the requested disclosure, and provided, further, that the Member or Representative, as the case may be,

discloses only that portion of the Confidential Information as is, based on the advice of its counsel, legally required.

(c) Notwithstanding anything to the contrary in this Agreement, no holder of Profits Units shall be entitled to obtain from the Company or any other Member any information with respect to another holder of Profits Units or the terms of such holder's Profits Units, including the number of Profits Units held by any other holder of Units.

(d) The obligations of a Member pursuant to this Section 10.5 will continue following the time such Person ceases to be a Member, but thereafter such Person will not have the right to enforce the provisions of this Agreement. Each Member acknowledges that disclosure of Confidential Information in violation of this Section 10.5 may cause irreparable damage to the Company and the Members for which monetary damages are inadequate, difficult to compute, or both. Accordingly, each Member consents to the issuance of an injunction or the enforcement of other equitable remedies against such Member at the suit of an aggrieved party without the posting of any bond or other security, to compel specific performance of all of the terms of this Section 10.5.

Section 10.6 ***VCOC Amendments***. If an Institutional Investor (including any member of the Warburg Pincus Group) notifies the Company that the provisions of this Agreement should be amended to preserve the qualification of such Institutional Investor as a "venture capital operating company" (as defined by the regulations issued by the United States Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the United States Code of Federal Regulations (or any similar successor statute)) or otherwise to ensure that the assets of such Institutional Investor are not "plan assets" for purposes of the Employee Retirement Income Security Act of 1974, as amended (or any similar successor statute), then the Company shall amend this Agreement with an instrument executed by the Company and such Institutional Investor without the consent of any other party hereto (a "**VCOC Amendment**), subject to Section 13.5(a)(iv).

ARTICLE 11

TAXES

Section 11.1 ***Tax Returns***. The Company shall prepare and timely file all U.S. federal, state and local and foreign tax returns required to be filed by the Company. Unless otherwise agreed by the Board, any income tax return of the Company shall be prepared by an independent public accounting firm of recognized national standing selected by the Board. Each Member shall furnish to the Company all pertinent information in its possession relating to the Company's operations that is necessary to enable the Company's tax returns to be timely prepared and filed. The Company shall deliver to each Member within 75 calendar days after the end of the applicable fiscal year (or such longer period of time not in excess of 120 days after the end of the applicable fiscal year as is approved by the Board), a Schedule K-1 together with such additional information as may be required by the Members in order to file their individual returns reflecting the Company's operations. The Company shall bear the costs of the preparation and filing of its tax returns.

Section 11.2 ***Tax Partnership***. It is the intention of the Members that the Company be classified as a partnership for U.S. federal income tax purposes. Unless otherwise approved in accordance with Section 8.5(a), neither the Company nor any Member shall make an election for the Partnership to be excluded from the application of the provisions of subchapter K of chapter 1 of subtitle A of the Code or any similar provisions of applicable state law or to be classified as other than a partnership pursuant to Treasury Regulation Section 301.7701-3.

Section 11.3 ***Tax Elections***. The Company shall make the following elections on the appropriate forms or tax returns:

(a) to adopt the calendar year as the Company's fiscal year, if permitted under the Code;

(b) to adopt the accrual method of accounting and to keep the Company's books and records on the U.S. federal income tax method;

(c) upon the request of a holder disposing of Preferred Units, to make the election described in Section 754 of the Code;

(d) to elect to amortize the organizational expenses of the Company as permitted by Code Section 709(b); and

(e) any other election the Board may deem appropriate and in the best interests of the Members.

Section 11.4 ***Tax Matters Member***.

(a) The tax matters partner of the Company pursuant to Code Section 6231 (a)(7) shall be a Member designated from time to time by the Board subject to replacement by the Board. (Any Member who is designated as the tax matters partner is referred to herein as the "***Tax Matters Member***"). The initial Tax Matters Member will be Randy A. Foutch until such time as the Chief Financial Officer becomes a Member, at which time the Chief Financial Officer will be designated as the Tax Matters Member unless otherwise determined by the Board. The Tax Matters Member shall take such action as may be necessary to cause to the extent possible each other Member to become a notice partner within the meaning of Code Section 6231(a)(8). The Tax Matters Member shall inform each other Member of all significant matters that may come to its attention in its capacity as Tax Matters Member by giving notice thereof on or before the fifth day after becoming aware thereof and, within that time, shall forward to each other Member copies of all significant written communications it may receive in that capacity.

(b) The Tax Matters Member shall take no action without the authorization of the Board, other than such action as may be required by Law. Any cost or expense incurred by the Tax Matters Member in connection with its duties, including the preparation for or pursuance of administrative or judicial proceedings, shall be paid by the Company.

(c) The Tax Matters Member shall not enter into any extension of the period of limitations for making assessments on behalf of the Members without first obtaining the consent

of the Board. The Tax Matters Member shall not bind any Member to a settlement agreement without obtaining the consent of such Member. Any Member that enters into a settlement agreement with respect to any Company item (within the meaning of Code Section 6231(a)(3)) shall notify the other Members of such settlement agreement and its terms within 90 days from the date of the settlement.

(d) No Member shall file a request pursuant to Code Section 6227 for an administrative adjustment of Company items for any taxable year without first notifying the other Members. If the Board consents to the requested adjustment, the Tax Matters Member shall file the request for the administrative adjustment on behalf of the Members. If such consent is not obtained within 30 days from such notice, or within the period required to timely

file the request for administrative adjustment, if shorter, any Member, including the Tax Matters Member, may file a request for administrative adjustment on its own behalf. Any Member intending to file a petition under Code Sections 6226 or 6228 or other Code Section with respect to any item involving the Company shall notify the other Members of such intention and the nature of the contemplated proceeding. In the case where the Tax Matters Member is the Member intending to file such petition on behalf of the Company, such notice shall be given within a reasonable period of time to allow the other Members to participate in the choosing of the forum in which such petition will be filed.

(e) If any Member intends to file a notice of inconsistent treatment under Code Section 6222(b), such Member shall give reasonable notice under the circumstances to the other Members of such intent and the manner in which the Member's intended treatment of an item is (or may be) inconsistent with the treatment of that item by the other Members.

Section 11.5 ***Section 83(b) Election***. Each Member who acquires Profits Units acknowledges and agrees to make an election under Code Section 83(b) and to consult with such Member's tax advisor to determine the tax consequences of such acquisition and of filing an election under Code Section 83(b). Each such Member acknowledges that it is the sole responsibility of such Member, and not the Company, to file the election under Code Section 83(b) even if such Member requests the Company or its Representatives to assist in making such filing.

Section 11.6 ***Section 83 Safe Harbor Election***. By executing this Agreement, each Member authorizes and directs the Company to elect to have the "Safe Harbor" described in the proposed Revenue Procedure set forth in Internal Revenue Service Notice 2005-43 (the "IRS **Notice**"), including any similar safe harbor in any finalized Revenue Procedure, Revenue Ruling or Treasury Regulation, apply to any interest in the Company transferred to a service provider by the Company on or after the effective date of such final pronouncement in connection with services provided to the Company. For purposes of making such Safe Harbor election, the Tax Matters Member is hereby designated as the "partner who has responsibility for Federal income tax reporting" by the Company and, accordingly, execution of such Safe Harbor election by the Tax Matters Member constitutes execution of a "Safe Harbor Election" in accordance with the IRS Notice or any similar provision of any final pronouncement. The Company and each Member hereby agree to comply with all requirements of any such Safe Harbor, including any requirement that a Member prepare and file all Federal income tax returns reporting the income

tax effects of each Interest issued by the Company in connection with services in a manner consistent with the requirements of the IRS Notice or other final pronouncement. A Member's obligations to comply with the requirements of this Section shall survive such Member's ceasing to be a member of the Company and the termination, dissolution, liquidation and winding up of the Company.

ARTICLE 12

DISSOLUTION, WINDING-UP AND TERMINATION

Section 12.1 ***Dissolution***. (a) Subject to Section 12.1(b), the Company shall be liquidated and its affairs shall be wound up on the first to occur of the following events (each a "**Liquidation Event**") and no other event shall cause the Company's dissolution:

(i) the consent of the Board and the approvals required under Section 8.5(a) and Section 8.5(b), as applicable;

(ii) at any time when there are no Members; and

(iii) entry of a decree of judicial dissolution of the Company under Section 18- 802 of the Act.

(b) If the Liquidation Event described in Section 12.1(a)(ii) shall occur, the Company shall not be dissolved, and the business of the Company shall be continued, if the requirements of Section 18-801 of the Act for the avoidance of dissolution are satisfied (a "**Continuation Election**").

(c) Except as otherwise provided in this Section 12.1, to the maximum extent permitted by the Act, the death, retirement, Resignation, expulsion, Bankruptcy or dissolution of a Member or the commencement or consummation of separation proceedings shall not constitute a Liquidation Event and, notwithstanding the occurrence of any such event or circumstance, the business of the Company shall be continued without dissolution.

Section 12.2 ***Winding-Up and Termination***. On the occurrence of a Liquidation Event, unless a Continuation Election is made, the Board may select one or more Persons to act as liquidator or may itself act as liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of winding up shall be borne as a Company expense, including reasonable compensation to the liquidator if approved by the Board. Until final distribution, the liquidator shall continue to operate the Company properties with all of the power and authority of the Board. The steps to be accomplished by the liquidator are as follows:

(a) as promptly as possible after dissolution and again after final winding up, the liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities and operations;

(b) the liquidator shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including all expenses incurred in winding up) or otherwise make adequate provision for payment and discharge thereof (including the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

(c) all remaining assets of the Company shall be distributed to the Members as follows:

(i) the liquidator may sell any or all Company property, including to Members, and any resulting gain or loss from each sale shall be computed and allocated to the Capital Accounts of the Members in accordance with the provisions of Article 6;

(ii) with respect to all Company property that has not been sold, the fair market value of that property shall be determined and the Capital Accounts of the Members shall be adjusted to reflect the manner in which the unrealized income, gain, loss and deduction inherent in

property that has not been reflected in the Capital Accounts previously would be allocated among the Members if there were a taxable disposition of that property for the fair market value of that property on the date of distribution; and

(iii) Company property shall be distributed among the Members in accordance with Section 6.1(c), and those distributions shall be made by the end of the taxable year of the Company during which the liquidation of the Company occurs (or, if later, 90 days after the date of the liquidation).

All distributions in kind to the Members shall be made subject to the liability of each distributee for costs, expenses and liabilities theretofore incurred or for which the Company has committed prior to the date of termination and those costs, expenses and liabilities shall be allocated to the distributee pursuant to this Section 12.1(c). The distribution of cash or property to the Members in accordance with the provisions of this Section 12.1(c) constitutes a complete return to such Member of its Capital Contributions and a complete distribution to the Members of its Membership Interests (including Units) and all the Company's property and constitutes a compromise to which all Members have consented within the meaning of Section 18-502(b) of the Act. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

Section 12.3 ***Clawback***. In connection with the winding-up and termination of the Company, each holder of Profits Units (as of the time of such winding-up and termination) shall be required to contribute to the Company the amount, if any, of such holder's Profits Unit Clawback Amount. Notwithstanding the foregoing, no holder of Profits Units shall be required to make contributions pursuant to this Section 12.3 in an amount greater than the excess of the total distributions received by such holder with respect to Profits Units over the distributions made to such holder pursuant to Section 6.1(c) with respect to such holder's Profits Units. Any amounts contributed to the Company pursuant to this Section 12.3 shall be available for distribution pursuant to Section 12.2(c).

Section 12.4 ***Deficit Capital Accounts***. No Member shall be required to pay to the Company, to any other Member or to any third party any deficit balance which may exist from time to time in the Member's Capital Account.

Section 12.5 ***Certificate of Cancellation***. On completion of the distribution of Company assets as provided herein, the Board (or such other Person or Persons as the Act may require or permit) shall file a Certificate of Cancellation with the Secretary of State of Delaware, cancel any other filings made pursuant to Section 2.5, and take such other actions as may be necessary to terminate the existence of the Company. Upon the effectiveness of the Certificate of Cancellation, the existence of the Company shall cease, except as may be otherwise provided by the Act or other applicable Law.

ARTICLE 13

GENERAL PROVISIONS

Section 13.1 ***Offset***. Whenever the Company is to pay or distribute any sum to any Member, any amounts that such Member, in its capacity as a Member, owes the Company, whether pursuant to this Agreement or another Transaction Document, may be deducted from that sum before payment or distribution.

Section 13.2 ***Notices***.

(a) Except as expressly set forth to the contrary in this Agreement, all notices, requests or consents provided for or required to be given hereunder shall be in writing and shall be deemed to be duly given if personally delivered, telecopied and confirmed, or mailed by certified mail, return receipt requested, or nationally recognized overnight delivery service with proof of receipt maintained, at the following addresses (or any other address that any such party may designate by written notice to the other parties):

(i) if to the Company, at the address of its principal executive offices;

(ii) if to a current Member, to the address given for the Member on Schedule I hereto; and

(iii) if to an additional Member or a holder of Membership Interests or Units that has not been admitted as a Member, to the address given for such Member or holder in an Addendum Agreement.

Any such notice shall, if delivered personally, be deemed received upon delivery; shall, if delivered by telecopy, be deemed received on the first business day following confirmation; shall, if delivered by certified mail, be deemed received upon the earlier of actual receipt thereof or five business days after the date of deposit in the United States mail, as the case may be; and shall, if delivered by nationally recognized overnight delivery service, be deemed received the first business day after the date of deposit with the delivery service.

(b) Whenever any notice is required to be given by Law, the Certificate or this Agreement, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 13.3 ***Entire Agreement; Supersedure***. This Agreement (including the Exhibits and Schedules) constitutes the entire agreement of the Members relating to the Company and supersedes all prior contracts or agreements with respect to the Company, whether oral or written.

Section 13.4 ***Effect of Waiver or Consent***. A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute-of-limitations period has run.

Section 13.5 ***Amendment or Restatement; Power of Attorney***.

(a) Subject to Section 8.5, neither this Agreement (including any Exhibit or Schedule hereto) nor the Certificate may be amended, modified, supplemented or restated, nor may any provisions of this Agreement or the Certificate be waived, without Requisite Approval; provided, however, that (i) any such amendment, modification, supplement, restatement or waiver that by its explicit terms would alter or change the rights, obligations, powers or preferences specific to any series of Units in a disproportionate and adverse manner compared to the rights, obligations, powers and preferences specific to other series of Units shall require the prior written consent of Members holding a majority of the series of Units so disproportionately and adversely affected (other than any such holders that are Defaulting Members and the Units of such series held by such holders), (ii) except as otherwise provided in Section 5.4, any such amendment, modification, supplement, restatement or waiver that by its explicit terms would alter or change the rights, obligations, powers or preferences of any Member in its capacity as a holder of a specific series of Units in a disproportionate and adverse manner compared to other Members in their capacities as holders of the same series of Units shall require the prior written consent of such Member so disproportionately and adversely affected, (iii) except as otherwise provided in Section 5.2(a) (with respect to Management Committed Members) or Section 12.3, any such amendment, modification, supplement, restatement or waiver that would by its explicit terms increase the Additional Commitment of any Member or require a Capital Contribution to the Company by any Member that has not made an Additional Commitment to the Company shall require the prior written consent of such Member, and (iv) any VCOC Amendment may be made without the consent of any party other than the Company and the Institutional Investor requesting the VCOC Amendment; provided, however, that any VCOC Amendment that adversely affects a Member in its capacity as a Member in a disproportionate manner compared to the other Members (other than the Institutional Investor requesting such amendment) in their capacities as Members shall require the consent of the adversely affected Member. The execution of an Addendum Agreement in connection with an issuance or transfer of Units made in accordance

with the terms of this Agreement and changes to Schedule I hereof to reflect such transfers or issuances shall not be considered amendments to this Agreement and shall not require approval hereunder.

(b) Notwithstanding anything to the contrary in this Section 13.5, if (i) the provisions of Proposed Treasury Regulation Section 1.83-3 and related sections and the proposed Revenue Procedure described in IRS Notice 2005-43, as proposed by the Internal Revenue Service on May 24, 2005, or provisions similar thereto, or (ii) the amendments to Treasury Regulations §§ 1.704-1 and 1.704-3 proposed on January 22, 2003 (and corrected on March 28, 2003) are adopted as final (or temporary) rules (the "***New Rules***"), the Managers are authorized to make such amendments to this Agreement (including provision for any safe harbor election authorized by the New Rules) as the Managers may determine to be necessary or advisable to comply with or reflect the New Rules; provided, that such amendments do not materially alter the economic rights of the Members under this Agreement other than the timing of distributions pursuant to Section 6.1(b). Except as required by Law, no amendment, modification, supplement, discharge or waiver of or under this Agreement shall require the consent of any person not a party to this Agreement.

(c) Each Member irrevocably makes, constitutes and appoints each Manager of the Company, acting individually or collectively, as its true and lawful agent and attorney-in-fact, with full power of substitution and full power and authority in its name, place and stead, to make, execute, sign, acknowledge, swear to, record and file (i) any amendment, modification, supplement, restatement or waiver of any provision of this Agreement that has been approved in accordance with this Agreement and (ii) all other instruments, certificates, filings or papers not inconsistent with the terms of this Agreement which may be necessary or advisable in the determination of the Board to evidence an amendment, modification, supplement, restatement or waiver of, or relating to, this Agreement or to effect or carry out another provision of this Agreement or which may be required by law to be filed on behalf of the Company, including as may be necessary under Section 2.5. With respect to each Member, the foregoing power of attorney (x) is coupled with an interest, shall be irrevocable and shall survive the incapacity or Bankruptcy of such Member and (y) shall survive the Disposition by such Member of all or any portion of the Units held by such Member.

Section 13.6 ***Binding Effect***. Subject to the restrictions on Dispositions set forth in this Agreement, this Agreement shall be binding upon and shall inure to the benefit of the Company and each Member and their respective heirs, permitted successors, permitted assigns, permitted distributees and legal representatives; and by their signatures hereto, the Company and each Member intends to and does hereby become bound. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any Person other than the parties hereto and their respective permitted successors and assigns any legal or equitable right, remedy or claim under, in or in respect of this Agreement or any provision herein contained. The rights under this Agreement may be assigned by a Member to a transferee of all or a portion of such Member's Units transferred in accordance with this Agreement (and shall be assigned to the extent this Agreement requires such assignment), but only to the extent of such Units so transferred; it being understood that the assignment of any rights under this Agreement shall not constitute admission

to the Company as a Member unless and until such transferee is duly admitted as a Member in accordance with this Agreement.

Section 13.7 ***Governing Law; Severability; Limitation of Liability***.

(a) THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE.

(b) The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the courts of the State of Delaware and the federal courts of the United States of America located in Delaware, and appropriate appellate courts therefrom, over any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby (except as otherwise expressly provided in any employment agreement, non-competition and confidentiality agreement, confidentiality, non-solicitation and non-disparagement agreement, or Restricted Unit Agreement), and each party hereby irrevocably agrees that all claims in respect of such dispute or proceeding may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any dispute arising out of or relating to this Agreement or any of the transactions contemplated hereby brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. This consent to jurisdiction is being given solely for purposes of this Agreement and is not intended to, and shall not, confer consent to jurisdiction with respect to any other dispute in which a party to this Agreement may become involved. Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding of the nature specified in this subsection (b) by the mailing of a copy thereof in

the manner specified by the provisions of Section 13.2. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(c) In the event of a direct conflict between the provisions of this Agreement and (i) any provision of the Certificate or (ii) any mandatory, non-waivable provision of the Act, such provision of the Certificate or the Act shall control. If any provision of the Act provides that it may be varied or superseded in the agreement of a limited liability company (or otherwise by agreement of the members or managers of a limited liability company), such provision shall be deemed superseded and waived in its entirety if this Agreement contains a provision addressing the same issue or subject matter.

(d) If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future Laws effective during the term of this Agreement, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.

Furthermore, in lieu of each such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

Section 13.8 ***Further Assurances***. In connection with this Agreement and the transactions contemplated hereby, the Company and each Member shall execute and deliver all such future instruments and take such other and further action as may be reasonably necessary or appropriate to carry out the provisions of this Agreement and the intention of the parties as expressed herein.

Section 13.9 ***Counterparts***. This Agreement may be executed in any number of counterparts (including facsimile counterparts), all of which together shall constitute a single instrument.

Section 13.10 ***Fees and Expenses***. The Company shall pay the reasonable documented legal fees and expenses of counsel to, and the reasonable documented out-of-pocket expenses incurred by, the Institutional Investors and the Management Team in connection with this Agreement and the transactions contemplated herein.

Section 13.11 ***Termination of Employment Arrangements***. Each holder of Profits Units acknowledges and agrees that this Agreement, and the legal relationships created hereby, will not prevent the termination of any employment agreement or similar arrangement between such holder of Profits Units, on the one hand, and the Company or any of its Affiliates, on the other hand. Each holder of Profits Units agrees that the termination by the Company or any of its Affiliates of any employment, consulting or independent contractor relationship with such holder of Profits Units for any reason at any time will not be construed for any purpose to violate any duty or obligation of any other Member or Manager under this Agreement.

Section 13.12 ***Former Nomenclature for Series A Units***. As of the date of this Agreement and for all purposes under this Agreement, all Units issued prior to the date hereof and referred to as "Series A Units" shall be hereinafter referred to as "Series A-1 Preferred Units" and shall be subject to the terms applicable to such Units in this Agreement and the other Transaction Documents, as applicable.

IN WITNESS WHEREOF, the Company has executed this Second Amended and Restated Limited Liability Company Agreement as of the date first set forth above.

COMPANY:

LAREDO PETROLEUM, LLC

By: /s/ Randy A. Foutch
Name: Randy A. Foutch
Title: Chief Executive Officer

[Signature Page to Second Amended and Restated Limited Liability Company Agreement of Laredo Petroleum, LLC]

IN WITNESS WHEREOF, the Members have executed this Second Amended and Restated Limited Liability Company Agreement as of the date first set forth above.

MEMBER:

WARBURG PINCUS PRIVATE EQUITY IX, L.P.

By: Warburg Pincus IX, LLC, its General Partner

By: Warburg Pincus Partners LLC, its Sole Member

By: Warburg Pincus & Co., its Managing Member

By: /s/ Peter R. Kagan
Name: Peter R. Kagan
Title: Partner

[Signature Page to Second Amended and Restated Limited Liability Company Agreement of Laredo Petroleum, LLC]

IN WITNESS WHEREOF, the Members have executed this Second Amended and Restated Limited Liability Company Agreement as of the date first set forth above.

WARBURG PINCUS PRIVATE EQUITY X O&G, L.P.

By: Warburg Pincus X, L.P. its General Partner

By: Warburg Pincus X LLC, its General Partner

By: Warburg Pincus Partners LLC, its Sole Member

By: Warburg Pincus & Co., its Managing Member

By: /s/ Peter R. Kagan
Name: Peter R. Kagan
Title: Partner

WARBURG PINCUS X PARTNERS, L.P.

By: Warburg Pincus X, L.P., its General Partner

By: Warburg Pincus X LLC, its General Partner

By: Warburg Pincus Partners LLC, its Sole Member

By: Warburg Pincus & Co., its Managing Member

By: /s/ Peter R. Kagan
Name: Peter R. Kagan
Title: Partner

[Signature Page to Second Amended and Restated Limited Liability Company Agreement of Laredo Petroleum, LLC]

EXHIBIT A
DEFINED TERMS

"$1.25 Threshold" means such time as (a) each then outstanding LP Preferred Unit has received distributions equal to its Preferred Unit Preference Amount and (b) additional aggregate distributions with respect to the then outstanding Series A-1 Preferred Units have been made equal to the product of (i) $1.25 and (ii) the number of then outstanding Series A-1 Preferred Units.

"$10.00 Threshold" means such time as (a) each then outstanding LP Preferred Unit has received distributions equal to its Preferred Unit Preference Amount and (b) additional aggregate distributions with respect to the then outstanding Series A-1 Preferred Units have been made equal to the product of (i) $10.00 and (ii) the number of then outstanding Series A-1 Preferred Units.

"$13.75 Threshold" means such time as (a) each then outstanding LP Preferred Unit has received distributions equal to its Preferred Unit Preference Amount and (b) additional aggregate distributions with respect to the then outstanding Series A-1 Preferred Units have been made equal to the product of (i) $13.75 and (ii) the number of then outstanding Series A-1 Preferred Units.

"Accredited Investor" has the meaning ascribed to such term in the regulations promulgated under the Securities Act.

"Act" means the Delaware Limited Liability Company Act and any successor statute, as amended from time to time.

"Addendum Agreement" is defined in Section 3.5(b).

"Additional Commitment" is defined in Section 5.2(a).

"Additional Member" means any Person that is not already a Member who acquires (i) a portion of the Units held by a Member from such Member or (ii) newly issued Units from the Company and, in each case, is admitted to the Company as a Member pursuant to the provisions of Section 3.5.

"Additional Requested Profits Series Units" is defined in Section 7.6(d)(i).

"Adjusted Capital Account" means the Capital Account maintained for each Member, (a) increased by any amounts that such Member is obligated to restore or is treated as obligated to restore under Treasury Regulation Sections 1.704-l(b)(2)(ii)(c), 1.704-2(g)(l) and 1.704-2(i)(5) and (b) decreased by any amounts described in Treasury Regulation Sections 1.704- l(b)(2)(ii)(d)(4), (5) and (6) with respect to such Member. The Adjusted Capital Accounts shall be maintained in a manner that facilitates the determination of that portion of each Adjusted Capital Account attributable to each series of Units that are not Management Units and that portion of each Adjusted Capital Account attributable to Management Units.

"Adjustment Date" means with respect to each Preferred Unit, (a) the issue date of such Preferred Unit, and (b) the last day of each calendar quarter thereafter. In addition, if the Company makes a distribution other than within 15 days following the end of a calendar quarter, the date of such distribution shall be treated as an Adjustment Date.

"Affiliate" means, when used with respect to a specified Person, any Person which (a) directly or indirectly Controls, is Controlled by or is Under Common Control with such specified Person, (b) is an officer, director, general partner, trustee or manager of such specified Person, or of a Person described in clause (a), or (c) is a Relative of such specified Person or of an individual described in clauses (a) or (b).

"Agreement" means this Second Amended and Restated Limited Liability Company Agreement of the Company, as amended and restated from time to time.

"Annual Budget" is defined in Section 10.2.

"Applicable BOE Incentive Unit Percentage" means a percentage set by the Board at the time of first issuance of BOE Incentive Units.

"Applicable BOE Preferred Unit Percentage" means 100% less the Applicable BOE Incentive Unit Percentage.

"Applicable Series A-1 Unit Percentage" means 40.54%, subject to adjustment by the Board after determination of the Applicable Series G Unit Percentage.

"Applicable Series A-2 Unit Percentage" means 27.03%, subject to adjustment by the Board after determination of the Applicable Series G Unit Percentage.

"Applicable Series B Unit Percentage" means 11.44%, subject to adjustment by the Board after determination of the Applicable Series G Unit Percentage.

"Applicable Series C Unit Percentage" means 5.94%, subject to adjustment by the Board after determination of the Applicable Series G Unit Percentage.

"Applicable Series D Unit Percentage" means 7.62%, subject to adjustment by the Board after determination of the Applicable Series G Unit Percentage.

"Applicable Series E Unit Percentage" means 3.96%, subject to adjustment by the Board after determination of the Applicable Series G Unit Percentage.

"Applicable Series F Unit Percentage" means 3.47%, subject to adjustment by the Board after determination of the Applicable Series G Unit Percentage.

"Applicable Series G Unit Percentage" means a percentage set by the Board at the time of first issuance of Series G Units.

"Assumed Tax Liability" is defined in Section 6.1(b).

"Audit Committee" is defined in Section 8.2(o)(ii).

"Bankruptcy" or "Bankrupt" means with respect to any Person, that (a) such Person (i) makes a general assignment for the benefit of creditors; (ii) files a voluntary bankruptcy petition; (iii) becomes the subject of an order for relief or is declared insolvent in any federal or state bankruptcy or insolvency proceedings; (iv) files a petition or answer seeking for such Person a reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any Law; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in a proceeding of the type described in subclauses (i) through (iv) of this clause (a); or (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties; or (b) against such Person, a proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any Law has been commenced and 120 days have expired without dismissal thereof or with respect to which, without such Person's consent or acquiescence, a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties has been appointed and 90 days have expired without the appointment's having been vacated or stayed, or 90 days have expired after the date of expiration of a stay, if the appointment has not previously been vacated.

"Blocker Corporation" is defined in Section 7.7(b).

"Board" is defined in Section 8.1.

"BOE Allocation" means 47.118531% of the distribution amount, such percentage to be decreased in the event of the issuance of additional Series A-2 Preferred Units under Section 5.2 to a percentage determined in accordance with the formula set forth on Annex A hereto after increasing the amount in 7.13(b) by the aggregate amount contributed in exchange for any such additional Series A-2 Preferred Units.

"BOE Incentive Threshold" means such time as (a) each then outstanding BOE Preferred Unit has received distributions equal to its BOE Preferred Unit Preference Amount and (b) additional aggregate distributions with respect to the then outstanding BOE Preferred Units have been made equal to the product of (i) the Designated Value set by the Board at the time of issuance in accordance with Section 3.2(k)(iii) and (ii) the number of then outstanding BOE Preferred Units.

"BOE Incentive Unit Percentage Interest" means after the BOE Incentive Threshold, the quotient (expressed as a percentage) of (i) the Applicable BOE Incentive Unit Percentage (less the then Forfeited BOE Incentive Unit Percentage) divided by (ii) the sum of (A) the Applicable BOE Preferred Unit Percentage and (B) the Applicable BOE Incentive Unit Percentage (less the then Forfeited BOE Incentive Unit Percentage).

"BOE Incentive Units" is defined in Section 3.2(a).

"BOE Incentive Unit Sharing Ratio" means, with respect to each holder of BOE Incentive Units, the fraction (expressed as a percentage), the numerator of which is the number

of BOE Incentive Units held by such Member and the denominator of which is the number of BOE Incentive Units then outstanding.

"BOE-1 Incentive Units" is defined in Section 3.2(k)(iii).

"BOE Preferred Unit Contribution Amount" means, with respect to each BOE Preferred Unit, the amount of the Adjusted Equity Consideration pursuant to the Contribution Agreement divided by the total number of BOE Preferred Units issued pursuant thereto.

"BOE Preferred Unit Preference Amount" means, with respect to each BOE Preferred Unit, (a) on the date such BOE Preferred Unit is issued an amount equal to the BOE Preferred Unit Contribution Amount, and (b) on each subsequent Adjustment Date: (i) the BOE Preferred Unit Preference Amount as of the previous Adjustment Date, (ii) increased by the BOE Preferred Unit Preference Return with respect to such BOE Preferred Unit since the previous Adjustment Date, and (iii) decreased by all distributions made with respect to such BOE Preferred Unit pursuant to Section 6.1(b) and Section 6.1(c)(i) since the previous Adjustment Date. A separate determination of the BOE Preferred Unit Preference Amount will be made each time amounts are proposed to be distributed to the Members pursuant to Section 6.1 and will take into account all contributions and distributions that have been made with respect to each BOE Preferred Unit.

"BOE Preferred Unit Preference Rate" means a daily rate expressed as a percentage equal to 7.00% per annum divided by 365 or 366 days, as the case may be, during such calendar year.

"BOE Preferred Unit Preference Return" means an amount calculated with respect to each BOE Preferred Unit as of each Adjustment Date equal to the sum of the amounts determined for each day (including such Adjustment Date) since the immediately preceding Adjustment Date by multiplying the BOE Preferred Unit Preference Rate by the BOE Preferred Unit Preference Amount as of the immediately preceding Adjustment Date.

"BOE Preferred Unit Sharing Ratio" means, with respect to each holder of BOE Preferred Units at the time of determination, the fraction (expressed as a percentage), the numerator of which is the number of BOE Preferred Units held by such holder and the denominator of which is the number of BOE Preferred Units then outstanding.

"BOE Preferred Units" is defined in Section 3.2(a).

"BOE Pro Rata Share" means with respect to any Eligible BOE Purchaser, a fraction (expressed as a percentage), the numerator of which equals the number of BOE Preferred Units held by such Eligible BOE Purchaser and the denominator of which equals the total number of BOE Preferred Units held by all Eligible BOE Purchasers.

"Book Liability Value" means with respect to any liability of the Company described in Treasury Regulation Section 1.752-7(b)(3)(i), the amount of cash that a willing assignor would pay to a willing assignee to assume such liability in an arm's-length transaction. The Book Liability Value of each liability of the Company described in Treasury Regulation Section 1.752- 7(b)(3)(i) shall be adjusted at such times as provided in this Agreement for an adjustment to Book Values.

"Book Value" means, with respect to any property, such property's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Book Value of any property contributed by a Member to the Company shall be the fair market value of such property as reasonably determined by the Board;

(b) The Book Values of all properties shall be adjusted to equal their respective fair market values as reasonably determined by the Board in connection with (i) the acquisition of an interest in the Company by any new or existing Member in exchange for more than a de minimis capital contribution to the Company, (ii) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for an interest in the Company, (iii) the grant of an interest in the Company (other than a de minimis interest) as consideration for the provision of services to or for the benefit of the Company by an existing Member acting in a Member capacity, or by a new Member acting in a Member capacity or in anticipation of becoming a Member, (iv) the liquidation of the Company within the meaning of Treasury Regulation Section 1.704 l(b)(2)(ii)(g)(l) (other than pursuant to Section 708(b)(1)(B) of the Code), (v) the acquisition of an interest in the Company by any new or existing Member upon the exercise of a noncompensatory warrant or option in accordance with Proposed Treasury Regulation Section 1.704-l(b)(2)(iv)(s), as such Treasury Regulation may be amended or modified, including upon the issuance of temporary or final Treasury Regulations or (vi) any other event to the extent determined by the Board to be necessary to properly reflect Book Values in accordance with the standards set forth in Treasury Regulation Section 1.704-l(b)(2)(iv)(q). If any noncompensatory warrants or options are outstanding upon the occurrence of an event described in this paragraph (b)(i) through (b)(v), the Company shall adjust the Book Values of its properties in

accordance with Proposed Treasury Regulation Sections 1.704-1 (b)(2)(iv)(f)(1) and 1.704-l(b)(2)(iv)(h)(2), as such Proposed Treasury Regulations may be amended or modified, including upon the issuance of temporary or final Treasury Regulations;

(c) The Book Value of property distributed to a Member shall be the fair market value of such property as reasonably determined by the Board; and

(d) The Book Value of all property shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such property pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulation Section 1.704-l(b)(2)(iv)(m) and clause (g) of the definition of Profits and Losses or Section 6.2(b)(v); provided, however, Book Value shall not be adjusted pursuant to this clause (d) to the extent the Board reasonably determines that an adjustment pursuant to clause (b) hereof is necessary or appropriate in connection with the transaction that would otherwise result in an adjustment pursuant to this clause (d).

If the Book Value of property has been determined or adjusted pursuant to clauses (b) or (d) hereof, such Book Value shall thereafter be adjusted by the Depreciation taken into account with respect to such property for purposes of computing Profits and Losses and other items allocated pursuant to Article 6.

"Business Opportunity" is defined in Section 8.6(b).

"Call Notice" is defined in Section 5.3(a).

"Capital Account" means the account to be maintained by the Company for each Member pursuant to Section 5.6.

"Capital Call" is defined in Section 5.3(a).

"Capital Contribution" means with respect to any Member, the amount of money and the initial Book Value of any property (other than money) contributed to the Company by such Member. Any reference in this Agreement to the Capital Contribution of a Member shall include a Capital Contribution of his predecessors in interest.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all ownership interests in a limited liability company, partnership or other Person (other than a corporation), and any and all warrants, options or other rights to purchase or acquire any of the foregoing.

"Certificate" means the Certificate of Formation of the Company, as amended from time to time.

"Change of Control" means the occurrence of any of the following:

(a) at any time prior to a Qualified Public Offering, the holders of Preferred Units Dispose of, directly or indirectly, in the aggregate 80% of the outstanding Preferred Units (A) by way of Unit Disposition or (B) pursuant to any merger, consolidation or other business combination of the Company with any Person (other than a Committed Member), other than pursuant to (i) the IPO Exchange or (ii) a Disposition to one or more Affiliates of Warburg Pincus LLC;

(b) at any time after a Qualified Public Offering, any "person" (as such term is used in Section 13(d) and 14(d) of the Exchange Act) (other than (A) a trustee or other fiduciary holding securities under an employee benefit plan of the IPO Issuer or any Affiliate thereof, (B) the Institutional Investors as of the consummation of the Qualified Public Offering or (C) any entity owned, directly or indirectly, by the Members of the Company in substantially the same proportions as their ownership of Units of the Company) acquires "beneficial ownership" (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the IPO Issuer representing 40% or more of the combined voting power of the IPO Issuer's then outstanding securities; provided, however, that if the IPO Issuer engages in a merger or consolidation in which the IPO Issuer or the surviving entity in such merger or consolidation becomes a subsidiary of another entity, then references to the IPO Issuer's then outstanding securities shall be deemed to refer to the outstanding securities of such parent entity;

(c) at any time after a Qualified Public Offering, a majority of the members of the Board of Directors of the IPO Issuer shall not be Continuing Directors; or

(d) at any time after a Qualified Public Offering, the consummation of a merger or consolidation of the IPO Issuer with any other corporation, other than a merger or consolidation

which would result in the voting securities of the IPO Issuer outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity (or if the surviving entity is or shall become a subsidiary of another entity, then such parent entity)) more than 40% of the combined voting power of the voting securities of the IPO Issuer (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation.

"Chief Executive Officer" means the chief executive officer of the Company.

"Chief Financial Officer" means the chief financial officer of the Company.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time. All references herein to sections of the Code shall include any corresponding provision or provisions of succeeding Law.

"Commitment Completion Date" means the first date on which the Remaining Commitments of each holder of outstanding Series A-2 Preferred Units (other than Defaulting Members) has been reduced to zero.

"Commitment Contributions" is defined in Section 5.2(a).

"Committed Member" is defined in Section 5.2(a).

"Company" is defined in the introductory paragraph to this Agreement.

"Compensation Committee" is defined in Section 8.2(o)(ii).

"Confidential Information" means all confidential and proprietary information (irrespective of the form of communication) obtained by or on behalf of a Member from the Company or its representatives, other than information which (a) was or becomes generally available to the public other than as a result of a breach of this Agreement by such Member, (b) was or becomes available to such Member on a nonconfidential basis prior to disclosure to the Member by the Company or its representatives, (c) was or becomes available to the Member from a source other than the Company and its representatives, provided, that such source is not known by such Member to be bound by a confidentiality agreement with the Company, or (d) is independently developed by such Member without the use of any such information received under this Agreement.

"Continuation Election" is defined in Section 12.1(b).

"Continuing Directors" means, as of any date of determination, any member of the Board who: (i) was a member of the Board on the date of a Qualified Public Offering; or (ii) was nominated for election or elected to the Board with the approval of a majority of the Continuing Directors who were members of the Board at the time of such nomination or election.

"Contribution Agreement" means that certain Contribution Agreement dated June 15, 2011 by and amount Broad Oak Energy, Inc., Warburg Pincus Private Equity IX, L.P., the Company and the other signatories thereto.

"Control" including the correlative terms "Controlling," "Controlled by" and "Under Common Control with" means possession, directly or indirectly (through one or more intermediaries), of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person.

"Covered Person" means each current and former Member, Tax Matters Member, Manager, Officer, Institutional Investor, and each of their respective Affiliates, officers, directors, liquidators, partners, stockholders, managers, members and employees, in each case whether or not such Person continues to have the applicable status referred to above.

"Creditors' Rights" means applicable bankruptcy, insolvency or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity.

"Defaulted Commitments" is defined in Section 5.4(d).

"Defaulted Contribution" is defined in Section 5.4.

"Defaulting Member" is defined in Section 5.4.

"Depreciation" means, for each taxable year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable for Federal income tax purposes with respect to property for such taxable year, except that (a) with respect to any property the Book Value of which differs from its adjusted tax basis for Federal income tax purposes and which difference is being eliminated by use of the remedial allocation method pursuant to Treasury Regulation Section 1.704-3(d), Depreciation for such taxable year shall be the amount of book basis recovered for such taxable year under the rules prescribed by Treasury Regulation Section 1.704-3(d)(2), and (b) with respect to any other property the Book Value of which differs from its adjusted tax basis at the beginning of such taxable year, Depreciation shall be an amount which bears the same ratio to such beginning Book Value as the Federal income tax depreciation, amortization or other cost recovery deduction for such taxable year bears to such beginning adjusted tax basis; provided, that if the adjusted tax basis of any property at the beginning of such taxable year is zero, Depreciation with respect to such property shall be determined with reference to such beginning value using any reasonable method selected by the Board.

"Designated Value" is defined in Sections 3.2(a), 3.2(d)(iii), 3.2(e)(iii), 3.2(f)(iii) and 3.2(g)(iii).

"Disposition" including the correlative terms "Dispose" or "Disposed," means any direct or indirect transfer, assignment, sale, gift, inter vivos transfer, pledge, hypothecation, mortgage, or other encumbrance, or any other disposition (whether voluntary or involuntary or by operation of Law) of Units (or any interest (pecuniary or otherwise) therein or right thereto), including

derivative or similar transactions or arrangements whereby a portion or all of the economic interest in, or risk of loss or opportunity for gain with respect to, Units is transferred or shifted to another Person.

"Drag-Along Transaction" means (a) any consolidation, conversion, merger or other business combination involving the Company in which Units are exchanged for or converted into cash, securities of a corporation or other business organization or other property, other than the IPO Exchange, (b) a Disposition of all or substantially all of the assets of the Company to be followed promptly by a liquidation of the Company or a distribution to the Members of all or substantially all of the net proceeds of such Disposition after payment or other satisfaction of liabilities and other obligations of the Company, or (c) the sale by all the Members of all their Units.

"EBITDA" means earnings from the operations of the Company before interest, income taxes, depreciation and amortization, as determined by the Board.

"Economic Risk of Loss" has the meaning assigned to that term in Treasury Regulation Section 1.752-2(a).

"Effective Date" is defined in the preamble.

"Election Period" is defined in Section 7.8(b).

"Eligible BOE Purchaser" means any holder of BOE Preferred Units that (a) is not a Defaulting Member and (b) certifies to the Company's reasonable satisfaction that such holder is an Accredited Investor.

"Eligible Purchaser" means any holder of Preferred Units that (a) is not a Defaulting Member and (b) certifies to the Company's reasonable satisfaction that such holder is an Accredited Investor.

"Eligible Purchaser Persons" is defined in Section 7.8(d).

"Eligible Seller" means any holder of Eligible Units that is not a Defaulting Member.

"Eligible Seller Persons" is defined in Section 7.6(k).

"Eligible Units" means (a) all outstanding Preferred Units, and (b) at any time after the Commitment Completion Date, all outstanding Vested Profits Units; provided, that if the determination of whether Units constitute Eligible Units is being made in contemplation of any transaction, such determination shall be made assuming such transaction was consummated prior to such determination, giving effect to the vesting of any Units that would occur as a result of such transaction.

"Excluded Unit Issuance" is defined in Section 7.8(a).

"First Amended and Restated LLC Agreement" is defined in the Recitals.

"First Notice" is defined in Section 7.8(b).

"First Refusal Notice Date" is defined in Section 7.4(a).

"Forfeited BOE Incentive Unit Percentage" means the product (expressed as a percentage) of (a) the Applicable BOE Incentive Unit Percentage and (b) the quotient obtained by dividing (i) the aggregate number of previously issued BOE Incentive Units that have been forfeited or repurchased (excluding any such forfeited or repurchased Units that have been reissued) by (ii) the total number of BOE Incentive Units issued by the Board, whether or not outstanding.

"Forfeited Series B Unit Percentage" means the product (expressed as a percentage) of (a) the Applicable Series B Unit Percentage and (b) the quotient obtained by dividing (i) the aggregate number of previously issued Series B Units that have been forfeited or repurchased (excluding any such forfeited or repurchased Units that have been reissued) by (ii) 16,923,077.

"Forfeited Series C Unit Percentage" means the product (expressed as a percentage) of (a) the Applicable Series C Unit Percentage and (b) the quotient obtained by dividing (i) the aggregate number of previously issued Series C Units that have been forfeited or repurchased (excluding any such forfeited or repurchased Units that have been reissued) by (ii) 8,791,209.

"Forfeited Series D Unit Percentage" means the product (expressed as a percentage) of (a) the Applicable Series D Unit Percentage and (b) the quotient obtained by dividing (i) the aggregate number of previously issued Series D Units that have been forfeited or repurchased (excluding any such forfeited or repurchased Units that have been reissued) by (ii) 13,538,462.

"Forfeited Series E Unit Percentage" means the product (expressed as a percentage) of (a) the Applicable Series E Unit Percentage and (b) the quotient obtained by dividing (i) the aggregate number of previously issued Series E Units that have been forfeited or repurchased (excluding any such forfeited or repurchased Units that have been reissued) by (ii) 7,032,967.

"Forfeited Series F Unit Percentage" means the product (expressed as a percentage) of (a) the Applicable Series F Unit Percentage and (b) the quotient obtained by dividing (i) the aggregate number of previously issued Series F Units that have been forfeited or repurchased (excluding any such forfeited or repurchased Units that have been reissued) by (ii) 5,538,542.

"Forfeited Series G Unit Percentage" means the product (expressed as a percentage) of (a) the Applicable Series G Unit Percentage and (b) the quotient obtained by dividing (i) the aggregate number of previously issued Series G Units that have been forfeited or repurchased (excluding any such forfeited or repurchased Units that have been reissued) by (ii) the total number of Series G Units issued by the Board, whether or not outstanding.

"Future Series A-2 Preferred Units" has the meaning ascribed to such term in the Unit Subscription Agreement.

"GAAP" means U.S. generally accepted accounting principles.

"HSR Act" is defined in Section 5.3(d).

"Independent Manager" is defined in Section 8.2(a)(iii).

"Initial Requested Profits Series Tag-Along Percentage" is defined in Section 7.6(j)(i).

"Initial Requested Profits Series Units" is defined in Section 7.6(d)(i).

"Institutional Investor Group" means the Institutional Investors, each of their respective Affiliates (other than the Company and its Subsidiaries), any Institutional Investor Nominee, and any portfolio company in which the Institutional Investor or any of their Affiliates has an equity investment (other than the Company and its Subsidiaries).

"Institutional Investor Nominee" means any officer, director, partner, employee or other agent of an Institutional Investor whose designee serves as a Manager.

"Institutional Investors" means the Warburg Pincus Group and any Person who becomes a Committed Member after the Effective Date and is designed an "Institutional Investor" by the Board and each of their respective Affiliates other than the Company and its Subsidiaries.

"Investor Call Right Call Notice" is defined in Section 5.3(b).

"IPO Exchange" is defined in Section 7.7(a).

"IPO Issuer" means the Company or a successor to the Company that is an Affiliate of the Company or a Subsidiary of the Company or any of the Company's Affiliates and which will be the issuer in a Qualified Public Offering.

"IPO Securities" is defined in Section 7.7(a).

"IRS Notice" is defined in Section 11.6.

"Law" means any applicable constitutional provision, statute, act, code (including the Code), law, regulation, rule, ordinance, order, decree, ruling, proclamation, resolution, judgment, decision, declaration, or interpretative or advisory opinion or letter of a domestic, foreign or international governmental authority or any political subdivision thereof and shall include, for the avoidance of doubt, the Act.

"Liquidation Event" is defined in Section 12.1(a).

"LP Allocation" means 100% less the BOE Allocation.

"LP Preferred Units" means the Series A-1 Preferred Units and the Series A-2 Preferred Units.

"MAE Bringdown Certificate" is defined in Section 5.3(g).

"Management Committed Member" means Randy A. Foutch and other Committed Members who are (i) executive Officers of the Company, who are employed by the Company or any of its Subsidiaries or (ii) Managers and, in either case, are designated as "Management Committed Members" by the Board.

"Management Team" means Randy A. Foutch, Jerry R. Schuyler, Patrick J. Curth, W. Mark Womble, John Minton and Bland Williamson and other individuals who are granted Profits Units, are employed by the Company or any of its Subsidiaries and included in this definition by the Board.

"Management Team Manager" is defined in Section 8.2(a)(ii).

"Management Units" means the Preferred Units held by the Members that are part of the Management Team or their Permitted Transferees.

"Manager" is defined in Section 8.1.

"Member" means any Person (but not any Affiliate or entity in which such Person has an equity interest) executing this Agreement as of the date of this Agreement as a member or hereafter admitted to the Company as a member as provided in this Agreement, but such term does not include any Person who has ceased to be a member in the Company.

"Member Nonrecourse Debt" has the meaning assigned to the term "partner nonrecourse debt" in Treasury Regulation Section 1.704-2(b)(4).

"Member Nonrecourse Debt Minimum Gain" has the meaning assigned to the term "partner nonrecourse debt minimum gain" in Treasury Regulation Section 1.704-2(i)(2).

"Member Nonrecourse Deductions" has the meaning assigned to the term "partner nonrecourse deductions" in Treasury Regulation Section 1.704-2(i)(l).

"Membership Interest" means the interest of a Member in the Company, including rights to distributions (liquidating or otherwise), allocations, notices and information, and all other rights, benefits and privileges enjoyed by that Member (under the Act, the Certificate, this Agreement or otherwise) in its capacity as a Member; and all obligations, duties and liabilities imposed on that Member (under the Act, the Certificate, this Agreement, or otherwise) in its capacity as a Member.

"Minimum Gain" has the meaning assigned to that term in Treasury Regulation Section 1.704 2(d).

"New Rules" is defined in Section 13.5(b).

"New Units" is defined in Section 7.8(a).

"Nonrecourse Deduction Share" means, with respect to each Member, a fraction (expressed as a percentage), the numerator of which is the amount of such Member's Capital

Account and the denominator of which is the aggregate amount of the Capital Accounts for all Members.

"Nonrecourse Deductions" has the meaning assigned that term in Treasury Regulation Section 1.704-2(b).

"Notice of Right of First Refusal" is defined in Section 7.4(a).

"Offer Expiration Date" is defined in Section 7.4(b).

"Offer Price" is defined in Section 7.4(a).

"Offered Units" is defined in Section 7.4(a).

"Offeror Holder" is defined in Section 7.4(a).

"Officers" is defined in Section 8.3(a).

"Original Execution Date" is defined in the Recitals.

"Original Limited Liability Company Agreement" is defined in the Recitals.

"Over-Allotment Amount" is defined in Section 7.8(b).

"Permitted Transferee" means:

(a) with respect to any holder of Profits Units, (i) the spouse of such Member, (ii) any trust, family partnership or limited liability company, the sole beneficiaries, partners or members of which are such Member or Relatives of such Member and (iii) the heirs of any deceased Member; and

(b) with respect to any other Member, (i) the spouse of such Member, (ii) any trust, family partnership or limited liability company, the sole beneficiaries, partners or members of which are such Member or Relatives of such Member, (iii) the heirs of any deceased Member, (iv) an Affiliate of such Member and (v) in the context of a distribution by such Member to its direct or indirect equity owners substantially in proportion to such ownership, the partners, members or stockholders of such Member, or the partners, members or stockholders of such partners, members or stockholders.

"Person" means any natural person, corporation, limited partnership, general partnership, limited liability company, joint stock company, joint venture, association, company, estate, trust, bank trust company, land trust, business trust, or other organization, whether or not a legal entity, custodian, trustee-executor, administrator, nominee or entity in a representative capacity and any government or agency or political subdivision thereof.

"Potential Clawback Amount" is defined in Section 6.1(e).

"Potential Competitor" means any Person whose business is or relates to the oil and gas industry.

"Preferred Inclusion Notice" is defined in Section 7.6(c).

"Preferred Inclusion Right" is defined in Section 7.6(c).

"Preferred Tag Offeree" is defined in Section 7.6(j)(ii).

"Preferred Unit Preference Amount" means, with respect to each LP Preferred Unit, (a) on the date such LP Preferred Unit is issued an amount equal to the purchase price of such LP Preferred Unit, and (b) on each subsequent Adjustment Date: (i) the Preferred Unit Preference Amount as of the previous Adjustment Date, (ii) increased by the Preferred Unit Preference Return with respect to such LP Preferred Unit since the previous Adjustment Date, and (iii) decreased by all distributions made with respect to such LP Preferred Unit pursuant to Section 6.1(b) and Section 6.1(c)(i) since the previous Adjustment Date. A separate determination of the Preferred Unit Preference Amount will be made each time amounts are proposed to be distributed to the Members pursuant to Section 6.1 and will take into account all contributions and distributions that have been made with respect to each LP Preferred Unit.

"Preferred Unit Preference Rate" means a daily rate expressed as a percentage equal to 7.00% per annum divided by 365 or 366 days, as the case may be, during such calendar year.

"Preferred Unit Preference Return" means an amount calculated with respect to each LP Preferred Unit as of each Adjustment Date equal to the sum of the amounts determined for each day (including such Adjustment Date) since the immediately preceding Adjustment Date by multiplying the Preferred Unit Preference Rate by the Preferred Unit Preference Amount as of the immediately preceding Adjustment Date.

"Preferred Units" means, as applicable, the BOE Preferred Units, the Series A-1 Preferred Units and the Series A-2 Preferred Units.

"Pre-IPO Value" means the product of (a) the quotient obtained by dividing (i) the proceeds to the IPO Issuer from a Qualified Public Offering (less the reasonably estimated expenses of such Qualified Public Offering to the IPO Issuer) by (ii) a fraction (expressed as a percentage), the numerator of which is the number of Publicly Offered Securities to be sold to the public in the Qualified Public Offering and the denominator of which is the total number of securities of the same class or series as the Publicly Offered Securities (including the Publicly Offered Securities) that will be outstanding immediately after the Qualified Public Offering and (b) the difference between 100% and the percentage described in clause (a)(ii) of this definition.

"Profits" or "Losses" means, for each taxable year, an amount equal to the Company's taxable income or loss for such taxable year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulation Section 1.704-l(b)(2)(iv)(i) and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(c) In the event the Book Value of any asset is adjusted pursuant to clause (b) or clause (c) of the definition of Book Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Book Value of the asset) or an item of loss (if the adjustment decreases the Book Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(d) In the event the Book Liability Value of any liability of the LLC described in Treasury Regulation Section 1.752-7(b)(3)(i) is adjusted as required by this Agreement, the amount of such adjustment shall be treated as an item of loss (if the adjustment increases the Book Liability Value of such liability of the LLC) or an item of gain (if the adjustment decreases the Book Liability Value of such liability of the LLC) and shall be taken into account for purposes of computing Profits or Losses;

(e) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Book Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Book Value;

(f) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such taxable year;

(g) To the extent an adjustment to the adjusted tax basis of any asset pursuant to Code Section 734(b) is required, pursuant to Treasury Regulation Section 1.704- l(b)(2)(iv)(m)(4), to be taken into account in determining Capital Account balances as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or an item of loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(h) Any items that are allocated pursuant to Section 6.2(b) and (c) shall be determined by applying rules analogous to those set forth in clauses (a) through (g) hereof but shall not be taken into account in computing Profits and Losses.

"Profits Series Inclusion Right" is defined in Section 7.6(d)(i).

"Profits Series Notice" is defined in Section 7.6(d).

"Profits Series Tag-Along Exercise Notice" is defined in Section 7.6(d)(i).

"Profits Series Tag Offeree" is defined in Section 7.6(j)(iii).

"Profits Unit Clawback Amount" means, with respect to a holder of Profits Units (after giving effect to all distributions made pursuant to Article 6 and Section 12.1(c)), the excess of (i) the aggregate distributions received by such holder with respect to such holder's Profits Units, over (ii) the amount of distributions such holder would have received with respect to such holder's Profits Units if the amount of the aggregate distributions made to all holders of Units (as of the time of the winding-up and termination of the Company) since the inception of the Company were distributed to the holders of Units (as of the time of the winding-up and termination of the Company) pursuant to Section 6.1 (other than Section 6.1(b)) at the time of the winding up and termination of the Company, provided, that in making such calculation the Preferred Unit Preference Amount shall be calculated using the actual amount of the accrual of Preferred Unit Preference Return.

"Profits Units" means Series B Units, Series C Units, Series D Units, Series E Units, Series F Units, Series G Units and BOE Incentive Units.

"Proportionate Share" is defined in Section 7.4(b).

"Proposed Purchaser" is defined in Section 7.8(a).

"Pro Rata Share" means, with respect to any Eligible Purchaser, a fraction (expressed as a percentage), the numerator of which is the number of Preferred Units held by such Eligible Purchaser and the denominator of which equals the total number of Preferred Units held by all Eligible Purchasers.

"Publicly Offered Securities" is defined in Section 7.7(a).

"Purchased Percentage" is defined in Section 7.6(e).

"Purchased Preferred Percentage" is defined in Section 7.6(j)(v).

"Purchased Preferred Units" is defined in Section 7.6(e).

"Purchased Profits Series Units" is defined in Section 7.6(e).

"Qualified Public Offering" means any firm commitment underwritten initial public offering by the IPO Issuer of equity securities pursuant to an effective registration statement under the Securities Act (a) for which aggregate cash proceeds to be received by the IPO Issuer from such offering (without deducting underwriting discounts, expenses and commissions) are at least $100,000,000, and (b) pursuant to which such equity securities are authorized and approved for listing on the New York Stock Exchange or admitted to trading and quoted in the Nasdaq Global Market system.

"Reallocated Committed Member" is defined in Section 5.2(c).

"Regulatory Allocations" means the allocations made pursuant to Section 6.1(c).

"Relative" means, with respect to any individual, (a) such individual's spouse, (b) any lineal descendant, parent, grandparent, great grandparent or sibling or any lineal descendant of such sibling (in each case whether by blood or legal adoption), and (c) the spouse of an individual described in clause (b).

"Released Persons" is defined in Section 9.1(j).

"Remaining Commitment" is defined in Section 5.2(a).

"Renounced Business Opportunity" is defined in Section 8.6(b).

"Representatives" is defined in Section 10.5(b).

"Requested Preferred Tag-Along Percentage" is defined in Section 7.6(j)(v).

"Requested Preferred Units" is defined in Section 7.6(j)(vi).

"Requested Profits Series Tag-Along Percentage" is defined in Section 7.6(j)(vii).

"Requested Profits Series Units" is defined in Section 7.6(d)(i).

"Requesting Purchaser" is defined in Section 7.8(b).

"Requisite Approval" means the approval of the holders of a majority of the outstanding Preferred Units that are held by members of the Warburg Pincus Group.

"Resign" or "Resignation" means the resignation, withdrawal or retirement of a Member from the Company as a Member.

"Restricted Unit Agreement" means the Restricted Unit Agreement entered into or to be entered into between the Company and each recipient of Profits Units, in the form attached as Exhibit F or in such other form as approved by the Board.

"Retained Amounts" is defined in Section 6.1(e).

"ROFR Holder" is defined in Section 7.4(a).

"ROFR Holder Persons" is defined in Section 7.4(f).

"Securities Act" means the Securities Act of 1933, as amended, and any successor statute thereto and the rules and regulations of the Securities and Exchange Commission promulgated thereunder.

"Series A-1 Preferred Units" is defined in Section 3.2(a).

"Series A-1 Unit Percentage Interest" means:

(a) before the $1.25 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series A-1 Unit Percentage divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage and (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage);

(b) after the $1.25 Threshold but before the $10.00 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series A-1 Unit Percentage divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage) and (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage);

(c) after the $10.00 Threshold but before the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series A-1 Unit Percentage divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage), (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage) and (G) the Applicable Series C Unit Percentage (less the then Forfeited Series C Unit Percentage); and

(d) after the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series A-1 Unit Percentage divided by (ii) 100% minus the sum of (A) the then Forfeited Series B Unit Percentage, (B) the then Forfeited Series D Unit Percentage, (C) the then Forfeited Series F Unit Percentage, (D) the then Forfeited Series G Unit Percentage, (E) the then Forfeited Series C Unit Percentage and (F) the then Forfeited Series E Unit Percentage.

"Series A-1 Unit Sharing Ratio" means, with respect to each holder of Series A-1 Preferred Units at the time of determination, the fraction (expressed as a percentage), the numerator of which is the number of Series A-1 Preferred Units held by such holder and the denominator of which is the number of Series A-1 Preferred Units then outstanding.

"Series A-1 Unit Subscription Agreement" means the Unit Subscription Agreement dated May 21, 2007 among the Company and the Members party thereto, as amended or restated from time to time thereafter, attached as Exhibit E-l.

"Series A-2 Percentage Interest" means:

(a) before the $1.25 Threshold, 0.00%;

(b) after the $1.25 Threshold but before the $10.00 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series A-2 Percentage divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the

Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage) and (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage);

(c) after the $10.00 Threshold but before the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series A-2 Unit Percentage divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage), (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage) and (G) the Applicable Series C Unit Percentage (less the then Forfeited Series C Unit Percentage); and

(d) after the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series A-2 Unit Percentage divided by (ii) 100% minus the sum of (A) the then Forfeited Series B Unit Percentage, (B) the then Forfeited Series D Unit Percentage, (C) the then Forfeited Series F Unit Percentage, (D) the then Forfeited Series G Unit Percentage, (E) the then Forfeited Series C Unit Percentage and (F) the then Forfeited Series E Unit Percentage.

"Series A-2 Preferred Units" is defined in Section 3.2(a).

"Series A-2 Unit Sharing Ratio" means, with respect to each holder of Series A-2 Preferred Units at the time of determination, the fraction (expressed as a percentage), the numerator of which is the number of Series A-2 Preferred Units held by such holder and the denominator of which is the number of Series A-2 Preferred Units then outstanding.

"Series B Unit Percentage Interest" means:

(a) before the $1.25 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage) divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage and (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage);

(b) after the $1.25 Threshold but before the $10.00 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage) divided by (ii) the sum of (A) the Applicable Series A-1 Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage) and (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage);

(c) after the $10.00 Threshold but before the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage) divided by (ii) the sum of (A) the Applicable Series A-1 Unit

Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage), (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage) and (G) the Applicable Series C Unit Percentage (less the then Forfeited Series C Unit Percentage); and

(d) after the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage) divided by (ii) 100% minus the sum of (A) the then Forfeited Series B Unit Percentage, (B) the then Forfeited Series D Unit

Percentage, (C) the then Forfeited Series F Unit Percentage, (D) the then Forfeited Series G Unit Percentage, (E) the then Forfeited Series C Unit Percentage and (F) the then Forfeited Series E Unit Percentage.

"Series B Unit Sharing Ratio" means, with respect to each holder of Series B Units, the fraction (expressed as a percentage), the numerator of which is the number of Series B Units held by such Member and the denominator of which is the number of Series B Units then outstanding; provided, however, that if one or more series of Series B Units are issued with a Designated Value greater than $0.00, each such series of Series B Units shall be ignored for purposes of determining the Series B Unit Sharing Ratio of such holder until aggregate distributions following the issuance of such series of Series B Units have been made with respect to the then outstanding Series A-1 Preferred Units equal to the product of (i) the Designated Value of such series of Series B Units and (ii) the number of then outstanding Series A-1 Preferred Units.

"Series B Units" is defined in Section 3.2(a).

"Series B-1 Units" is defined in Section 3.2(e).

"Series B-2 Units" is defined in Section 3.2(e).

"Series C Unit Percentage Interest" means:

(a) before the $10.00 Threshold, 0.00%;

(b) after the $10.00 Threshold but before the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series C Unit Percentage (less the then Forfeited Series C Unit Percentage) divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage), (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage) and (G) the Applicable Series C Unit Percentage (less the then Forfeited Series C Unit Percentage); and

(c) after the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series C Unit Percentage (less the then Forfeited Series C Unit Percentage) and (ii) 100% minus the sum of (A) the then Forfeited Series B Unit Percentage, (B) the then Forfeited

Series D Unit Percentage, (C) the then Forfeited Series F Unit Percentage, (D) the then Forfeited Series G Unit Percentage, (E) the then Forfeited Series C Unit Percentage and (F) the then Forfeited Series E Unit Percentage.

"Series C Unit Sharing Ratio" means, with respect to each holder of Series C Units, the fraction (expressed as a percentage), the numerator of which is the number of Series C Units held by such Member and the denominator of which is the number of Series C Units then outstanding; provided, however, that if one or more series of Series C Units are issued with a Designated Value greater than $10.00, each such series of Series C Units shall be ignored for purposes of determining the Series C Unit Sharing Ratio of such holder until aggregate distributions following the issuance of such series of Series C Units have been made with respect to the then outstanding Series A-1 Preferred Units equal to the product of (i) the amount by which the Designated Value of such series of Series C Units exceeds $10.00 and (ii) the number of then outstanding Series A-1 Preferred Units.

"Series C Units" is defined in Section 3.2(a).

"Series C-1 Units" is defined in Section 3.2(f).

"Series D Unit Percentage Interest" means:

(a) before the $1.25 Threshold, 0.00%;

(b) after the $1.25 Threshold but before the $10.00 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage) divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage) and (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage);

(c) after the $10.00 Threshold but before the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage) divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage), (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage) and (F) the Applicable Series C Unit Percentage (less the then Forfeited Series C Unit Percentage); and

(d) after the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage) divided by (ii) 100% minus the sum of (A) the then Forfeited Series B Unit Percentage, (B) the then Forfeited Series D Unit Percentage, (C) the then Forfeited Series F Unit Percentage, (D) the then

Forfeited Series G Unit Percentage, (E) the then Forfeited Series C Unit Percentage and (F) the then Forfeited Series E Unit Percentage.

"Series D Unit Sharing Ratio" means, with respect to each holder of Series D Units, the fraction (expressed as a percentage), the numerator of which is the number of Series D Units held by such Member and the denominator of which is the number of Series D Units then outstanding; provided, however, that if one or more series of Series D Units are issued with a Designated Value greater than $1.25, each such series of Series D Units shall be ignored for purposes of determining the Series D Unit Sharing Ratio of such holder until aggregate distributions following the issuance of such series of Series D Units have been made with respect to the then outstanding Series A-1 Preferred Units equal to the product of (i) the amount by which the Designated Value of such series of Series D Units exceeds $1.25 and (ii) the number of then outstanding Series A-1 Preferred Units.

"Series D Units" is defined in Section 3.2(a).

"Series D-1 Units" is defined in Section 3.2(g).

"Series E Unit Percentage Interest" means:

(a) before the $13.75 Threshold, 0.00%; and

(b) after the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series E Unit Percentage (less the then Forfeited Series E Unit Percentage) divided by (ii) 100% minus the sum of (A) the then Forfeited Series B Unit Percentage, (B) the then Forfeited Series D Unit Percentage, (C) the then Forfeited Series F Unit Percentage, (D) the then Forfeited Series G Unit Percentage, (E) the then Forfeited Series C Unit Percentage and (F) the then Forfeited Series E Unit Percentage.

"Series E Unit Sharing Ratio" means, with respect to each holder of Series E Units, the fraction (expressed as a percentage), the numerator of which is the number of Series E Units held by such Member and the denominator of which is the number of Series E Units then outstanding; provided, however, that if one or more series of Series E Units are issued with a Designated Value greater than $13.75, each such series of Series E Units shall be ignored for purposes of determining the Series E Unit Sharing Ratio of such holder until aggregate distributions following the issuance of such series of Series E Units have been made with respect to the then outstanding Series A-1 Preferred Units equal to the product of (i) the amount by which the Designated Value of such series of Series E Units exceeds $13.75 and (ii) the number of then outstanding Series A-1 Preferred Units.

"Series E Units" is defined in Section 3.2(a).

"Series E-1 Units" is defined in Section 3.2(h).

"Series F Unit Percentage Interest" means:

(a) before the $1.25 Threshold, 0.00%;

(b) after the $1.25 Threshold but before the $10.00 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage) divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage) and (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage);

(c) after the $10.00 Threshold but before the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage) divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage), (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage) and (G) the Applicable Series C Unit Percentage (less the then Forfeited Series C Unit Percentage); and

(d) after the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage) divided by (ii) 100% minus the sum of (A) the then Forfeited Series B Unit Percentage, (B) the then Forfeited Series D Unit Percentage, (C) the then Forfeited Series F Unit Percentage, (D) the then Forfeited Series G Unit Percentage, (E) the then Forfeited Series C Unit Percentage and (F) the then Forfeited Series E Unit Percentage.

"Series F Unit Sharing Ratio" means, with respect to each holder of Series F Units, the fraction (expressed as a percentage), the numerator of which is the number of Series F Units held by such Member and the denominator of which is the number of Series F Units then outstanding; provided, however, that if one or more series of Series F Units are issued with a Designated Value greater than $1.25, each such series of Series F Units shall be ignored for purposes of determining the Series F Unit Sharing Ratio of such holder until aggregate distributions following the issuance of such series of Series F Units have been made with respect to the then outstanding Series A-1 Preferred Units equal to the product of (i) the amount by which the Designated Value of such series of Series F Units exceeds $1.25 and (ii) the number of then outstanding Series A-1 Preferred Units.

"Series F Units" is defined in Section 3.2(a).

"Series F-1 Units" is defined in Section 3.2(i).

"Series G Unit Percentage Interest" means:

(a) before the $1.25 Threshold, 0.00%;

(b) after the $1.25 Threshold but before the $10.00 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage) divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage) and (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage);

(c) after the $10.00 Threshold but before the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage) divided by (ii) the sum of (A) the Applicable Series A-1 Unit Percentage, (B) the Applicable Series B Unit Percentage (less the then Forfeited Series B Unit Percentage), (C) the Applicable Series A-2 Unit Percentage, (D) the Applicable Series D Unit Percentage (less the then Forfeited Series D Unit Percentage), (E) the Applicable Series F Unit Percentage (less the then Forfeited Series F Unit Percentage), (F) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage) and (G) the Applicable Series C Unit Percentage (less the then Forfeited Series C Unit Percentage); and

(d) after the $13.75 Threshold, the quotient (expressed as a percentage) of (i) the Applicable Series G Unit Percentage (less the then Forfeited Series G Unit Percentage) divided by (ii) 100% minus the sum of (A) the then Forfeited Series B Unit Percentage, (B) the then Forfeited Series D Unit Percentage, (C) the then Forfeited Series F Unit Percentage, (D) the then Forfeited Series G Unit Percentage, (E) the then Forfeited Series C Unit Percentage and (F) the then Forfeited Series E Unit Percentage.

"Series G Unit Sharing Ratio" means, with respect to each holder of Series G Units, the fraction (expressed as a percentage), the numerator of which is the number of Series G Units held by such Member and the denominator of which is the number of Series G Units then outstanding; provided, however, that if one or more series of Series G Units are issued with a Designated Value greater than the Designated Value set by the Board on the first issuance of Series G Units, each such series of Series G Units shall be ignored for purposes of determining the Series G Unit Sharing Ratio of such holder until aggregate distributions following the issuance of such series of Series G Units have been made with respect to the then outstanding Series A-1 Preferred Units equal to the product of (i) the amount by which the Designated Value of such series of Series G Units exceeds the Designated Value set by the Board on the first issuance of Series G Units and (ii) the number of then outstanding Series A-1 Preferred Units.

"Series G Units" is defined in Section 3.2(a).

"Series G-1 Units" is defined in Section 3.2(j).

"Subsidiary" means (a) any corporation, partnership, limited liability company or other entity a majority of the Capital Stock of which having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions is at the time owned, directly or indirectly, with power to vote, by the Company or any direct or indirect Subsidiary of

the Company, (b) a partnership in which the Company or any direct or indirect Subsidiary is a general partner or (c) a limited liability company in which the Company or any direct or indirect Subsidiary is a managing member or manager.

"Substituted Member" means any Person who acquires Units from a Member and is admitted to the Company as a Member pursuant to the provisions of Section 3.5.

"Tag-Along Offer" is defined in Section 7.6(a).

"Tag-Along Sale" is defined in Section 7.6(a).

"Tag-Along Transferee" is defined in Section 7.6(a).

"Takedown Period" means the earlier of: (i) October 15, 2013, or such later date set by the Board in its sole discretion, (ii) the funding of each Member's Remaining Commitment or (iii) the consummation of a Qualified Public Offering.

"Tax Distribution Date" is defined in Section 6.1(b).

"Tax Matters Member" has the meaning assigned to the term "tax matters partner" in Code Section 6231(a)(7) and the meaning set forth in Section 11.4(a).

"Third Party" with respect to any Member means any Person, including any other Member, that is not a Permitted Transferee with respect to such first Member or the original holder of the related interest.

"Third Party Offer" is defined in Section 7.4(a).

"Total Commitment" means, with respect to a Committed Member, at any time such Committed Member's Additional Commitment.

"Transaction Documents" means this Agreement, each agreement attached as an Exhibit (including any exhibit to any Exhibit) and any non-competition and confidentiality agreement, confidentiality, non-solicitation and non-disparagement agreement or employment agreement executed and delivered to the Company pursuant to the provisions of Sections 3.2(d)(i), 3.2(e)(i), 3.2(f)(i) or 3.2(g)(i).

"Transferor Requested Preferred Percentage" is defined in Section 7.6(j)(viii).

"Transferors" is defined in Section 7.6(a).

"Treasury Regulations" means the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code.

"Unit Subscription Agreement" means the Series A-2 Unit Subscription Agreement dated the Effective Date among the Company and the Members party thereto, as amended or restated from time to time thereafter, attached as Exhibit E-2.

"Units" means the Series A-1 Preferred Units, the Series A-2 Preferred Units, the BOE Preferred Units, the Series B Units, the Series C Units, the Series D Units, the Series E Units, the Series F Units, the Series G Units and the BOE Incentive Units, collectively, and any "Unit" shall refer to any one of the foregoing.

"Unvested BOE Incentive Units" is defined in Section 3.2(k)(i).

"Unvested Profits Units" means any Profits Units that have not vested pursuant to this Agreement or the Restricted Unit Agreement under which such Units have been granted.

"Unvested Series B Units" is defined in Section 3.2(e)(i).

"Unvested Series C Units" is defined in Section 3.2(f)(i).

"Unvested Series D Units" is defined in Section 3.2(g)(i).

"Unvested Series E Units" is defined in Section 3.2(h)(i).

"Unvested Series F Units" is defined in Section 3.2(i)(i).

"Unvested Series G Units" is defined in Section 3.2(j)(i).

"VCOC Amendment" is defined in Section 10.6.

"Vested BOE Incentive Units" is defined in Section 3.2(k)(i).

"Vested Profits Units" means any Profits Units that have vested pursuant to this Agreement or the Restricted Unit Agreement under which such Units have been granted.

"Vested Series B Units" is defined in Section 3.2(e)(i).

"Vested Series C Units" is defined in Section 3.2(f)(i).

"Vested Series D Units" is defined in Section 3.2(g)(i).

"Vested Series E Units" is defined in Section 3.2(h)(i).

"Vested Series F Units" is defined in Section 3.2(i)(i).

"Vested Series G Units" is defined in Section 3.2(j)(i).

"Warburg Pincus Group" means Warburg Pincus IX, Warburg Pincus X and each transferee of Units (including subsequent transferees) directly or indirectly (in a chain of title) from Warburg Pincus IX or Warburg Pincus X and who is a Member.

"Warburg Pincus Group Manager" is defined in Section 8.2(a)(i).

"Warburg Pincus IX" means Warburg Pincus Private Equity IX, L.P.

"Warburg Pincus X" means Warburg Pincus Private Equity X O&G, L.P. and Warburg Pincus X Partners, L.P., collectively; provided, however, that for all purposes hereunder, Warburg Pincus Private Equity X O&G, L.P. shall be entitled to act on behalf of each of the other Persons named in this definition.

"Withheld Amounts" is defined in Section 6.1(d).

Exhibit 4.3

SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of July 20, 2011, among Laredo Petroleum, Inc., a Delaware corporation (the "Company"), Laredo Petroleum — Dallas, Inc., a Delaware corporation (the "New Guarantor"), the Guarantors listed on Schedule A hereto (collectively, the "Existing Guarantors") and Wells Fargo Bank, National Association, as trustee under the Indenture referred to below (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company, the Existing Guarantors and the Trustee are parties to an indenture (the "Indenture"), dated as of January 20, 2011, providing for the issuance of 9½% Senior Notes due 2019 (the "Notes");

WHEREAS, Section 9.01 of the Indenture provides that, without the consent of any Holders, the Company and the Existing Guarantors, when authorized by a Board Resolution of the Company, and the Trustee, at any time and from time to time, may supplement or amend the Indenture to add a Guarantor or additional obligor under the Indenture or permit any Person to guarantee the Notes and/or obligations under the Indenture;

WHEREAS, the New Guarantor wishes to guarantee the Notes pursuant to the Indenture;

WHEREAS, pursuant to Section 4.12 and Article Ten of the Indenture, the Company, the Existing Guarantors, the New Guarantor and the Trustee have agreed to enter into this Supplemental Indenture for the purposes stated herein; and

WHEREAS, all things necessary have been done to make this Supplemental Indenture, when executed and delivered by the Company, the Existing Guarantors and the New Guarantor, the legal, valid and binding agreement of the Company, the Existing Guarantors and the New Guarantor, in accordance with its terms.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Company, the New Guarantor, the Existing Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

Section 1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

Section 2. Guarantee. The New Guarantor hereby guarantees, on a senior unsecured basis, to each Holder of a Note and to the Trustee, the obligations of the Company under the Indenture and the Notes pursuant to the terms and conditions of Article Ten of the Indenture (such guarantee, a "Guarantee") and the New Guarantor agrees to be bound as a Guarantor under the Indenture as if and to the same extent as the New Guarantor had been a signatory thereto as an Initial Guarantor; provided that the New Guarantor can be released from its Guarantee to the same extent as any other Guarantor under the Indenture.

Section 3. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 4. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. Delivery of an executed counterpart of this Supplemental Indenture by facsimile or electronic transmission shall be equally as effective as delivery of an original executed counterpart of this Supplemental Indenture. Any party delivering an executed counterpart of this Supplemental Indenture by facsimile or electronic transmission also shall deliver an original executed counterpart of this Supplemental Indenture, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability and binding effect of this Supplemental Indenture.

Section 5. Effect of Headings. The section headings herein are for convenience only and shall not affect the construction hereof.

Section 6. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company, Existing Guarantors and the New Guarantors.

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IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

LAREDO PETROLEUM, INC.

By: /s/ W. Mark Womble
Name: W. Mark Womble
Title: Senior Vice President and Chief Financial Officer

LAREDO PETROLEUM — DALLAS, INC.

By: /s/ Jerry Schuyler
Name: Jerry Schuyler
Title: President

LAREDO PETROLEUM, LLC
LAREDO GAS SERVICES, LLC
LAREDO PETROLEUM TEXAS, LLC

By: /s/ Jerry Schuyler
Name: Jerry Schuyler
Title: President

[*Signature Page to Supplemental Indenture*]

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: /s/ Patrick Giordano
Authorized Signatory

[*Signature Page to Supplemental Indenture*]

SCHEDULE A

EXISTING GUARANTORS

1. Laredo Petroleum, LLC, a Delaware limited liability company.

2. Laredo Gas Services, LLC, a Delaware limited liability company.

3. Laredo Petroleum Texas, LLC, a Texas limited liability company.

Exhibit 4.4

EXECUTION VERSION

REGISTRATION RIGHTS AGREEMENT

by and among

Laredo Petroleum, Inc.,
the Guarantors party hereto

and

Merrill Lynch, Pierce, Fenner & Smith Incorporated
J.P. Morgan Securities LLC
Wells Fargo Securities, LLC
Goldman, Sachs & Co.
BMO Capital Markets Corp.
BB&T Capital Markets, a division of Scott & Stringfellow, LLC
Banco Bilbao Vizcaya Argentaria, S.A.
BNP Paribas Securities Corp.
BOSC, Inc.
Comerica Securities, Inc.
Capital One Southcoast, Inc.
Howard Weil Incorporated
Mitsubishi UFJ Securities (USA), Inc.
Scotia Capital (USA) Inc.
SG Americas Securities, LLC
Tudor, Pickering, Holt & Co. Securities, Inc.

Dated as of October 19, 2011

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of October 19, 2011, by and among Laredo Petroleum, Inc., a Delaware corporation (the "Company"), Laredo Petroleum, LLC, Laredo Gas Services, LLC, Laredo Petroleum Texas, LLC and Laredo Petroleum—Dallas, Inc. (collectively, the "Guarantors"), Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, Wells Fargo Securities, LLC, Goldman, Sachs & Co., BMO Capital Markets Corp., BB&T Capital Markets, a division of Scott & Stringfellow, LLC, Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas Securities Corp., BOSC, Inc., Comerica Securities, Inc., Capital One Southcoast, Inc., Howard Weil Incorporated, Mitsubishi UFJ Securities (USA), Inc., Scotia Capital (USA) Inc., SG Americas Securities, LLC and Tudor, Pickering, Holt & Co. Securities, Inc. (collectively, the "Initial Purchasers"), each of whom has agreed to purchase the Company's 9½% Senior Notes due 2019 (the "Notes") fully and unconditionally guaranteed by the Guarantors (the "Guarantees") pursuant to the Purchase Agreement (as defined below). The Notes and the related Guarantees are herein collectively referred to as the "Securities." For the avoidance of doubt, (i) the Securities and the Exchange Securities (as defined below) shall not be entitled to the benefits of that certain Registration Rights Agreement, dated as of January 20, 2011, among the Company, the Guarantors named therein and the Initial Purchasers named therein (the "Old RRA") and (ii) the Securities and Exchange Securities (each as defined in the Old RRA) shall not be entitled to the benefits of this Agreement.

This Agreement is made pursuant to the Purchase Agreement, dated October 12, 2011 (the "Purchase Agreement"), by and among the Company, the Guarantors and the Initial Purchasers (i) for the benefit of the Initial Purchasers and (ii) for the benefit of the holders from time to time of Initial Securities, including the Initial Purchasers. In order to induce the Initial Purchasers to purchase the Securities, the Company has agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 5(h) of the Purchase Agreement.

The parties hereby agree as follows:

SECTION 1. *Definitions*. As used in this Agreement, the following capitalized terms shall have the following meanings:

Additional Interest: As defined in Section 5 hereof.

Advice: As defined in Section 6(c) hereof.

Blackout Period: As defined in Section 4(a) hereof.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Business Day: Any day other than a Saturday, Sunday or U.S. federal holiday or a day on which banking institutions or trust companies located in New York, New York are authorized or obligated to be closed.

Closing Date: The date of this Agreement.

Commission: The Securities and Exchange Commission.

Consummate: A registered Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (i) the filing and effectiveness under the Securities Act of the Exchange Offer Registration Statement relating to the Exchange Securities to be issued in the Exchange Offer, (ii) the maintenance of such Registration Statement continuously effective and the keeping of the Exchange Offer open for a period not less than the minimum period required pursuant to Section 3(b) hereof, and (iii) the delivery by the Company to the Registrar under the Indenture of Exchange Securities in the same aggregate principal amount as the aggregate principal amount of Initial Securities that were validly tendered (and not withdrawn) by Holders thereof pursuant to the Exchange Offer.

controlling person: As defined in Section 8(a) hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Date: As defined in Section 3(b) hereto.

Exchange Offer: The registration by the Company under the Securities Act of the Exchange Securities pursuant to a Registration Statement pursuant to which the Company offers the Holders of all outstanding Initial Securities the opportunity to exchange all such outstanding Initial Securities held by such Holders for Exchange Securities in an aggregate principal amount equal to the aggregate principal amount of the Initial Securities validly tendered (and not withdrawn) in such exchange offer by such Holders.

Exchange Offer Registration Statement: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

Exchange Offer Registration Statement Suspension Period: As defined in Section 3(c) hereto.

Exchange Securities: The 9½% Senior Notes due 2019, of the same series under the Indenture as the Initial Securities, to be issued to Holders in exchange for Initial Securities pursuant to this Agreement.

FINRA: Financial Industry Regulatory Authority, Inc.

Freely Tradable: Means, with respect to a Security, a Security that at any time of determination (i) may be sold to the public in accordance with Rule 144 under the Securities Act ("Rule 144") by a person that is not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Company where no conditions of Rule 144 are then applicable (other than the holding period requirement in paragraph (d) of Rule 144 so long as such holding period requirement is satisfied at such time of determination) and (ii) does not bear any restrictive legends or restricted CUSIP relating to the Securities Act.

Holders: As defined in Section 2(b) hereof.

Indemnified Holder: As defined in Section 8(a) hereof.

Indenture: The Indenture, dated as of January 20, 2011, by and among the Company, the Guarantors and Wells Fargo Bank, National Association, as trustee (the "Trustee"), pursuant to which the Securities are to be issued, as such Indenture is or has been amended or supplemented from time to time in accordance with the terms thereof.

Initial Placement: The issuance and sale by the Company of the Securities to the Initial Purchasers pursuant to the Purchase Agreement.

Initial Purchasers: As defined in the preamble hereto.

Initial Securities: The Securities; *provided* that the Securities shall cease to be Initial Securities on the earliest to occur of (i) the date on which a Registration Statement with respect to such Securities has become effective under the Securities Act and such Securities have been exchanged or disposed of pursuant to such Registration Statement; (ii) the date on which such Securities cease to be outstanding; (iii) if a Shelf Registration Statement is required to be filed in accordance with Section 4 hereof, one year from the effective date of such Shelf Registration Statement; and (iv) the date upon which such Security is distributed to the public by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including delivery of the Prospectus contained therein). For the purposes of Sections 4 and 5 only, Initial Securities will not include any Security sold pursuant to Rule 144 in a transaction that causes it to become Freely Tradeable.

Interest Payment Date: As defined in the Indenture and the Securities.

Old RRA: As defined in the preamble hereto.

Outstanding Notes: $350,000,000 of the Company's 9½ % Senior Notes due 2019 issued on January 20, 2011 pursuant to the Indenture.

Person: An individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

Prospectus: The prospectus included in a Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

Registration Default: As defined in Section 5 hereof.

Registration Statement: Any registration statement of the Company relating to (a) an offering of Exchange Securities pursuant to an Exchange Offer or (b) the registration for resale of Initial Securities pursuant to the Shelf Registration Statement, which is filed pursuant to the provisions of this Agreement, in each case, including the Prospectus included therein, all

amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

Securities: As defined in the preamble hereto.

Securities Act: The Securities Act of 1933, as amended.

Shelf Filing Deadline: As defined in Section 4(a) hereof.

Shelf Registration Statement: As defined in Section 4(a) hereof.

Trust Indenture Act: The Trust Indenture Act of 1939, as amended.

Underwritten Registration or Underwritten Offering: A registration in which securities of the Company are sold to an underwriter for reoffering to the public.

SECTION 2. *Securities Subject to this Agreement.*

(a) *Initial Securities*. The securities entitled to the benefits of this Agreement are the Initial Securities.

(b) *Holders of Initial Securities*. A Person is deemed to be a holder of Initial Securities (each, a "Holder") whenever such Person owns Initial Securities.

SECTION 3. *Registered Exchange Offer*.

(a) Unless the Exchange Offer shall not be permissible under applicable law or Commission policy (assuming the procedures set forth in Section 6(a) hereof will be complied with, as applicable), or there are no Initial Securities outstanding, each of the Company and the Guarantors shall (i) use its commercially reasonable efforts to cause to be filed with the Commission, a Registration Statement under the Securities Act relating to the Exchange Securities and the Exchange Offer, (ii) use its commercially reasonable efforts to cause such Registration Statement to become effective, (iii) in connection with the foregoing, file (A) all pre-effective amendments to such Registration Statement as may be necessary in order to cause such Registration Statement to become effective, (B) if applicable, a post-effective amendment to such Registration Statement pursuant to Rule 430A under the Securities Act and (C) cause all necessary filings in connection with the registration and qualification of the Exchange Securities to be made under the state securities or blue sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer, and (iv) upon the effectiveness of such Registration Statement, commence the Exchange Offer. The Exchange Offer, if required pursuant to this Section 3(a), shall be on the appropriate form permitting registration of the Exchange Securities to be offered in exchange for the Initial Securities and to permit resales of Initial Securities held by Broker-Dealers as contemplated by Section 3(c) hereof.

(b) If an Exchange Offer Registration Statement is required to be filed and declared effective pursuant to Section 3(a) above, the Company and the Guarantors shall cause the

Exchange Offer Registration Statement to be effective continuously and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; *provided*, *however*, that in no event shall such period be less than 20 Business Days after the date notice of the Exchange Offer is mailed to the Holders. The Company shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Exchange Securities (and the Exchange Securities as defined in the Old RRA) shall be included in the Exchange Offer Registration Statement. The Company shall use commercially reasonable efforts to cause the Exchange Offer to be Consummated no later than 93 days following the Closing Date (or if such 93rd day is not a Business Day, the next succeeding Business Day) (such 93rd day herein referred to as the "Exchange Date").

(c) The Company shall indicate in a "Plan of Distribution" section contained in the Prospectus forming a part of the Exchange Offer Registration Statement that any Broker-Dealer who holds Initial Securities that were acquired for its own account as a result of market-making activities or other trading activities (other than Initial Securities acquired directly from the Company), may exchange such Initial Securities pursuant to the Exchange Offer; however, such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Securities Act and must, therefore, deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of the Exchange Securities received by such Broker-Dealer in the Exchange Offer, which prospectus delivery requirement may be satisfied by the delivery by such Broker-Dealer of the Prospectus contained in the Exchange Offer Registration Statement. Such "Plan of Distribution" section shall also contain all other information with respect to such resales by Broker-Dealers that the Commission may require in order to permit such resales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Initial Securities held by any such Broker-Dealer except to the extent required by the Commission.

Each of the Company and the Guarantors shall use commercially reasonably efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 6(c) hereof to the extent necessary to ensure that it is available for resales of Initial Securities acquired by Broker-Dealers for their own accounts as a result of market-making activities or other trading activities, and to ensure that it conforms with the requirements of this Agreement, the Securities Act and the policies, rules and regulations of the Commission as announced from time to time, for a period ending on the earlier of (i) 180 days from the date on which the Exchange Offer Registration Statement is declared effective and (ii) the date on which a Broker-Dealer is no longer required to deliver a prospectus in connection with market-making or other trading activities, *provided* that after the expiration of the period referred to in the first sentence of Section 3(b) hereof, the Company may for a period (the "Exchange Offer Registration Statement Suspension Period") of up to 60 days in any three-month period, not to exceed 90 days in any calendar year, determine that the Exchange Offer Registration Statement is not usable under circumstances relating to corporate developments, public filings with the Commission and similar events, and suspend the use of the prospectus that is part of the Exchange Offer Registration Statement.

The Company shall provide sufficient copies of the latest version of such Prospectus to Broker-Dealers promptly upon request at any time during such 180-day (or shorter as provided in the foregoing sentence) period in order to facilitate such resales.

SECTION 4. *Shelf Registration***.**

(a) *Shelf Registration*. If (i) the Company is not required to file an Exchange Offer Registration Statement or to consummate the Exchange Offer solely because the Exchange Offer is not permitted by applicable law or Commission policy, (ii) for any reason the Exchange Offer is not Consummated by the Exchange Date (unless an Exchange Offer Registration Statement has been filed within 270 days of the Closing Date and has not yet been declared effective by the Commission, other than as a result of the fault of the Company or any Guarantor, and as a result of Commission review of data or information included or incorporated by reference in such Registration Statement that would also be included or incorporated in a Shelf Registration Statement, the Company and the Guarantors reasonably believe that a Shelf Registration Statement would not become effective prior to consummation of the Exchange Offer), or (iii) prior to the Exchange Date: (A) with respect to any Holder of Initial Securities that is not an affiliate of the Company or the Guarantors such Holder notifies the Company that (a) such Holder is prohibited by applicable law or Commission policy from participating in the Exchange Offer, (b) such Holder may not resell the Exchange Securities acquired by it in the Exchange Offer to the public without delivering a prospectus and that the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder, or (c) such Holder is a Broker-Dealer and holds Initial Securities acquired directly from the Company or one of its affiliates or (B) in the case of any Initial Purchaser, such Initial Purchaser notifies the Company it will not receive Freely Tradable Exchange Securities in exchange for Initial Securities constituting any portion of such Initial Purchaser's unsold allotment, the Company and the Guarantors shall:

(x) cause to be filed a shelf registration statement pursuant to Rule 415 under the Securities Act, which may be an amendment to the Exchange Offer Registration Statement (in either event, the "Shelf Registration Statement") on or prior to 30th day after the date such obligation arises but no earlier than the 93rd day after the Closing Date (such date being the "Shelf Filing Deadline"), which Shelf Registration Statement shall provide for resales of all Initial Securities the Holders of which shall have provided the information required pursuant to Section 4(b) hereof; and

(y) use commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the Commission on or before the 90th day after the Shelf Filing Deadline (or if such 90th day is not a Business Day, the next succeeding Business Day).

Each of the Company and the Guarantors shall keep such Shelf Registration Statement continuously effective, supplemented and amended as required by the provisions of Sections 6(b) and (c) hereof to the extent necessary to ensure that it is available for resales of Initial Securities

by the Holders of such Securities entitled to the benefit of this Section 4(a), and to ensure that it conforms in all material respects with the requirements of this Agreement, the Securities Act and the policies, rules and regulations of the Commission as announced from time to time, until the earlier of (x) one year from the date on which the Shelf Registration Statement is declared effective by the Commission and (y) such shorter period that will terminate when all the Initial Securities covered by such Shelf Registration Statement have been sold pursuant to such Shelf Registration Statement; *provided* that the Company may for a period of up to 60 days in any three-month period, not to exceed 90 days in any calendar year determine that the Shelf Registration Statement is not usable under certain circumstances relating to corporate developments, public filings with the Commission and similar events, and suspend the use of the prospectus that is part of the Shelf Registration Statement (a "Blackout Period").

(b) *Provision by Holders of Certain Information in Connection with the Shelf Registration Statement*. No Holder of Initial Securities may include any of its Initial Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 20 Business Days after receipt of a request therefor, such information as the Company may reasonably request for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. Each Holder as to which any Shelf Registration Statement is being effected agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading.

SECTION 5. *Additional Interest*. If (i) by the Exchange Date the Exchange Offer has not been Consummated, (ii) by the requisite time after the Shelf Filing Deadline any Shelf Registration Statement, if required hereby, has not been declared effective (or does not automatically become effective) by the Commission or (iii) any Registration Statement required by this Agreement has been declared effective (or automatically becomes effective) but ceases to be effective at any time at which it is required to be effective under this Agreement for more than 30 calendar days, excluding any Blackout Period or Exchange Offer Registration Statement Suspension Period (each such event referred to in clauses (i) through (iii), a "Registration Default"), the Company hereby agrees that the interest rate borne by the Initial Securities shall be increased by 0.25% per annum during the 90-day period immediately following the occurrence of any Registration Default and shall increase by 0.25% per annum for each subsequent 90-day period, in each case for the period of occurrence of the Registration Default (such increase, "Additional Interest"), but in no event shall such increase exceed 1.00% per annum. At the earlier of (A) the cure of all Registration Defaults relating to the particular Initial Securities (or, in the case of a failure to Consummate the Exchange Offer by the Exchange Date, when the Exchange Offer is Consummated) or (B) the second anniversary of the Closing Date (plus additional time equal to any period when Additional Interest is not paid during any Blackout Period, Exchange Offer Registration Statement Suspension Period, or 30-day period referred to in clause (iii) above), Additional Interest will cease to accrue and the interest rate on the Initial Securities will revert to the original rate; *provided*, *however*, that, if after any reduction in interest rate, a different Registration Default occurs, the interest rate borne by the relevant Initial Securities shall again be increased pursuant to the foregoing provisions. In no event will

Additional Interest accrue under more than one of the foregoing clauses (i), (ii) and (iii) at any one time. For the avoidance of doubt, no Additional Interest will accrue on the Securities under the Old RRA.

All obligations of the Company and the Guarantors set forth in the preceding paragraph that are outstanding with respect to any Initial Security at the time such security ceases to be a Initial Security shall survive until such time as all such obligations with respect to such security shall have been satisfied in full.

SECTION 6. *Registration Procedures.*

(a) *Exchange Offer Registration Statement*. In connection with the Exchange Offer, if required pursuant to Section 3(a) hereof, the Company and the Guarantors shall comply with all of the provisions of Section 6(c) hereof, shall use their commercially reasonable efforts to effect such exchange to permit the sale of Initial Securities being sold in accordance with the intended method or methods of distribution thereof, and shall comply with all of the following provisions:

(i) If in the reasonable opinion of counsel to the Company there is a question as to whether the Exchange Offer is permitted by applicable law, each of the Company and the Guarantors hereby agrees to seek a no-action letter or other favorable decision from the Commission allowing the Company and the Guarantors to Consummate an Exchange Offer for such Initial Securities. Each of the Company and the Guarantors hereby agrees to pursue the issuance of such a decision to the Commission staff level but shall not be required to take commercially unreasonable action to effect a change of Commission policy. Each of the Company and the Guarantors hereby agrees, however, to (A) participate in telephonic conferences with the Commission, (B) deliver to the Commission staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursue a favorable resolution by the Commission staff of such submission.

(ii) As a condition to its participation in the Exchange Offer pursuant to the terms of this Agreement, each Holder of Initial Securities shall furnish, upon the request of the Company, prior to the Consummation thereof, a written representation to the Company (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an affiliate of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any Person to participate in, a distribution of the Exchange Securities to be issued in the Exchange Offer and (C) it is acquiring the Exchange Securities in its ordinary course of business. In addition, all such Holders of Initial Securities shall otherwise cooperate in the Company's preparations for the Exchange Offer. Each Holder hereby acknowledges and agrees that any Broker-Dealer and any such Holder using the Exchange Offer to participate in a distribution of the securities to be acquired in the Exchange Offer (1) could not under Commission policy as

in effect on the date of this Agreement rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (which may include any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction and that such a secondary resale transaction should be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K if the resales are of Exchange Securities obtained by such Holder in exchange for Initial Securities acquired by such Holder directly from the Company.

(b) *Shelf Registration Statement*. If required pursuant to Section 4, in connection with the Shelf Registration Statement, each of the Company and the Guarantors shall comply with all the provisions of Section 6(c) hereof and shall use commercially reasonable efforts to effect such registration to permit the sale of the Initial Securities being sold in accordance with the intended method or methods of distribution thereof, and pursuant thereto each of the Company and the Guarantors will as expeditiously as possible, when required, prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Securities Act, which form shall be available for the sale of the Initial Securities in accordance with the intended method or methods of distribution thereof.

(c) *General Provisions*. In connection with any Registration Statement and any Prospectus required by this Agreement to permit the sale or resale of Initial Securities (including, without limitation, any Registration Statement and the related Prospectus required to permit resales of Initial Securities by Broker-Dealers), each of the Company and the Guarantors shall:

(i) use commercially reasonably efforts to keep such Registration Statement continuously effective and provide all requisite financial statements (including, if required by the Securities Act or any regulation thereunder, financial statements of the Guarantors) for the period specified in Section 3 or 4 hereof, as applicable; upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of Initial Securities during the period required by this Agreement, the Company shall file promptly an appropriate amendment to such Registration Statement (or file with the Commission a document to be incorporated by reference into the Registration Statement), in the case of clause (A), correcting any such misstatement or omission, and, in the case of either clause (A) or (B), use commercially reasonable efforts to cause such amendment to be declared effective and such Registration Statement and the related Prospectus to become usable for their intended purpose(s) as soon as practicable thereafter, subject to the provisions applicable to the Exchange Offer Registration Statement Suspension Periods and Blackout Periods and the last paragraph hereof;

(ii) prepare and file with the Commission such amendments and post-effective amendments to the applicable Registration Statement as may be necessary to keep the Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as applicable, or such shorter period as will terminate when all Initial Securities covered by such Registration Statement have been sold; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Securities Act, and to comply fully with the applicable provisions of Rules 424 and 430A under the Securities Act in a timely manner; and comply in all material respects with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) in the case of a Shelf Registration Statement, advise the underwriter(s), if any, and selling Holders promptly and, if requested by such Persons, to confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Securities Act or of the suspension by any state securities commission of the qualification of the Initial Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, and (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein (with respect to the Prospectus, in light of the circumstances under which they were made) not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Initial Securities under state securities or blue sky laws, each of the Company and the Guarantors shall use commercially reasonable efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(iv) in the case of a Shelf Registration Statement, furnish without charge to each of the Initial Purchasers, each selling Holder named in any Registration Statement if so requested by such Holder, and each of the underwriter(s), if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such

Registration Statement), which documents will be subject to the review and comment of such Holders and underwriter(s) in connection with such sale, if any, for a period of at least five Business Days, and the Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which an Initial Purchaser of Initial Securities covered by such Registration Statement or the underwriter(s), if any, shall reasonably object in writing within five Business Days after the receipt thereof (such objection to be deemed timely made upon confirmation of telecopy transmission within such period)); *provided*, that this clause (iv) shall not apply to any filing by the Company of any annual report on Form 10-K, quarterly report on Form 10-Q or Current Report on Form 8-K with respect to matters unrelated to the Initial Securities, the Securities and the Exchange Securities and the offering or exchange therefor. The objection of an Initial Purchaser or underwriter, if any, shall be deemed to be reasonable if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains a material misstatement or omission;

(v) in the case of a Shelf Registration Statement, make available at reasonable times for inspection by the Initial Purchasers, the managing underwriter(s), if any, participating in any disposition pursuant to such Registration Statement and any attorney or accountant retained by such Initial Purchasers or any of the underwriter(s), all financial and other records, pertinent corporate documents and properties of each of the Company and the Guarantors and cause the Company's and the Guarantors' officers, directors and employees to supply all information reasonably requested by any such Holder, underwriter, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof (and each such person shall agree that it will keep such information confidential and not disclose any such records, documents, properties or information unless (A) the disclosure of such records, documents, properties or information is, in the opinion of counsel to such person, necessary to avoid or correct a misstatement or omission in such Registration Statement, (B) the release of such records, documents, properties or information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, (C) the records, documents, properties or information in such records is public or has been made generally available to the public other than as a result of a disclosure or failure to safeguard by such person or (D) disclosure of such records, documents, properties or information is, in the opinion of counsel for any such person, necessary or advisable in connection with any action, claim, suit or proceeding, directly or indirectly, involving such person and arising out of, based upon, related to, or involving this Agreement, or any transaction contemplated hereby or arising hereunder) and prior to its effectiveness and to participate in meetings with investors to the extent requested by the managing underwriter(s), if any, if in connection with the Underwritten Offering of Initial Securities of an aggregate principal amount of $100,000,000 or greater;

(vi) in connection with an Underwritten Offering, if requested by any selling Holders or the underwriter(s), if any, promptly incorporate in any Registration Statement

or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders and underwriter(s), if any, may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Initial Securities, information with respect to the principal amount of Initial Securities being sold to such underwriter(s), the purchase price being paid therefor and any other terms of the offering of the Initial Securities to be sold in such offering; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment, subject to the provisions applicable to the Exchange Offer Registration Statement Suspension Periods and Blackout Periods and the last paragraph hereof;

(vii) cause the Initial Securities covered by the Registration Statement to be rated with the appropriate rating agencies, if so requested by the Holders of a majority in aggregate principal amount of Securities covered thereby or the underwriter(s), if any;

(viii) in the case of a Shelf Registration Statement, furnish to each Initial Purchaser, each selling Holder if requested and each of the underwriter(s), if any, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including financial statements and schedules, but without documents incorporated by reference therein or exhibits thereto, unless requested;

(ix) in the case of a Shelf Registration Statement, deliver to each selling Holder if requested and each of the underwriter(s), if any, without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; each of the Company and the Guarantors hereby consents to the use of the Prospectus and any amendment or supplement

thereto by each of the selling Holders and each of the underwriter(s), if any, in connection with the offering and the sale of the Initial Securities covered by the Prospectus or any amendment or supplement thereto;

(x) in the case of a Shelf Registration Statement, enter into such customary agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings of debt securities similar to the Initial Securities, as may be appropriate in the circumstances), and make such representations and warranties, and take all such other actions in connection therewith as is customary in offerings of debt securities similar to the Initial Securities in order to expedite or facilitate the disposition of the Initial Securities pursuant to any Registration Statement contemplated by this Agreement, all to such extent as may be reasonably requested by any Initial Purchaser or by any Holder of Initial Securities or underwriter in connection with any sale or resale pursuant to any Registration Statement contemplated by this Agreement in connection with any offering pursuant to a Shelf Registration Statement; and, whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Registration, the Company and the Guarantors shall:

(A) furnish to each Initial Purchaser, each selling Holder if requested and each underwriter, if any, in such substance and scope as they may request and as are customarily made by issuers to underwriters in primary underwritten offerings, upon the effectiveness of the Shelf Registration Statement:

(1) a certificate, dated the date of effectiveness of the Shelf Registration Statement, signed by (y) the President or any Vice President and (z) a principal financial or accounting officer of each of the Company and the Guarantors, confirming, as of the date thereof, the matters set forth in paragraphs (i), (ii) and (iii) of Section 5(e) of the Purchase Agreement (to the extent applicable) and such other matters as such parties may reasonably request;

(2) an opinion, dated the date of effectiveness of the Shelf Registration Statement, as the case may be, of counsel for the Company and the Guarantors, covering the matters set forth in Section 5(c) of the Purchase Agreement and such other matters as such parties may reasonably request, and in any event including a statement to the effect that such counsel has participated in conferences with officers and other representatives of the Company and the Guarantors, representatives of the independent public accountants for the Company and the Guarantors, representatives of the underwriter(s), if any, and counsel to the underwriter(s), if any, in connection with the preparation of such Shelf Registration Statement and the related Prospectus and have considered the matters required to be stated therein and the statements contained therein, although such counsel has not independently verified the accuracy, completeness or fairness of such statements; and that such counsel advises that, on the basis of the foregoing, no facts came to such counsel's attention that caused such counsel to believe that the Shelf Registration Statement, at the time such Registration Statement or any post-effective amendment thereto became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Registration Statement as of its date contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Without limiting the foregoing, such counsel may state further that such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of the financial statements, notes and schedules and other financial data or oil and gas reserve and production data included in any Shelf Registration Statement contemplated by this Agreement or the related Prospectus; and

(3) a customary comfort letter, dated the date of effectiveness of the Shelf Registration Statement, from the Company's independent accountants, in the customary form and covering matters of the type customarily requested to be covered in comfort letters by underwriters in connection with primary underwritten offerings, and covering or affirming the matters set forth in the comfort letters delivered pursuant to Section 5(a) of the Purchase Agreement, without exception, provided that to be an addressee of the comfort letter, if requested by the applicable accountant, each Initial Purchaser, underwriter and selling Holder may be required to confirm that it is in the category of person to whom a comfort letter may be delivered in accordance with applicable accounting literature;

(B) set forth in full or incorporate by reference in the underwriting agreement, if any, the indemnification provisions and procedures of Section 8 hereof with respect to all parties to be indemnified pursuant to said Section; and

(C) deliver such other documents and certificates as may be reasonably requested by such parties to evidence compliance with Section 6(c)(x)(A) hereof and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company or any of the Guarantors pursuant to this Section 6(c)(x), if any.

If at any time the representations and warranties of the Company and the Guarantors contemplated in Section 6(c)(x)(A)(1) hereof cease to be true and correct, the Company or the Guarantors shall so advise the Initial Purchasers and the underwriter(s), if any, and each selling Holder promptly and, if requested by such Persons, shall confirm such advice in writing;

(xi) in the case of a Shelf Registration Statement, prior to any public offering of Initial Securities, cooperate with the selling Holders, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of the Initial Securities under the state securities or blue sky laws of such jurisdictions as the selling Holders or underwriter(s), if any, may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Initial Securities covered by the Shelf Registration Statement; *provided, however*, that none of the Company or the Guarantors shall be required to register or qualify as a foreign corporation where it is not then so qualified or to take any action that would subject it to the service of process in suits or to taxation in any jurisdiction where it is not then so subject;

(xii) shall issue, upon the request of any Holder of Initial Securities covered by the Exchange Offer Registration Statement, Exchange Securities having an aggregate principal amount equal to the aggregate principal amount of Initial Securities surrendered to the Company by such Holder in exchange therefor or being sold by such Holder; such

Exchange Securities, in certificate form, to be registered in the name of such Holder, or in the name of the purchaser(s) of such Exchange Securities, or Cede & Co., as nominee for the Depositary (as defined in the Purchase Agreement) or such other nominee, as the case may be; in return, the Initial Securities held by such Holder shall be surrendered to the Company for cancellation;

(xiii) in connection with an Underwritten Offering, cooperate with the selling Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Initial Securities to be sold and not bearing any restrictive legends; and enable such Initial Securities to be in such denominations and registered in such names as the Holders or the underwriter(s), if any, may request at least two Business Days prior to any sale of Initial Securities made by such Holders or underwriter(s);

(xiv) in connection with a Shelf Registration Statement, use commercially reasonable efforts to cause the Initial Securities covered by the Registration Statement to be registered with or approved by such other domestic governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter(s), if any, to consummate the disposition of such Initial Securities, subject to the proviso contained in Section 6(c)(xi) hereof;

(xv) if any fact or event contemplated by Section 6(c)(iii)(D) hereof shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Initial Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, subject to the provisions applicable to the Exchange Offer Registration Statement Suspension Periods and Blackout Periods and the last paragraph hereof;

(xvi) provide a CUSIP number for all Securities not later than the effective date of the Registration Statement covering such Securities and provide the Trustee under the Indenture with printed certificates for such Securities which are in a form eligible for deposit with the Depository Trust Company and take all other action necessary to ensure that all such Securities are eligible for deposit with the Depository Trust Company;

(xvii) cooperate and assist in any filings required to be made with the FINRA and in the performance of any due diligence investigation by any underwriter (including any "qualified independent underwriter") that is required to be retained in accordance with the rules and regulations of the FINRA;

(xviii) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its

security holders, as soon as reasonably practicable, a consolidated earnings statement meeting the requirements of Rule 158 under the Securities Act (which need not be audited) for the twelve-month period (A) commencing at the end of any fiscal quarter in which Initial Securities are sold to underwriters in a firm commitment or best efforts Underwritten Offering or (B) if not sold to underwriters in such an offering, beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Registration Statement;

(xix) cause the Indenture to be qualified under the Trust Indenture Act not later than the effective date of the first Registration Statement required by this Agreement, and, in connection therewith, cooperate with the Trustee and the Holders of Securities to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the Trust Indenture Act; and to execute and use commercially reasonable efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner; and

(xx) in the case of a Shelf Registration Statement, cause all Securities covered by the Registration Statement to be listed on each securities exchange or automated quotation system on which similar securities issued by the Company are then listed if requested by the Holders of a majority in aggregate principal amount of Securities or the managing underwriter(s), if any.

Each Holder agrees by acquisition of a Initial Security that, upon receipt of any notice from the Company of the existence of any fact of the kind described in Section 6(c)(iii)(D) hereof, such Holder will forthwith discontinue disposition of Initial Securities pursuant to the applicable Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xv) hereof, or until it is advised in writing (the "Advice") by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus. If so directed by the Company, each Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Initial Securities that was current at the time of receipt of such notice. In the event the Company shall give any such notice, the time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 6(c)(iii)(D) hereof to and including the date when each selling Holder covered by such Registration Statement shall have received the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xv) hereof or shall have received the Advice.

SECTION 7. *Registration Expenses*.

(a) All expenses incident to the Company's and the Guarantor's performance of or compliance with this Agreement will be borne by the Company and the Guarantors, jointly and severally, regardless of whether a Registration Statement becomes effective, including, without limitation: (i) all registration and filing fees and expenses (including filings made by any Initial Purchaser or Holder with the FINRA (and, if applicable, the fees and expenses of any "qualified independent underwriter" and its counsel that may be required by the rules and regulations of the FINRA)); (ii) all fees and expenses of compliance with federal securities and state securities or blue sky laws; (iii) all expenses of printing (including printing certificates for the Exchange Securities to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Company, the Guarantors and, subject to Section 7(b) hereof, the Holders of Initial Securities; (v) all application and filing fees in connection with listing the Exchange Securities on a securities exchange or automated quotation system pursuant to the requirements thereof; and (vi) all fees and disbursements of independent certified public accountants of the Company and the Guarantors (including the expenses of any special audit and comfort letters required by or incident to such performance); *provided* that all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of a Holder's Initial Securities pursuant to a Shelf Registration Statement shall be the responsibility of each Holder.

Each of the Company and the Guarantors will, in any event, bear its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company or the Guarantors.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Company and the Guarantors, jointly and severally, will reimburse the Initial Purchasers and the Holders of Initial Securities being tendered in the Exchange Offer and/or resold pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or registered pursuant to the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel, who shall be Fried Frank, Harris, Shriver & Jacobson LLP or such other counsel as may be chosen by the Holders of a majority in principal amount of the Initial Securities for whose benefit such Registration Statement is being prepared.

SECTION 8. *Indemnification*.

(a) The Company and the Guarantors, jointly and severally, agrees to indemnify and hold harmless (i) each Holder and (ii) each Person, if any, who controls (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) any Holder (any of the Persons referred to in this clause (ii) being hereinafter referred to as a "controlling person") and (iii) the respective officers, directors, partners, employees, representatives and agents of any Holder or any controlling person (any Person referred to in clause (i), (ii) or (iii) may hereinafter

be referred to as an "Indemnified Holder"), to the fullest extent lawful, from and against any and all losses, claims, damages, liabilities, judgments, actions and expenses (including, without limitation, and as incurred, reimbursement of all reasonable costs of investigating, preparing, pursuing, settling, compromising, paying or defending any claim or action, or any investigation or proceeding by any governmental agency or body, commenced or threatened, including the reasonable fees and expenses of counsel to any Indemnified Holder), joint or several, directly or indirectly caused by, related to, based upon, arising out of or in connection with (1) any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or (2) any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto) or any free writing prospectus (or any amendment or supplement thereto), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except insofar as such losses, claims, damages, liabilities or expenses are caused by an untrue statement or omission or alleged untrue statement or omission that is made in reliance upon and in conformity with information relating to any of the Holders furnished in writing to the Company by any of the Holders expressly for use therein. This indemnity shall be in addition to any liability which the Company or any of the Guarantors may otherwise have.

In case any action or proceeding (including any governmental or regulatory investigation or proceeding) shall be brought or asserted against any of the Indemnified Holders with respect to which indemnity may be sought against the Company or the Guarantors, such Indemnified Holder (or the Indemnified Holder controlled by such controlling person) shall promptly notify the Company and the Guarantors in writing; *provided, however,* that the failure to give such notice shall not relieve any of the Company or the Guarantors of its obligations pursuant to this Agreement. Such Indemnified Holder shall have the right to employ its own counsel in any such action and the fees and expenses of such counsel shall be paid, as incurred, by the Company and the Guarantors (regardless of whether it is ultimately determined that an Indemnified Holder is not entitled to indemnification hereunder). The Company and the Guarantors shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for such Indemnified Holders, which firm shall be designated by the Holders and must be reasonably satisfactory to the Company. The Company and the Guarantors shall be liable for any settlement of any such action or proceeding effected with the Company's and the Guarantors' prior written consent, which consent shall not be withheld unreasonably, and each of the Company and the Guarantors agrees to indemnify and hold harmless any Indemnified Holder from and against any loss, claim, damage, liability or expense by reason of any settlement of any action effected with the written consent of the Company and the Guarantors. The Company and the Guarantors shall not, without the prior written consent of each Indemnified Holder, settle or compromise or consent to the entry of judgment in or otherwise seek to terminate any pending or threatened action, claim, litigation or proceeding in respect of which indemnification or contribution may be sought hereunder

(whether or not any Indemnified Holder is a party thereto), unless such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Holder from all liability arising out of such action, claim, litigation or proceeding.

(b) Each Holder of Initial Securities agrees, severally and not jointly, to indemnify and hold harmless the Company, the Guarantors and their respective directors, officers of the Company and the Guarantors who sign a Registration Statement, and any Person controlling (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) the Company or any of the Guarantors, and the respective officers, directors, partners, employees, representatives and agents of each such Person, to the same extent as the foregoing indemnity from the Company and the Guarantors to each of the Indemnified Holders, but only with respect to claims and actions based on information relating to such Holder furnished in writing by such Holder expressly for use in any Registration Statement. In case any action or proceeding shall be brought against the Company, the Guarantors or their respective

directors or officers or any such controlling person in respect of which indemnity may be sought against a Holder of Initial Securities, such Holder shall have the rights and duties given the Company and the Guarantors, and the Company, the Guarantors, their respective directors and officers and such controlling person shall have the rights and duties given to each Holder by the preceding paragraph.

(c) If the indemnification provided for in this Section 8 is unavailable to an indemnified party under Section 8(a) or (b) hereof (other than by reason of exceptions provided in those Sections) in respect of any losses, claims, damages, liabilities, judgments, actions or expenses referred to therein, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors, on the one hand, and the Holders, on the other hand, from the Initial Placement (which in the case of the Company and the Guarantors shall be deemed to be equal to the total gross proceeds to the Company and the Guarantors from the Initial Placement), the amount of Additional Interest which did not become payable as a result of the filing of the Registration Statement resulting in such losses, claims, damages, liabilities, judgments actions or expenses, and such Registration Statement (including, in the case of Holders, the benefit of the offering of the Initial Securities and the Exchange Securities or receiving Exchange Securities registered under the Securities Act), or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Guarantors, on the one hand, and the Holders, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Indemnified Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or any of the Guarantors, on the one hand, or the Indemnified Holders, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or

omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in the second paragraph of Section 8(a) hereof, any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

The Company, the Guarantors and each Holder of Initial Securities agree that it would not be just and equitable if contribution pursuant to this Section 8(c) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or expenses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, none of the Holders (and its related Indemnified Holders) shall be required to contribute, in the aggregate, any amount in excess of the amount by which the total price at which the Initial Securities or Exchange Securities sold by such Holder exceeds the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(c) are several in proportion to the respective principal amount of Initial Securities held by each of the Holders hereunder and not joint.

SECTION 9. *Rule 144A*. Each of the Company and the Guarantors hereby agrees with each Holder, for so long as any Initial Securities remain outstanding, if the Company is no longer required to file reports under the Exchange Act, to make available upon request to any Holder or beneficial owner of Initial Securities in connection with any sale thereof and any prospective purchaser of such Initial Securities from such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Securities Act in order to permit resales of such Initial Securities pursuant to Rule 144A under the Securities Act.

SECTION 10. *Participation in Underwritten Registrations*. No Holder may participate in any Underwritten Registration hereunder unless such Holder (a) agrees to sell such Holder's Initial Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such underwriting arrangements.

SECTION 11. *Selection of Underwriters*. The Holders of Initial Securities covered by the Shelf Registration Statement who desire to do so may sell such Initial Securities in an Underwritten Offering. In any such Underwritten Offering, the

investment banker(s) and managing underwriter(s) that will administer such offering will be selected by the Holders of a majority in aggregate principal amount of the Initial Securities included in such offering; *provided*, *however*, that such investment banker(s) and managing underwriter(s) must be reasonably satisfactory to the Company.

SECTION 12. *Miscellaneous*.

(a) *Remedies*. Each of the Company and the Guarantors hereby agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) *No Inconsistent Agreements*. Each of the Company and the Guarantors will not on or after the date of this Agreement enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Except for the Old RRA relating to the Outstanding Notes, neither the Company nor any of the Guarantors has previously entered into any agreement granting any registration rights with respect to its securities to any Person. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's or any of the Guarantors' securities under any agreement in effect on the date hereof.

(c) *Adjustments Affecting the Securities*. The Company will not take any action, or permit any change to occur, with respect to the Initial Securities that would materially and adversely affect the ability of the Holders to Consummate any Exchange Offer.

(d) *Amendments and Waivers*. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless the Company has (i) in the case of Section 5 hereof and this Section 12(d)(i), obtained the written consent of Holders of all outstanding Initial Securities and (ii) in the case of all other provisions hereof, obtained the written consent of Holders of a majority of the outstanding principal amount of Initial Securities (excluding any Initial Securities held by the Company or its affiliates). Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose securities are being tendered pursuant to the Exchange Offer or registered on a Shelf Registration Statement and that does not affect directly or indirectly the rights of other Holders whose securities are not being tendered pursuant to such Exchange Offer or registered on a Shelf Registration Statement may be given by the Holders of a majority of the outstanding principal amount of Initial Securities being tendered or registered; *provided, however*, that, with respect to any matter that directly or indirectly affects the rights of any Initial Purchaser hereunder, the Company shall obtain the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the Initial Purchasers with respect to which such amendment, qualification, supplement, waiver, consent or departure is to be effective.

(e) *Notices*. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, facsimile or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to the Company:

Laredo Petroleum, Inc.
15 W. Sixth Street
Tulsa, Oklahoma 74119
Facsimile: (918) 513-4571
Attention: W. Mark Womble

With a copy to:

Akin Gump Strauss Hauer & Feld LLP
1111 Louisiana St. 44th Floor
Houston, Texas 77002
Facsimile: (713) 236-0822
Attention: Christine B. LaFollette

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if faxed; and on the next Business Day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) *Successors and Assigns*. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including, without limitation, and without the need for an express assignment, subsequent Holders of Initial Securities; *provided, however*, that this Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign acquired Initial Securities from such Holder.

(g) *Counterparts*. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) *Headings*. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) *Governing Law*. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICTS OF LAW RULES THEREOF.

(j) *Severability*. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) *Entire Agreement*. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Initial Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Laredo Petroleum, Inc.

By: /s/ W. Mark Womble
Name: W. Mark Womble
Title: Sr. Vice President

Laredo Petroleum, LLC

By: /s/ W. Mark Womble
Name: W. Mark Womble
Title: Sr. Vice President

Laredo Gas Services, LLC

By: /s/ W. Mark Womble
Name: W. Mark Womble
Title: Sr. Vice President

Laredo Petroleum Texas, LLC

By: /s/ W. Mark Womble
Name: W. Mark Womble
Title: Sr. Vice President

Laredo Petroleum—Dallas, Inc.

By: /s/ W. Mark Womble
Name: W. Mark Womble
Title: Sr. Vice President

The foregoing Registration Rights Agreement is hereby confirmed and accepted as of the date first above written:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
J.P. MORGAN SECURITIES LLC
WELLS FARGO SECURITIES, LLC
GOLDMAN, SACHS & CO.
BMO CAPITAL MARKETS CORP.
BB&T CAPITAL MARKETS, A DIVISION OF SCOTT & STRINGFELLOW, LLC
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
BNP PARIBAS SECURITIES CORP.
BOSC, INC.
COMERICA SECURITIES, INC.
CAPITAL ONE SOUTHCOAST, INC.
HOWARD WEIL INCORPORATED
MITSUBISHI UFJ SECURITIES (USA), INC.
SCOTIA CAPITAL (USA) INC.
SG AMERICAS SECURITIES, LLC
TUDOR, PICKERING, HOLT & CO. SECURITIES, INC.

By: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

Acting on behalf of itself and as Representative of the several Initial Purchasers

By: /s/ Lex Maultsby
Managing Director

Exhibit 4.5

SECOND SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE (this "Second Supplemental Indenture"), dated as of December , 2011, among Laredo Petroleum, Inc., a Delaware corporation (the "Company"), Laredo Petroleum Holdings, Inc., a Delaware corporation (the "New Guarantor"), the Guarantors listed on Schedule A hereto (collectively, the "Existing Guarantors") and Wells Fargo Bank, National Association, as trustee under the Indenture referred to below (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company, the Existing Guarantors and the Trustee are parties to an indenture, dated as of January 20, 2011, as supplemented by the supplemental indenture dated as of July 20, 2011 (as so supplemented, the "Indenture") providing for the issuance of 9½% Senior Notes due 2019 (the "Notes");

WHEREAS, Section 9.01 of the Indenture provides that, without the consent of any Holders, the Company and the Existing Guarantors, when authorized by a Board Resolution of the Company, and the Trustee, at any time and from time to time, may supplement or amend the Indenture to add a Guarantor or additional obligor under the Indenture or permit any Person to guarantee the Notes and/or obligations under the Indenture;

WHEREAS, the New Guarantor wishes to guarantee the Notes pursuant to the Indenture;

WHEREAS, pursuant to Article Ten of the Indenture, the Company, the Existing Guarantors, the New Guarantor and the Trustee have agreed to enter into this Second Supplemental Indenture for the purposes stated herein; and

WHEREAS, all things necessary have been done to make this Second Supplemental Indenture, when executed and delivered by the Company, the Existing Guarantors and the New Guarantor, the legal, valid and binding agreement of the Company, the Existing Guarantors and the New Guarantor, in accordance with its terms.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Company, the New Guarantor, the Existing Guarantors and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

Section 1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

Section 2. Guarantee. The New Guarantor hereby guarantees, on a senior unsecured basis, to each Holder of a Note and to the Trustee, the obligations of the Company under the Indenture and the Notes pursuant to the terms and conditions of Article Ten of the Indenture (such guarantee, a "Guarantee") and the New Guarantor agrees to be bound as a Guarantor under the Indenture as if and to the same extent as the New Guarantor had been a signatory thereto as an Initial Guarantor; provided that the New Guarantor can be released from its Guarantee to the same extent as any other Guarantor under the Indenture.

Section 3. GOVERNING LAW. THIS SECOND SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 4. Counterparts. The parties may sign any number of copies of this Second Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. Delivery of an executed counterpart of this Second Supplemental Indenture by facsimile or electronic transmission shall be equally as effective as delivery of an original executed counterpart of this Second Supplemental Indenture. Any party delivering an executed counterpart of this Second Supplemental Indenture by facsimile or electronic transmission also shall deliver an original executed counterpart of this Second Supplemental Indenture, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability and binding effect of this Second Supplemental Indenture.

Section 5. Effect of Headings. The section headings herein are for convenience only and shall not affect the construction hereof.

Section 6. The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Second Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Company, Existing Guarantors and the New Guarantor.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed as of the date first above written.

LAREDO PETROLEUM, INC.

By: _____
Name:
Title:

LAREDO PETROLEUM HOLDINGS, INC.

By: _____
Name:
Title:

LAREDO PETROLEUM, LLC
LAREDO GAS SERVICES, LLC
LAREDO PETROLEUM TEXAS, LLC
LAREDO PETROLEUM — DALLAS, INC.

By: _____
Name:
Title:

[*Signature Page to Second Supplemental Indenture*]

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Signatory

[*Signature Page to Second Supplemental Indenture*]

SCHEDULE A

EXISTING GUARANTORS

1. Laredo Petroleum, LLC, a Delaware limited liability company.
2. Laredo Gas Services, LLC, a Delaware limited liability company.
3. Laredo Petroleum Texas, LLC, a Texas limited liability company.
4. Laredo Petroleum — Dallas, Inc., a Delaware corporation.

AKIN GUMP
STRAUSS HAUER & FELD LLP
Attorneys at Law

December 12, 2011

Laredo Petroleum, Inc.
15 West Sixth Street
Suite 1800
Tulsa, OK 74119

Re: Laredo Petroleum, Inc.
Registration Statement on Form S-4

Ladies and Gentlemen:

We have acted as counsel to Laredo Petroleum, Inc., a Delaware corporation (the "***Company***"), in connection with the preparation and filing by the Company with the Securities and Exchange Commission of a Registration Statement on Form S-4 as amended by Amendment Number 1 thereto (as so amended, the "***Registration Statement***"), under the Securities Act of 1933, as amended (the "***Act***"). The Registration Statement relates to (i) up to $550,000,000 aggregate principal amount of 9½% Senior Notes due 2019 (the "***Exchange Securities***") of the Company to be issued under the Indenture, dated as of January 20, 2011, as supplemented by that certain supplemental indenture thereto, dated as of July 20, 2011 (as so supplemented, the "***Existing Indenture***"), among the Company, Laredo Petroleum, LLC, a Delaware limited liability company ("***Original Holdings***") and the other guarantors named therein as specified on Schedule I hereto (the "***Original Guarantors***") and Wells Fargo Bank, National Association, as Trustee ("***Trustee***"), pursuant to an exchange offer (the "***Exchange Offer***") by the Company described in the Registration Statement in exchange for a like principal amount of the issued and outstanding 9½% Senior Notes due 2019 (the "***Original Securities***") previously issued under the Indenture and (ii) the guarantees by the Guarantors referred to herein (the "***Guarantees***") of the Exchange Securities pursuant to the Indenture. As described in the Registration Statement, if the corporate reorganization (the "***Corporate Reorganization***") referred to therein has been consummated prior to the consummation of the Exchange Offer, prior to consummation of the Exchange Offer, (a) Laredo Petroleum Holdings, Inc., a Delaware corporation ("***New Holdings***"), the Company, the Original Guarantors and the Trustee will have authorized, executed and delivered a supplemental indenture to the Existing Indenture (the "***Supplemental Indenture***") in substantially the form filed as an exhibit to the Registration Statement providing for the joinder of New Holdings to the Existing Indenture as an additional "Guarantor" of the Original Securities as specified therein; and (b) thereupon, Original Holdings will have merged with and into New Holdings, with New Holdings being the surviving entity. For purposes of this opinion, (x) "***Guarantors***" means (i) if the Corporate Reorganization has been consummated prior to consummation of the Exchange Offer, the Original Guarantors (other than Original Holdings) and New Holdings; or (ii) otherwise, the Original Guarantors; and (y) "***Indenture***" means (i) if the Corporate Reorganization has been consummated prior to consummation of the Exchange Offer, the Existing Indenture, as supplemented by the Supplemental Indenture; or (ii) otherwise, the Existing Indenture. This

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opinion is being furnished in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Act.

We have examined originals or certified copies of such corporate or other entity records of the Company and the Guarantors and other certificates and documents of officials of the Company and the Guarantors, public officials and others as we have deemed appropriate for purposes of this letter. We have assumed the genuineness of all signatures, the legal capacity of all natural persons, the authenticity of all documents submitted to us as originals, the conformity to authentic original documents of all copies submitted to us as conformed, certified or reproduced copies, that the Exchange Securities will conform to the specimen thereof we have reviewed and that the Exchange Securities will be duly authenticated in accordance with the terms of the Indenture. We have also assumed the due authorization, execution, issuance and delivery of the Indenture and authentication of the Original Securities by the Trustee and that the Indenture is a valid and binding obligation of the Trustee, enforceable against the Trustee in accordance with its terms. As to various questions of fact relevant to this letter, we have relied, without independent investigation, upon certificates of public officials and certificates of officers of the Company and the Guarantors, all of which we assume to be true, correct and complete.

Based upon the foregoing and subject to the assumptions, exceptions, qualifications and limitations set forth herein, we are of the opinion that when (x) the Registration Statement has become effective under the Act and the Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended; (y) if the Corporate Reorganization has been consummated prior to the consummation of the Exchange Offer, the Supplemental Indenture has been authorized, executed and delivered by the parties thereto; and (z) the Exchange Securities have been duly executed by the Company, duly authenticated by the Trustee in accordance with the terms of the Indenture, and issued and delivered by or on behalf of the Company and the Guarantors in accordance with the terms of the Indenture against receipt of Original Securities surrendered in exchange therefor in accordance with the terms of the Exchange Offer, (i) the Exchange Securities will be valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, and (ii) the Guarantees of the Guarantors will be valid and binding obligations of the Guarantors, enforceable against the Guarantors in accordance with their terms.

The opinions and other matters in this letter are qualified in their entirety and subject to the following:

A. We express no opinion as to the laws of any jurisdiction other than the laws of the State of New York, the State of Texas, the General Corporation Law of the State of Delaware and the Delaware Limited Liability Company Act. As used herein, the terms "General Corporation Law of the State of Delaware" and "Delaware Limited Liability Company Act" include the statutory provisions contained therein and all applicable provisions of the Delaware Constitution and reported judicial decisions interpreting those laws.

B. The matters expressed in this letter are subject to and qualified and limited by (i) applicable bankruptcy, insolvency, fraudulent transfer and conveyance, reorganization,

moratorium and similar laws affecting creditors' rights and remedies generally; (ii) general principles of equity, including without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance or injunctive relief (regardless of whether considered in a proceeding in equity or at law); and (iii) securities laws and public policy underlying such laws with respect to rights to indemnification and contribution.

C. This opinion letter is limited to the matters expressly stated herein and no opinion is to be inferred or implied beyond the opinion expressly set forth herein. We undertake no, and hereby disclaim any, obligation to make any inquiry after the date hereof or to advise you of any changes in any matter set forth herein, whether based on a change in the law, a change in any fact relating to the Company or any other person or any other circumstance.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name in the prospectus forming a part of the Registration Statement under the caption "Legal Matters." In giving this consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Act and the rules and regulations thereunder.

Very truly yours,

/s/ Akin, Gump, Strauss, Hauer & Feld, L.L.P.
AKIN, GUMP, STRAUSS, HAUER & FELD, L.L.P.

Schedule I

Name of Guarantor	State of Jurisdiction and Type of Entity
Laredo Petroleum, LLC	Delaware limited liability company
Laredo Gas Services, LLC	Delaware limited liability company
Laredo Petroleum Texas, LLC	Texas limited liability company
Laredo Petroleum — Dallas, Inc.	Delaware corporation

Exhibit 10.1

Execution Version

Published CUSIP Number: 51680PAE4

THIRD AMENDED AND RESTATED

CREDIT AGREEMENT

dated as of

July 1, 2011

among

LAREDO PETROLEUM, INC., as Borrower,

The Financial Institutions Listed on Schedule 1 hereto,

as Banks,

WELLS FARGO BANK, N.A., as Administrative Agent,

BANK OF AMERICA, N.A. and JPMORGAN CHASE BANK, N.A., as Co-Syndication Agents,

SOCIETE GENERALE, UNION BANK, N.A. and BMO HARRIS FINANCING, INC., as Co-Documentation Agents

and

WELLS FARGO SECURITIES, LLC, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, AND J.P. MORGAN SECURITIES LLC,

as Joint Lead Arrangers

$1,000,000,000 REVOLVING CREDIT FACILITY

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THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS THIRD AMENDED AND RESTATED CREDIT AGREEMENT is entered into effective as of July 1, 2011, among Laredo Petroleum, Inc., a Delaware corporation ("Borrower"), Wells Fargo Bank, N.A., a national banking association, as Administrative Agent ("Administrative Agent"), Bank of America, N.A., as Co-Syndication Agent and as administrative agent under the Existing Credit Agreement (hereinafter defined) (in such capacity, the "Predecessor Administrative Agent"), JPMorgan Chase Bank, N.A., as Co-Syndication Agent, Societe Generale, Union Bank, N.A., and BMO Harris Financing, Inc., as Co-Documentation Agents, and the financial institutions listed on Schedule 1 hereto as Banks.

RECITALS:

WHEREAS, Borrower, Predecessor Administrative Agent and the financial institutions party thereto as banks are party to that certain Second Amended and Restated Credit Agreement dated as of July 7, 2010 (as amended, supplemented or otherwise modified prior to the Effective Date, the "Existing Credit Agreement") pursuant to which the banks thereunder provided Borrower with a revolving credit facility;

WHEREAS, Borrower has requested certain amendments to the Existing Credit Agreement which include, among other things, the replacement of Bank of America, N.A. as administrative agent by Wells Fargo Bank, N.A.;

WHEREAS, the Banks have agreed to amend and restate in its entirety the Existing Credit Agreement on the terms and conditions set forth herein, to renew and rearrange the indebtedness outstanding under the Existing Credit Agreement (but not to repay or pay off any such indebtedness) and to adjust their pro rata shares;

WHEREAS, any bank under and as defined in the Existing Credit Agreement that is not a Bank hereunder has heretofore assigned such bank's loans and commitments under the Existing Credit Agreement to one or more Banks hereunder such that each remaining bank under the Existing Credit Agreement immediately prior to the effectiveness of the amendment and restatement of the Existing Credit Agreement effected hereby is a Bank hereunder;

WHEREAS, Predecessor Administrative Agent has agreed to resign as administrative agent under the Existing Credit Agreement; and

WHEREAS, Administrative Agent has agreed to become the successor administrative agent.

NOW, THEREFORE, in consideration of the premises, the representations, warranties, covenants and agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower, Administrative Agent, Predecessor Administrative Agent, and Banks hereby agree as follows, amending and restating the Existing Credit Agreement in its entirety:

ARTICLE I
TERMS DEFINED

Section 1.1 Definitions. The following terms, as used herein, have the following meanings:

"Adjusted Base Rate" means, on any day, the sum of (a) the greatest of (i) the Base Rate in effect on such day, (ii) the sum of (A) the Federal Funds Rate in effect on such day, plus (B) one half of one percent (.5%), or (iii) except during a Eurodollar Unavailability Period, the Adjusted LIBOR Rate plus 1.0% per annum, plus (b) the Market Disruption Spread, if applicable. Each change in the Adjusted Base Rate shall become effective automatically and without notice to Borrower or any Bank upon the effective date of each change in the Federal Funds Rate, the Base Rate or the Adjusted LIBOR Rate, as the case may be.

"Adjusted Base Rate Borrowing" means any Borrowing which will constitute an Adjusted Base Rate Tranche.

"Adjusted Base Rate Tranche" means the portion of the principal of any Loan bearing interest with reference to the Adjusted Base Rate.

"Adjusted LIBOR Rate" applicable to any Interest Period, means a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the next higher 1/16 of 1%) by dividing (a) the applicable LIBOR Rate by (b) 1.00 minus the Eurodollar Reserve Percentage.

"Administrative Agent" means Wells Fargo Bank, N.A. in its capacity as Administrative Agent for Banks hereunder or any successor thereto.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Advance Payment Contract" means any contract whereby any Credit Party either (a) receives or becomes entitled to receive (either directly or indirectly) any payment (an "Advance Payment") to be applied toward payment of the purchase price of Hydrocarbons produced or to be produced from Mineral Interests owned by any Credit Party and which Advance Payment is paid or to be paid in advance of actual delivery of such production to or for the account of the purchaser regardless of such production, or (b) grants an option or right of refusal to the purchaser to take delivery of such production in lieu of payment, and, in either of the foregoing instances, the Advance Payment is, or is to be, applied as payment in full for such production when sold and delivered or is, or is to be, applied as payment for a portion only of the purchase price thereof or of a percentage or share of such production; provided that inclusion of the standard "take or pay" provision in any gas sales or purchase contract or any other similar contract shall not, in and of itself, constitute such contract as an Advance Payment Contract for the purposes hereof.

"Affiliate" means, as to any Person, any Subsidiary of such Person, or any other Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person. For the purposes of this definition, "control" (including with correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person,

shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or partnership interests, or by contract or otherwise.

"Agents" means Administrative Agent and any other agent appointed under this Agreement.

"Aggregate Maximum Credit Amount" at any time shall equal the sum of the Maximum Credit Amounts, as the same may be increased, reduced or terminated from time to time in accordance with the terms hereof.

"Agreement" means this Third Amended and Restated Credit Agreement, including the Schedules and Exhibits hereto, and as the same may from time to time be amended, modified, supplemented or restated.

"Applicable Environmental Law" means any Law, statute, ordinance, rule, regulation, order or determination of any Governmental Authority or any board of fire underwriters (or other body exercising similar functions), affecting any real or personal property owned, operated or leased by any Credit Party or any other operation of any Credit Party in any way pertaining to health, safety or the environment, including all applicable zoning ordinances and building codes, flood disaster Laws and health, safety and environmental Laws and regulations, and further including (a) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 (as amended from time to time, herein referred to as "CERCLA"), (b) the Resource Conservation and Recovery Act of 1976, as amended by the Used Oil Recycling Act of 1980, the Solid Waste Recovery Act of 1976, as amended by the Solid Waste Disposal Act of 1980, and the Hazardous and Solid Waste Amendments of 1984 (as amended from time to time, herein referred to as "RCRA"), (c) the Safe Drinking Water Act, as amended, (d) the Toxic Substances Control Act, as amended, (e) the Clean Air Act, as amended, (f) the Occupational Safety and Health Act of 1970, as amended, (g) the Laws, rules and regulations of any state having jurisdiction over any real or personal property owned, operated or leased by any credit Party or any other operation of any Credit Party which relates to health, safety or the environment, as each may be amended from time to time, and (h) any federal, state or municipal Laws, ordinances or regulations which may now or hereafter require removal of asbestos or other hazardous wastes or impose any liability related to asbestos or other hazardous wastes. The terms "hazardous substance", "petroleum", "release" and "threatened release" have the meanings specified in CERCLA, and the terms "solid waste" and "disposal" (or "disposed") have the meanings specified in RCRA; provided that, in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply subsequent to the effective date of such amendment with respect to all provisions of this Agreement; provided further that, to the extent the Laws of the state in which any real or personal property owned, operated or leased by any Credit Party is located establish a meaning for "hazardous substance", "petroleum", "release", "solid waste" or "disposal" which is broader than that specified in either CERCLA or RCRA, such broader meaning shall apply in so far as such broader meaning is applicable to the real or personal property owned, operated or leased by any such Credit Party and located in such state.

"Approved Petroleum Engineer" means Ryder Scott Company, L.P. or another reputable firm of independent petroleum engineers as shall be selected by Borrower and approved by Required Banks, such approval not to be unreasonably withheld.

"Applicable Margin" means, on any date, with respect to each Eurodollar Tranche or Adjusted Base Rate Tranche, an amount determined by reference to the ratio of Outstanding Revolving Credit to the Borrowing Base, on such date, in accordance with the table below:

Pricing Level	Ratio of Outstanding Revolving Credit to Borrowing Base	Applicable Margin for Eurodollar Tranches	Applicable Margin for Adjusted Base Rate Tranches
I	≥90%	2.75%	1.75%
II	≥75% but<90%	2.50%	1.50%
III	≥50% but <75%	2.25%	1.25%
IV	≥25% but <50%	2.00%	1.00%
V	<25%	1.75%	0.75%

Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change; provided that, if at any time Borrower fails to deliver a Reserve Report pursuant to Section 4.1, then the "Applicable Margin" means the rate per annum set forth on the grid when the Ratio of Outstanding Revolving Credit to the Borrowing Base is at its highest level.

"Arrangers" means, collectively, Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities LLC, in their capacities as joint lead arrangers and "Arranger" means any of them individually.

"Asset Disposition" means the sale, assignment, lease, license, transfer, exchange or other disposition by any Credit Party of all or any portion of its right, title and interest in any Borrowing Base Property.

"Assignee" has the meaning given such term in Section 14.8(c).

"Assignment and Assumption Agreement" has the meaning given such term in Section 14.8(c).

"Authorized Officer" means, as to any Person, its Chairman, Chief Executive Officer, Chief Financial Officer, Vice-Chairman, President, Executive Vice President(s), Senior Vice President(s) or Vice President duly authorized to act on behalf of such Person.

"Bank" means any financial institution listed on Schedule 1 hereto as having a Commitment, and its successors and assigns, and "Banks" shall mean all Banks.

"Base Rate" means the fluctuating rate of interest in effect for such day as publicly announced from time to time by Wells Fargo Bank, N.A. as its "prime rate." The "prime rate" is a rate set by Wells Fargo Bank, N.A. based upon various factors including Wells Fargo Bank,

N.A.'s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Wells Fargo Bank, N.A. shall take effect at the opening of business on the day specified in the public announcement of such change.

"Borrower" means Laredo Petroleum, Inc., a Delaware corporation.

"Borrowing" means any disbursement to Borrower under, or to satisfy the obligations of any Credit Party under, any of the Loan Papers.

"Borrowing Base" means, at any time, an amount determined in accordance with Article IV.

"Borrowing Base Deficiency" means, as of any date, the amount, if any, by which (a) the Outstanding Revolving Credit on such date, exceeds (b) the Borrowing Base in effect on such date; provided that, for purposes of computing the existence and amount of any Borrowing Base Deficiency, Letter of Credit Exposure will not be deemed to be outstanding to the extent funds have been deposited with Administrative Agent to secure such Letter of Credit Exposure pursuant to Section 2.1(b).

"Borrowing Base Properties" means all Mineral Interests evaluated by Banks for purposes of establishing the Borrowing Base. The Borrowing Base Properties on the Effective Date constitute all of the Mineral Interests described in the Initial Reserve Report.

"Borrowing Date" means the Eurodollar Business Day or the Business Day, as the case may be, upon which the proceeds of any Borrowing are made available to Borrower or to satisfy the obligations of Borrower or any other Credit Party.

"Broad Oak" means Broad Oak Energy, Inc., a Delaware corporation.

"Broad Oak Contribution" means the transactions contemplated by, and carried out in accordance with the terms of, the Broad Oak Contribution Documents including, without limitation, (a) the contribution by the Contributors (as defined in the Broad Oak Contribution Agreement) of their preferred stock and common stock of Broad Oak to Parent in exchange for a certain number of units of a newly issued series of preferred units of Parent, (b) the subsequent contribution of the preferred and common stock of Broad Oak by the Parent to Borrower and (c) the sale by certain of Broad Oak's management team and other employees owning Equity in Broad Oak of such securities to Borrower in exchange for cash in an aggregate amount of up to $100,000,000 (the transactions contemplated by this clause (c), the "Broad Oak Management Payments").

"Broad Oak Contribution Agreement" means that certain Contribution Agreement dated as of June 15, 2011 by and among Broad Oak, Parent and the Contributors (as defined therein) party thereto.

"Broad Oak Contribution Documents" means, collectively, (a) the Broad Oak Contribution Agreement, (b) that certain Stock Purchase and Sale Agreement dated as of June 15, 2011 by and among Borrower and the Sellers (as defined therein) party thereto, and (c) all

material certificates and other material documents and instruments now or hereafter executed and/or delivered by, between or among Broad Oak and any other Credit Party and/or any of their affiliates pursuant to items (a) and/or (b) of this definition or otherwise in connection with the Broad Oak Contribution.

"Broad Oak Existing Credit Facility" means that certain revolving credit facility of Broad Oak provided under that certain Credit Agreement, dated as of April 11, 2008, by and among Broad Oak, JPMorgan Chase Bank, N.A., and the lenders named therein, as amended.

"Broad Oak Management Payments" has the meaning set forth in the definition of Broad Oak Contribution.

"Broad Oak Material Adverse Effect" means (a) a material adverse change in or a material adverse effect on (i) the business, operations, assets and properties, liabilities (actual or contingent), or condition (financial or otherwise) of Broad Oak, taken as a whole, or (ii) the ability of any Contributor (as defined in the Contribution Agreement) or Broad Oak, as applicable, to perform any of the obligations in connection with the Broad Oak Contribution, or (b) any event or circumstance that could reasonably be expected to result in a material adverse effect or material adverse change described in clause (a); provided, however, that no change, circumstance, effect, event or fact shall be deemed (individually or in the aggregate) to constitute, nor shall any of the foregoing be taken into account in determining whether there has been or may be, a Broad Oak Material Adverse Effect, to the extent that such change, circumstance, effect, event or fact results from, arises out of, or relates to (A) a general deterioration in the economy or changes in Hydrocarbon prices or other changes affecting the oil and gas industry generally; (B) war, the outbreak or escalation of hostilities, the declaration by the United States or any other country of a national emergency or war or the occurrence of any other calamity or crisis, including acts of terrorism; (C) the disclosure of the Broad Oak Contribution; (D) the Broad Oak Contribution Documents or the transactions contemplated by the Broad Oak Contribution Documents or the public announcement thereof; (E) any change in accounting or tax requirements or principles imposed by GAAP or any change in applicable laws, or the interpretation thereof; (F) changes in conditions in the capital or financial markets generally, including changes in interest or exchange rates; (G) actions taken by, at the request of, or with the approval of, any party to the Broad Oak Contribution Agreement asserting a Material Adverse Effect (as defined in the Broad Oak Contribution Agreement) thereunder; (H) compliance with the terms of, or the taking of any action required by, any Broad Oak Contribution Document by any party thereto; or (I) any other matter only to the extent specifically set forth in a disclosure schedule to the Broad Oak Contribution Documents as of the date thereof.

"Broad Oak Representations" has the meaning set forth in Section 6.1(j).

"Business Day" means any day except a Saturday, Sunday or other day on which national banks in New York, New York or Dallas, Texas are authorized by Law to close.

"Capital Lease" means, for any Person as of any date, any lease of property, real or personal, which would be capitalized on a balance sheet of the lessee prepared as of such date in accordance with GAAP.

"Certificate of Ownership Interests" means a Certificate of Ownership Interests in the form of Exhibit E attached hereto to be executed and delivered by an Authorized Officer of Borrower pursuant to Section 6.1(a)(vi).

"Change of Control" means the occurrence of any of the following whether voluntary or involuntary, including by operation of law: (a) any Credit Party other than Parent or Borrower shall cease to be a wholly-owned Subsidiary of Borrower, (b) Borrower ceases to be a direct, wholly-owned Subsidiary of Parent, (c) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) other than the Permitted Holders, of Equity representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Equity of Parent, (d) occupation of a majority of the seats (other than vacant seats) on the board of directors of Parent by Persons who were neither (i) nominated by the board of directors of Parent or in accordance with the Unit Subscription Agreement of Parent dated May 21, 2007 or the Series A-2 Preferred Unit Subscription Agreement of Parent dated October 15, 2008 nor (ii) appointed by directors so nominated, or (e) the acquisition of direct or indirect control of Parent by any Person or group other than the Permitted Holders.

"Closing Date" means July 1, 2011.

"Closing Transactions" means the transactions to occur on the Effective Date pursuant to this Agreement and otherwise, including the closing of the Broad Oak Contribution.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment" means, with respect to any Bank, the commitment of such Bank to make Loans and to acquire participations in Letters of Credit hereunder, as such amount may be terminated, reduced or increased from time to time in accordance with the provisions hereof. The amount representing each Bank's Commitment shall at any time be the lesser of such Bank's Maximum Credit Amount and such Bank's Commitment Percentage of the then effective Borrowing Base.

"Commitment Fee Percentage" means, on any date, the percentage determined pursuant to the table below based on the ratio of the Outstanding Revolving Credit on such date to the Borrowing Base on such date:

Pricing Level	Ratio of Outstanding Revolving Credit to Borrowing Base	Commitment Fee Percentage
I	≥90%	0.500%
II	≥75% but <90%	0.500%

III	≥50% but <75%	0.500%
IV	≥25% but <50%	0.375%
V	<25%	0.375%

"Commitment Percentage" means, with respect to any Bank at any time, the Commitment Percentage for such Bank set forth on Schedule 1 hereto.

"Consolidated Current Assets" means, for any Person at any time, the sum of (a) the current assets of such Person and its Consolidated Subsidiaries at such time, plus (b) in the case of Borrower, the Revolving Availability at such time. For purposes of this definition, any non-cash assets resulting from the requirements of ASC 815 for any period of determination shall be excluded from the determination of current assets of such Person and its Consolidated Subsidiaries.

"Consolidated Current Liabilities" means, for any Person at any time, the current liabilities of such Person and its Consolidated Subsidiaries at such time. For purposes of this definition, any non-cash liabilities resulting from the requirements of ASC 815 for any period of determination shall be excluded from the determination of current liabilities of such Person and its Consolidated Subsidiaries.

"Consolidated EBITDAX" means, for any Person for any period, the Consolidated Net Income of such Person for such period, (a) plus each of the following, to the extent deducted in determining Consolidated Net Income, determined for such Person and its Consolidated Subsidiaries on a consolidated basis for such period: (i) any provision for (or less any benefit from) income or franchise Taxes; (ii) Consolidated Net Interest Expense; (iii) depreciation, depletion and amortization expense; (iv) exploration expenses; and (v) other non-cash charges to the extent not already included in the foregoing clauses (ii), (iii), or (iv), and (b) minus all non-cash income to the extent included in determining Consolidated Net Income.

"Consolidated Net Income" means, for any Person as of any period, the net income (or loss) of such Person and its Consolidated Subsidiaries for such period determined in accordance with GAAP, but excluding: (a) the income of any other Person (other than its Consolidated Subsidiaries) in which such Person or any of its Subsidiaries has an ownership interest, unless received by such Person or its Consolidated Subsidiaries in a cash distribution; (b) any after-tax gains attributable to asset dispositions; (c) to the extent not included in clauses (a) and (b) above, any after-tax (i) extraordinary gains (net of extraordinary losses), or (ii) non-cash nonrecurring gains; and (d) non-cash or nonrecurring charges to the extent not already included in clauses (a), (b), or (c) of this definition.

"Consolidated Net Interest Expense" means, for any Person for any period, the remainder of the following for such Person and its Consolidated Subsidiaries for such period: (a) interest expense, minus (b) interest income.

"Consolidated Subsidiary" or "Consolidated Subsidiaries" means, for any Person, at any time, any Subsidiary or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements as of such time.

"Contribution Agreement Representations" has the meaning set forth in Section 6.1(j).

"Conversion Date" has the meaning set forth in Section 2.5(c).

"Credit Parties" means, collectively, Parent, Borrower, and each direct or indirect Subsidiary of Borrower, and "Credit Party" means any one of the foregoing.

"Current Financials" means (a) the most recent annual audited consolidated balance sheet of Parent and the related consolidated statements of operations and cash flow delivered to Banks hereunder, and (b) the most recent quarterly unaudited consolidated balance sheet of Parent and the related consolidated statements of operations and cash flow delivered to Banks hereunder.

"Debt" of any Person means, without duplication: (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all other indebtedness (including obligations under Capital Leases, other than Capital Leases which are usual and customary oil and gas leases) of such Person on which interest charges are customarily paid or accrued, (d) all Guarantees by such Person, (e) the unfunded or unreimbursed portion of all letters of credit issued for the account of such Person, (f) any amount owed by such Person representing the deferred purchase price for property or services acquired by such Person other than trade payables incurred in the ordinary course of business which are not more than ninety (90) days past the invoice date, (g) all obligations of such Person secured by a Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person, and (h) all liability of such Person as a general partner of a partnership for obligations of such partnership of the nature described in (a) through (g) preceding.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Rate" means a rate per annum during the period commencing on the due date until such amount is paid in full equal to the sum of (a) two percent (2%), plus (b) the Adjusted Base Rate plus the Applicable Margin then in effect for Adjusted Base Rate Borrowings (provided that, if such amount in default is principal of a Borrowing subject to a Eurodollar Tranche and the due date is a day other than the last day of an Interest Period therefor, the "Default Rate" for such principal shall be, for the period from and including the due date and to but excluding the last day of the Interest Period therefor, (i) two percent (2%), plus (ii) the Applicable Margin then in effect for Eurodollar Borrowings, plus (iii) the LIBOR Rate for such Borrowing for such Interest Period as provided in Section 2.5, and thereafter, the rate provided for above in this definition).

"Defaulting Bank" means any Bank that (a) has failed to fund any portion of the Loans or participations in Letters of Credit required to be funded by it hereunder within two Business Days of the date required to be funded by it hereunder, (b) has otherwise failed to pay over to the Administrative Agent or any other Bank any other amount required to be paid by it hereunder within two Business Days of the date when due, unless the subject of a good faith dispute, or (c) has become the subject of a bankruptcy, conservatorship, receivership or insolvency proceeding.

"Determination" means any Periodic Determination or Special Determination (including any Determination pursuant to Section 4.6, Section 4.7).

"Determination Date" means (a) each May 1 and November 1, commencing November 1, 2011, and (b) with respect to any Special Determination, the first day of the first month which is not less than 30 days following the date of a request for a Special Determination. The Effective Date shall also constitute a Determination Date for purposes of this Agreement.

"Distribution" by any Person, means (a) with respect to any stock issued by such Person or any partnership, joint venture, limited liability company, membership or other equity ownership interest of such Person, the retirement, redemption, purchase, or other acquisition for value of any such stock, partnership, joint venture, limited liability company, membership or other equity ownership interest, (b) the declaration or payment of any dividend or other distribution on or with respect to any stock, partnership, joint venture, limited liability company, membership or other equity ownership interest of any Person, and (c) any other payment by such Person with respect to such stock, partnership, joint venture, limited liability company, membership or other equity ownership interest.

"Documentary Taxes" means any and all present or future stamp or documentary taxes or any other excise or Property taxes, charges or similar levies arising from any payment made by Borrower or any guarantor hereunder or from the execution, delivery or enforcement of this Agreement or any other Loan Paper.

"dollars" or "$" refers to lawful money of the United States of America.

"Domestic Lending Office" means, as to each Bank, its office identified on Schedule 1 hereto as its Domestic Lending Office or such other office as such Bank may hereafter designate as its Domestic Lending Office by notice to Borrower and Administrative Agent.

"Effective Date" means the date on which the conditions specified in Section 6.1 are satisfied (or waived in accordance with Section 14.2).

"Environmental Complaint" means any complaint, summons, citation, notice, directive, order, claim, litigation, investigation, proceeding, judgment, letter or other communication from any federal, state or municipal authority or any other party against any Credit Party involving (a) a Hazardous Discharge from, onto or about any real property owned, leased or operated at any time by any Credit Party, (b) a Hazardous Discharge caused, in whole or in part, by any Credit Party or by any Person acting on behalf of or at the instruction of any Credit Party, or (c) any violation of any Applicable Environmental Law by any Credit Party.

"Environmental Liability" means any liability, loss, fine, penalty, charge, Lien, damage, cost, or expense of any kind that results directly or indirectly, in whole or in part (a) from the violation of any Applicable Environmental Law, (b) from the release or threatened release of any Hazardous Substance, (c) from removal, remediation, or other actions in response to the release or threatened release of any Hazardous Substance, (d) from actual or threatened damages to natural resources, (e) from the imposition of injunctive relief or other orders, (f) from personal injury, death, or property damage which occurs as a result of any Credit Party's use, storage, handling, or the release or threatened release of a Hazardous Substance, or (g) from any environmental investigation performed at, on, or for any real property owned by any Credit Party.

"Equity" means shares of capital stock or a partnership, profits, capital or member interest, or options, warrants or any other right to substitute for or otherwise acquire the capital stock or a partnership, profits, capital or member interest of any Credit Party.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute.

"ERISA Affiliate" means each trade or business (whether or not incorporated) which together with Borrower or any Credit Party would be deemed to be a "single employer" within the meaning of section 4001(b)(1) of ERISA or subsections (b), (c), (m) or (o) of section 414 of the Code.

"Eurodollar Borrowing" means any Borrowing which will constitute a Eurodollar Tranche.

"Eurodollar Business Day" means any Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

"Eurodollar Lending Office" means, as to each Bank, its office, branch or Affiliate located at its address identified on Schedule 1 hereto as its Eurodollar Lending Office or such other office, branch or Affiliate of such Bank as it may hereafter designate as its Eurodollar Lending Office by notice to Borrower and Administrative Agent.

"Eurodollar Reserve Percentage" means for any day that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York, New York in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Eurodollar Tranches is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Bank to United States residents). The Adjusted LIBOR Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

"Eurodollar Tranche" means, with respect to any Interest Period, any portion of the principal amount outstanding under the Loans which bears interest at a rate computed by reference to the Adjusted LIBOR Rate for such Interest Period.

"Eurodollar Unavailability Period" means any period of time during which a notice delivered to Borrower in accordance with Section 13.1(a) shall remain in force and effect.

"Event of Default" has the meaning set forth in Section 11.1.

"Excluded Taxes" means, with respect to the Administrative Agent, any Bank, any Participant, any Assignee or any other recipient of any payment to be made by or on account of any obligation of Borrower or any guarantor hereunder or under any other Loan Papers, (a) taxes imposed on (or measured by) its net income, and franchise taxes (including the Texas Margin Tax) imposed on it (in lieu of net income taxes), in each case by the United States of America or such other jurisdiction under the laws of which such recipient is organized or in which its

principal office is located or, in the case of any Bank, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which Borrower or any guarantor is located and (c) in the case of a Bank, Participant or Assignee described in Section 3.4, any withholding tax attributable to such Persons' failure to comply with its representations, covenants or obligations set forth in Section 3.4, except to the extent that such Bank, Participant or Assignee was entitled, at the time of designation of a new lending office (or Assignment or Participation) to receive additional amounts with respect to such withholding tax pursuant to the second sentence of Section 13.6.

"Exhibit" refers to an exhibit attached to this Agreement and incorporated herein by reference, unless specifically provided otherwise.

"Existing Credit Agreement" has the meaning set forth in the Recitals hereto.

"Existing Letters of Credit" means the letters of credit listed on Schedule 4.

"Facility Guaranty" means the Amended and Restated Guaranty substantially in the form of Exhibit I attached hereto to be executed by Parent and each existing and future Subsidiary of Borrower in favor of Banks, pursuant to which Parent and each such Subsidiary guarantees payment and performance in full of the Obligations, and each joinder or supplement thereto now or hereafter executed.

"FATCA" means Sections 1471 through 1474 of the Code as of the date of this Agreement and any regulations thereunder or official interpretations thereof.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Administrative Agent on such day on such transactions as determined by Administrative Agent.

"Fee Letter" means the amended and restated letter agreement dated as of June 21, 2011 among Borrower, the Arrangers, Wells Fargo Bank, N.A., Bank of America, N.A. and JPMorgan Chase Bank, N.A.

"Fiscal Quarter" means the three-month periods ending March 31, June 30, September 30 or December 31 of each Fiscal Year.

"Fiscal Year" means a twelve-month period ending December 31.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time subject to the terms and conditions set forth in Section 1.2.

"Gas Balancing Agreement" means any agreement or arrangement whereby any Credit Party, or any other party having an interest in any Hydrocarbons to be produced from Mineral Interests in which any Credit Party owns an interest, has a right to take more than its proportionate share of production therefrom.

"Governmental Authority" means any court or governmental department, commission, board, bureau, agency or instrumentality of any nation or of any province, state, commonwealth, nation, territory, possession, county, parish or municipality, whether now or hereafter constituted or existing.

"Guarantee" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions, by "comfort letter" or other similar undertaking of support or otherwise) or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Discharge" means any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing or dumping of any Hazardous Substance from or onto any real property owned, leased or operated at any time by any Credit Party or any real property owned, leased or operated by any other party.

"Hazardous Substance" means any pollutant, toxic substance, hazardous waste, compound, element or chemical that is defined as hazardous, toxic, noxious, dangerous or infectious pursuant to any Applicable Environmental Law or which is otherwise regulated by any Applicable Environmental Law.

"Hedge Agreement" means, collectively, any agreement, instrument, arrangement or schedule or supplement thereto evidencing any Hedge Transaction.

"Hedge Transaction" means any commodity, interest rate, currency or other swap, option, collar, futures contract or other contract pursuant to which a Person hedges risks or manages costs related to commodity prices, interest rates, currency exchange rates, securities prices or financial market conditions. Hedge Transactions expressly include Oil and Gas Hedge Transactions.

"Hedge Transaction Letters of Credit" means Letters of Credit issued to secure Borrower's obligations to counterparties under Oil and Gas Hedge Transactions.

"Hydrocarbons" means oil, gas, casinghead gas, drip gasolines, natural gasoline, condensate, distillate, and all other liquid and gaseous hydrocarbons produced or to be produced in conjunction therewith, and all products, by-products and all other substances derived therefrom or the processing thereof, and all other minerals and substances produced in

conjunction with such substances, including sulphur, geothermal steam, water, carbon dioxide, helium, and any other minerals, ores, or substances of value, and the products and proceeds therefrom.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Initial Borrowing Base" means a Borrowing Base in the amount of $650,000,000, which shall be in effect during the period commencing on the Effective Date and continuing until the first Determination after the Effective Date.

"Initial Reserve Report" means, collectively, (a) an internal engineering analysis prepared by the Borrower of the Borrowing Base Properties of the Credit Parties prior to giving effect to the Broad Oak Contribution, and (b) an internal engineering analysis prepared by the Borrower of the Borrowing Base Properties of Broad Oak, each dated as of April 1, 2011 and evaluated by the Banks for purposes of establishing the Initial Borrowing Base.

"Interest Option" has the meaning given such term in Section 2.5(c).

"Interest Period" means, with respect to each Eurodollar Tranche, the period commencing on the Borrowing Date or Conversion Date applicable to such Tranche and ending one, two, three, six, or, if available to all Banks, twelve months thereafter, as Borrower may elect in the applicable Request for Borrowing; provided that: (a) any Interest Period which would otherwise end on a day which is not a Eurodollar Business Day shall be extended to the next succeeding Eurodollar Business Day unless such Eurodollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Eurodollar Business Day; (b) any Interest Period which begins on the last Eurodollar Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) below, end on the last Eurodollar Business Day of a calendar month; and (c) no Interest Period with respect to any Eurodollar Tranche shall extend past the Termination Date.

"Investment" means, with respect to any Person, any loan, advance, extension of credit, capital contribution to, investment in or purchase of the stock securities of, or interests in, any other Person; provided that, "Investment" shall not include current customer and trade accounts which are payable in accordance with customary trade terms.

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

"Laws" means all applicable statutes, laws, ordinances, regulations, orders, writs, injunctions or decrees of any state, commonwealth, nation, territory, possession, county, township, parish, municipality or Governmental Authority.

"Lending Office" means, as to any Bank, its Domestic Lending Office or its Eurodollar Lending Office, as the context may require.

"Letter of Credit Application" has the meaning given such term in Section 2.1(b).

"Letter of Credit Exposure" of any Bank means, collectively, such Bank's aggregate participation in (a) the unfunded portion of Letters of Credit outstanding at any time, and (b) the funded but unreimbursed (by Borrower) portion of Letters of Credit outstanding at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"Letter of Credit Fee" means, for any date, with respect to any Letter of Credit issued hereunder, a fee in an amount equal to a percentage of the average daily aggregate amount of Letter of Credit Exposure of all Banks during the Fiscal Quarter (or portion thereof) ending on the date such payment is due (calculated on a per annum basis based on such average daily aggregate Letter of Credit Exposure) determined by reference to the ratio of Outstanding Revolving Credit to the Borrowing Base on such date, in accordance with the table below:

Pricing Level	Ratio of Outstanding Revolving Credit to Borrowing Base	Per Annum Letter of Credit Fee
I	≥90%	2.750%
II	≥75% but <90%	2.500%
III	≥50% but <75%	2.250%
IV	≥25% but <50	2.000%
V	<25%	1.750%

Such fee shall be payable in accordance with the terms of Section 2.12.

"Letter of Credit Fronting Fee" means, with respect to any Letter of Credit issued hereunder, a fee equal to the greater of (a) $500 or (b) .125% per annum of the average daily amount available to be drawn under such Letter of Credit during the Fiscal Quarter (or portion thereof) ending on the date the payment of such fee is due.

"Letter of Credit Issuer" means Wells Fargo Bank, N.A., Bank of America, N.A., and BOKF, NA dba Bank of Oklahoma, each in its capacity as an issuer of Letters of Credit hereunder (and, in the case of Bank of America, N.A., in its capacity as the issuer of the Existing Letters of Credit), and each such Person's successors in such capacity, and any other Bank designated by Administrative Agent which (without obligation to do so) consents to issue Letters of Credit hereunder.

"Letter of Credit Period" means the period commencing on the Effective Date and ending five (5) Business Days prior to the Termination Date.

"Letters of Credit" means, collectively, standby letters of credit issued for the account of Borrower pursuant to Section 2.1(b) and shall include the Existing Letters of Credit, in each case as extended or otherwise modified by the applicable Letter of Credit Issuer from time to time.

"LIBOR Rate" means:

(a) For any Interest Period with respect to a Eurodollar Loan, the sum of (i) the rate per annum equal to (A) the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time), at approximately 11:00 a.m., London time, two Eurodollar Business Days prior to the commencement of such Interest Period, for dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, or (B) if such published rate is not available at such time for any reason, then the "LIBOR Rate" for such Interest Period shall be the rate per annum determined by the Administrative Agent to be the rate at which deposits in dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Loan being made, continued or converted by Wells Fargo Bank, N.A. and with a term equivalent to such Interest Period would be offered by Wells Fargo Bank, N.A.'s London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two Eurodollar Business Days prior to the commencement of such Interest Period and (ii) the Market Disruption Spread, if any, as of the time of determination.

(b) For any interest rate calculation with respect to a Adjusted Base Rate Loan, the rate per annum equal to (i) BBA LIBOR, at approximately 11:00 a.m., London time on the date of determination (provided that if such day is not a Eurodollar Business Day, the next preceding Eurodollar Business Day) for dollar deposits being delivered in the London interbank market for a term of one month commencing that day or (ii) if such published rate is not available at such time for any reason, the rate determined by the Administrative Agent to be the rate at which deposits in dollars for delivery on the date of determination in same day funds in the approximate amount of the Base Rate Loan being made by Wells Fargo Bank, N.A. and with a term equal to one month would be offered by Wells Fargo Bank, N.A.'s London Branch to major banks in the London interbank eurodollar market at their request at the date and time of determination. In the event that the Board of Governors of the Federal Reserve System shall impose a Eurodollar Reserve Percentage with respect to eurodollar deposits of any Bank, then for any period during which such Eurodollar Reserve Percentage shall apply, the LIBOR Rate for purposes of this clause (b) shall be equal to the amount determined above divided by an amount equal to 1.00 minus the Eurodollar Reserve Percentage. The LIBOR Rate for any Eurodollar Loan shall change whenever the Eurodollar Reserve Percentage changes.

"Lien" means with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For purposes of this Agreement, a Credit Party shall be deemed to own subject to a Lien any asset which is acquired or held subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease or other title retention agreement relating to such asset.

"Loan" means a Revolving Loan, and "Loans" means all Revolving Loans.

"Loan Papers" means this Agreement, the Notes, the Facility Guaranty, the Mortgages, the Security Agreement, each other guaranty, security agreement, pledge agreement, or mortgage

now or hereafter executed in connection with this Agreement, each Letter of Credit now or hereafter executed and/or delivered, and all other certificates, documents or instruments delivered in connection with this Agreement, as the foregoing may be amended from time to time.

"Margin Regulations" mean Regulations T, U and X of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Margin Stock" means "margin stock" as defined in Regulation U.

"Market Disruption Spread" means zero unless a notice delivered pursuant to Section 13.1(b) is in effect, in which case, such spread shall be a rate per annum equal to 0.50%.

"Material Adverse Change" means any circumstance or event that has or would reasonably be expected to have a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, liabilities, condition (financial or otherwise), results of operations, or prospects of any Credit Party, individually or taken as a whole, (b) the right or ability of any Credit Party to fully, completely and timely perform its obligations under the Loan Papers, (c) the validity or enforceability of any Loan Papers against any Credit Party (to the extent a party thereto), or (d) the validity, perfection or priority of any Lien on a material portion of the assets intended to be created under or pursuant to any Loan Paper to secure the Obligations.

"Material Agreement" means any material written or enforceable oral agreement, contract, commitment, or understanding to which a Person is a party, by which such Person is directly or indirectly bound, or to which any assets of such Person may be subject.

"Material Gas Imbalance" means, with respect to all Gas Balancing Agreements to which any Credit Party is a party or by which any Mineral Interest owned by any Credit Party is bound, a net gas imbalance to Borrower or any other Credit Party, individually or taken as a whole in excess of $10,000,000. Gas imbalances will be determined based on written agreements, if any, specifying the method of calculation thereof, or, alternatively, if no such agreements are in existence, gas imbalances will be calculated by multiplying (x) the volume of gas imbalance as of the date of calculation (expressed in thousand cubic feet) by (y) the heating value in btu's per thousand cubic feet, times the Henry Hub average daily spot price for the month immediately preceding the date of calculation.

"Maximum Credit Amount" means, as to any Bank, the amount set forth opposite such Bank's name on Schedule 1 under the caption "Maximum Credit Amount", as such amount may be terminated, reduced or increased from time to time in accordance with the provisions hereof.

"Maximum Lawful Rate" means, for each Bank, the maximum rate (or, if the context so permits or requires, an amount calculated at such rate) of interest which, at the time in question would not cause the interest charged on the portion of the Loans owed to such Bank at such time to exceed the maximum amount which such Bank would be allowed to contract for, charge, take, reserve, or receive under applicable Law after taking into account, to the extent required by applicable Law, any and all relevant payments or charges under the Loan Papers.

"Mineral Interests" means rights, estates, titles, and interests in and to oil and gas leases and any oil and gas interests, royalty and overriding royalty interests, production payments, net profits interests, oil and gas fee interests, and other rights therein, including any reversionary or carried interests relating to the foregoing, together with rights, titles, and interests created by or arising under the terms of any unitization, communitization, and pooling agreements or arrangements, and all properties, rights and interests covered thereby, whether arising by contract, by order, or by operation of Law, which now or hereafter include all or any part of the foregoing.

"Mortgages" means all mortgages, amendments to mortgages, deeds of trust, security agreements, pledge agreements and similar documents, instruments and agreements creating, evidencing, perfecting or otherwise establishing the Liens required by Article V as may have been heretofore or may hereafter be granted or assigned to Administrative Agent to secure payment of the Obligations or any part thereof, all as amended, supplemented, or otherwise modified from time to time. All Mortgages shall be in form and substance reasonably satisfactory to Administrative Agent.

"Net Cash Proceeds" means the remainder of (a) the gross cash proceeds received by any Credit Party from any Asset Disposition (including any associated Hedge Transaction termination receipts) less (b) underwriter discounts and commissions, investment banking fees, legal, accounting and other professional fees and expenses, and other usual and customary transaction costs including associated Hedge Transaction termination payments, in each case only to the extent paid or payable by a Credit Party in cash and related to such Asset Disposition.

"Note" means a promissory note of Borrower, payable to the order of a Bank, in substantially the form of Exhibit A hereto, evidencing the obligation of Borrower to repay to such Bank its Commitment Percentage of the Revolving Loans, together with all modifications, extensions, renewals and rearrangements thereof, and "Notes" means all of the Notes.

"Obligations" means, collectively, all present and future indebtedness, obligations and liabilities, and all renewals and extensions thereof, or any part thereof, of each Credit Party (a) to any Bank or to any Affiliate of any Bank arising pursuant to the Loan Papers, and all interest accrued thereon and costs, expenses and reasonable attorneys' fees incurred in the enforcement or collection thereof, and (b) arising under or in connection with any Hedge Transaction (i) existing on the date of this Agreement between a Credit Party and any counterparty that is a Bank or an Affiliate of a Bank on the date of this Agreement or (ii) entered into on or after the date of this Agreement between any Credit Party and any counterparty that is or was, at the time such Hedge Transaction was entered into, a Bank or an Affiliate of a Bank, in each case, regardless of whether such indebtedness, obligations and liabilities are direct, indirect, fixed, contingent, liquidated, unliquidated, joint, several or joint and several.

"Oil and Gas Hedge Transactions" means a Hedge Transaction pursuant to which any Person hedges the price to be received by it for future production of Hydrocarbons.

"Operating Lease" means any lease, sublease, license or similar arrangement (other than a Capital Lease and other than leases with a primary term of one year or less or which can be terminated by the lessee upon notice of one year or less without incurring a penalty) pursuant to

which a Person leases, subleases or otherwise is granted the right to occupy, take possession of, or use property whether real, personal or mixed; provided that, "Operating Lease" shall not include oil, gas or mineral leases entered into or assigned to any Credit Party in the ordinary course of such Credit Party's business.

"Outstanding Revolving Credit" means, at any time, the sum of (i) the aggregate Letter of Credit Exposure on such date, including the aggregate Letter of Credit Exposure related to Letters of Credit to be issued on such date, plus (ii) the aggregate outstanding principal balance of the Revolving Loans on such date, including the amount of any Borrowing to be made on such date.

"Parent" means Laredo Petroleum, LLC, a Delaware limited liability company.

"Participant" has the meaning given such term in Section 14.8(b).

"Periodic Determination" means any determination of the Borrowing Base pursuant to Section 4.2.

"Permitted Encumbrances" means with respect to any asset:

(a) Liens securing the Obligations in favor of Banks or their Affiliates under the Loan Papers;

(b) easements, rights-of-way, and other similar encumbrances, and minor defects in the chain of title that are customarily accepted in the oil and gas financing industry, none of which interfere with the ordinary conduct of the business of any Credit Party or materially detract from the value or use of the property to which they apply;

(c) inchoate statutory or operators' Liens securing obligations for labor, services, materials and supplies furnished to Mineral Interests which are not delinquent;

(d) mechanic's, materialmen's, warehouseman's, journeyman's and carrier's Liens and other similar Liens arising by operation of Law or statute in the ordinary course of business which are not delinquent;

(e) Liens arising under production sales contracts, Gas Balancing Agreements and joint operating agreements, in each case that are customary in the oil and gas business, entered into in the ordinary course of business, and taken into account in computing the net revenue interests and working interests of the Credit Parties, to the extent that any such Lien referred to in this clause does not materially impair the use of the property covered by such Lien for the purposes for which such property is held by such Credit Party or materially impair the value of such property subject thereto;

(f) Liens for Taxes or assessments not yet due or not yet delinquent, or, if delinquent, that are being contested in good faith in the normal course of business by appropriate action, as permitted by Section 8.6 and for which adequate reserves under GAAP are being maintained;

(g) royalties, overriding royalties, net profits interests, production payments, reversionary interests, calls on production, preferential purchase rights and other burdens on or deductions from the proceeds of production which are granted in the ordinary course of business in the oil and gas industry, that do not secure Debt for borrowed money and that are taken into account in computing the net revenue interests and working interests of Borrower or any of its Subsidiaries; and

(h) Liens securing Permitted Purchase Money Debt, provided that (i) such Liens shall not extend to or encumber any asset of any Credit Party other than those whose purchase was financed with such Permitted Purchase Money Debt and (ii) such Liens shall attach to such purchased assets substantially simultaneously with the purchase of such assets;

provided that, Liens described in clauses (b) through (g) shall remain "Permitted Encumbrances" only for so long as no action to enforce such Lien has been commenced and no intention to subordinate the first priority Lien granted in favor of the Administrative Agent and the Banks is to be hereby implied or expressed by the permitted existence of such Permitted Encumbrances.

"Permitted Holders" means, collectively, Warburg Pincus & Co., Warburg Pincus Private Equity IX, L.P., Warburg Pincus Private Equity X O&G, L.P. and Warburg Pincus X Partners, L.P. and any of the foregoing Persons' Affiliates and any fund managed or administered by any such Person or any of their Affiliates and members of management of Borrower or Parent.

"Permitted Investment" means:

(a) accounts receivable arising in the ordinary course of business;

(b) direct obligations of the United States or any agency thereof, or obligations fully guaranteed by the United States or any agency thereof, in each case maturing within one year from the date of creation thereof;

(c) commercial paper maturing within one year from the date of creation thereof rated in the highest grade by Standard and Poor's Corporation or Moody's Investors Service;

(d) deposits maturing within one year from the date of creation thereof with, including certificates of deposit issued by, any Bank or any office located in the United States of any other bank or trust company which is organized under the laws of the United States or any state thereof, has capital, surplus and undivided profits aggregating at least $100,000,000 (as of the date of such bank or trust company's most recent financial reports) and has a short term deposit rating of no lower than A2 or P2, as such rating is set forth from time to time, by Standard & Poor's Corporation or Moody's Investors Service, respectively;

(e) deposits in money market funds investing exclusively in Investments described in clauses (b), (c), or (d) above;

(f) Investments made by a Credit Party in or to another Credit Party other than the Parent;

(g) subject to the limits of Section 8.2, Investments (including capital contributions) in general or limited partnerships or other types of entities (each a "venture") entered into by any Credit Party with others in the ordinary course of business; provided that (i) any such venture is engaged primarily in oil and gas exploration, development, production, processing and related activities, including transportation, (ii) the interest in such venture is acquired in the ordinary course of business and on fair and reasonable terms, and (iii) such venture interests acquired and capital contributions made (valued as of the date such interest was acquired or the contribution made) do not exceed, in the aggregate at any time outstanding, when aggregated with Investments permitted pursuant to this clause (g)(iii) an amount equal to $10,000,000;

(h) subject to the limits of Section 8.2, Investments in direct ownership interests in additional Mineral Interests and gas gathering systems related thereto or related to farm-out, farm-in, joint operating, joint venture or area of mutual interest agreements, gathering systems, pipelines or other similar arrangements which are usual and customary in the oil and gas exploration and production business located within the geographic boundaries of the United States of America;

(i) entry into operating agreements, working interests, royalty interests, mineral leases, processing agreements, farm-out agreements, contracts for the sale, transportation or exchange of oil and natural gas, unitization agreements, pooling arrangements, area of mutual interest agreements, production sharing agreements or other similar or customary agreements, transactions, properties, interests or arrangements, and Investments and expenditures in connection therewith or pursuant thereto, in each case made or entered into in the ordinary course of the oil and gas business, excluding, however, Investments in other Persons; provided that, none of the foregoing shall involve the incurrence of any Debt not permitted by Section 9.1;

(j) loans and advances to directors, officers and employees permitted by applicable Law not to exceed $2,000,000 in the aggregate at any time;

(k) Investments in stock, obligations or securities received in settlement of debts arising from Investments permitted under this definition, owing to a Credit Party as a result of a bankruptcy or other insolvency proceeding of the obligor in respect of such debts or upon the enforcement of any Lien in favor of such Credit Party; provided that such Credit Party shall give the Administrative Agent prompt written notice in the event that the aggregate amount of all investments held at any one time under this clause (k) exceeds $5,000,000;

(l) Investments pursuant to the Broad Oak Contribution Documents as in effect on the Closing Date (including the Broad Oak Management Payments); and

(m) other Investments not to exceed $10,000,000 in the aggregate at any time.

"Permitted Purchase Money Debt" means Debt incurred by a Credit Party in the ordinary course of business to finance the purchase of assets, including the interests of a lessor under a Capital Lease, provided that (a) the principal amount of the Debt secured by Liens on the purchased asset shall not exceed 100% of the purchase price of such asset and (b) the aggregate amount of all Debt secured by such Liens shall not exceed $10,000,000.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Plan" means any employee pension benefit plan, as defined in section 3(2) of ERISA, which (a) is currently or hereafter sponsored, maintained or contributed to by Borrower, a Subsidiary or an ERISA Affiliate or (b) was at any time during the six calendar years preceding the Closing Date, sponsored, maintained or contributed to by Borrower, a Credit Party or an ERISA Affiliate.

"Platform" has the meaning specified in Section 8.1.

"Proved Mineral Interests" means, collectively, Proved Producing Mineral Interests, Proved Non-producing Mineral Interests, and Proved Undeveloped Mineral Interests.

"Proved Non-producing Mineral Interests" means all Mineral Interests which constitute proved developed non-producing reserves.

"Proved Producing Mineral Interests" means all Mineral Interests which constitute proved developed producing reserves.

"Proved Undeveloped Mineral Interests" means all Mineral Interests which constitute proved undeveloped reserves.

"Public Bank" has the meaning specified in Section 8.1.

"Recognized Value" means, with respect to Mineral Interests, the value attributed to such Mineral Interests in the most recent Determination of the Borrowing Base pursuant to Article IV (or for purposes of determining the Initial Borrowing Base in the event no such Determination has occurred), based upon the present value discounted at 10% per annum of the estimated net cash flow to be realized from the production of Hydrocarbons from such Mineral Interests.

"Redemption" means with respect to any Debt, the repurchase, redemption, prepayment, repayment, defeasance or any other acquisition or retirement for value (or the segregation of funds with respect to any of the foregoing) of such Debt. "Redeem" has the correlative meaning thereto.

"Register" has the meaning specified in Section 14.8(d).

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

"Rentals" means amounts payable by a lessee under an Operating Lease.

"Request for Borrowing" means a request by Borrower for a Borrowing in accordance with Section 2.2.

"Request for Letter of Credit" means a request by Borrower for a Letter of Credit in accordance with Section 2.3.

"Required Banks" means (a) as long as the Commitments are in effect, Banks having an aggregate Commitment Percentage of 66-2/3% or more of the Aggregate Maximum Credit Amount, and (b) following termination or expiration of the Commitments, Banks holding 66-2/3% or more of the Outstanding Revolving Credit.

"Required Reserve Value" means Proved Mineral Interests that have a Recognized Value of not less than 80% of the Recognized Value of all Proved Mineral Interests held by Borrower and its Subsidiaries.

"Reserve Report" means an unsuperseded engineering analysis of the Mineral Interests owned by Borrower and its Subsidiaries in form and substance reasonably acceptable to the Administrative Agent prepared in accordance with customary and prudent practices in the petroleum engineering industry and Financial Accounting Standards Board Statement 69. Each Reserve Report required to be delivered by March 31 of each year pursuant to Section 4.1 shall be audited or prepared by the Approved Petroleum Engineer. Each other Reserve Report shall be prepared by Borrower's in-house staff. Notwithstanding the foregoing, in connection with any Special Determination requested by Borrower, the Reserve Report shall be in form and scope mutually acceptable to Borrower and the Administrative Agent. For purposes of Section 4.1, and until superseded, the Initial Reserve Report shall be considered a Reserve Report.

"Restricted Payment" means, with respect to any Person: (a) any Distribution by such Person, (b) the retirement, redemption or prepayment prior to the scheduled maturity by such Person or any of the Affiliates of such Person of any subordinated Debt of such Person, and (c) the redemption of such Person's stock or Equity (other than, in each case, (i) the Obligations and (ii) any Distribution by a Subsidiary of Borrower to Borrower or any other Subsidiary of Borrower).

"Revolving Availability" means, at any time: (a) the Borrowing Base in effect at such time minus (b) the Outstanding Revolving Credit at such time.

"Revolving Loans" means the revolving loans, in an aggregate amount outstanding at any time not to exceed the amount of the Total Commitment then in effect, to be made by Banks to Borrower pursuant to the Commitments of the Banks.

"Rollover Notice" has the meaning given such term in Section 2.5(c).

"Schedule" means a "schedule" attached to this Agreement and incorporated herein by reference, unless specifically indicated otherwise.

"Security Agreement" means an amended and restated security and pledge agreement substantially in the form of Exhibit H hereto to be executed by Parent, Borrower, and each existing and future Subsidiary of Borrower, together with each other security and pledge agreement or joinder or supplement thereto delivered pursuant to Article V or otherwise, in each case as amended, supplemented, or otherwise modified from time to time

"Senior Notes" means any unsecured senior Debt securities (whether registered or privately placed) incurred pursuant to a Senior Notes Indenture.

"Senior Notes Indenture" means any indenture among Borrower, as issuer, the subsidiary guarantors party thereto and the trustee named therein, pursuant to which Senior Notes are issued, as the same may be amended or supplemented in accordance with Section 9.13.

"Special Determination" means any determination of the Borrowing Base pursuant to Article IV or Section 8.11 other than a Periodic Determination.

"Specified Representations" has the meaning set forth in Section 6.1(j).

"Subsidiary" means, for any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions (including that of a general partner) are at the time directly or indirectly owned, collectively, by such Person and any Subsidiaries of such Person. The term "Subsidiary" shall include Subsidiaries of Subsidiaries (and so on).

"Taxes" means all taxes, assessments, filing or other fees, levies, imposts, duties, deductions, withholdings, stamp taxes, interest equalization taxes, capital transaction taxes, foreign exchange taxes or other charges, or other charges of any nature whatsoever, from time to time or at any time imposed by Law or any federal, state or local governmental agency. "Tax" means any one of the foregoing.

"Termination Date" means July 1, 2016, or any earlier date on which the Commitments are terminated in full pursuant to Section 2.9 or Section 11.1.

"Total Commitment" means all of the Banks' Commitments.

"Tranche" means an Adjusted Base Rate Tranche or a Eurodollar Tranche and "Tranches" means Adjusted Base Rate Tranches or Eurodollar Tranches or any combination thereof.

"Type" means with reference to a Tranche, the characterization of such Tranche as an Adjusted Base Rate Tranche or a Eurodollar Tranche based on the method by which the accrual of interest on such Tranche is calculated.

"Warburg" means collectively, Warburg Pincus Private Equity IX, LP, Warburg Pincus Private Equity X O&G L.P. and Warburg Pincus X Partners, L.P.

"Withholding Agent" means any Credit Party or the Administrative Agent.

Section 1.2 Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time, applied on a basis consistent with the most recent audited consolidated financial statements of Borrower and its Consolidated Subsidiaries delivered to Banks except for changes in which Borrower's independent certified public accountants concur and which are disclosed to Administrative Agent on the next date on which financial statements are required to be delivered to Banks pursuant to Section 8.1(a) and Section 8.1(b); provided that, unless Borrower and Required Banks shall otherwise agree in writing, no such change shall modify or affect the manner in which compliance with the covenants contained in Article X are computed such that all such computations shall be conducted utilizing financial information presented consistently with prior periods. Any financial ratios required to be maintained by Borrower pursuant to this Agreement shall be calculated by

dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

Section 1.3 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (*e.g.*, a "Eurodollar Loan"). Borrowings also may be classified and referred to by Type (*e.g.*, a "Eurodollar Borrowing").

Section 1.4 Interpretation. As used herein, the term "including" in its various forms means including without limitation. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth in the Loan Papers), (b) any reference herein to any Law shall be construed as referring to such Law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to the restrictions contained in the Loan Papers), (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) with respect to the determination of any time period, the word "from" means "from and including" and the word "to" means "to and including" and (f) any reference herein to Articles, Sections, Annexes, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable). No provision of this Agreement or any other Loan Paper shall be interpreted or construed against any Person solely because such Person or its legal representative drafted such provision.

ARTICLE II
THE CREDIT FACILITIES

Section 2.1 Commitments.

(a) Subject to Section 2.1(c) and the other terms and conditions set forth in this Agreement, each Bank severally agrees to lend to Borrower from time to time prior to the Termination Date amounts not to exceed in the aggregate at any one time outstanding, the amount of such Bank's Commitment less such Bank's Letter of Credit Exposure, to the extent any such Loan would not cause a Borrowing Base Deficiency. Each Borrowing shall (A) be in an aggregate principal amount of $1,000,000 or any larger integral multiple of $100,000, and (B) be made from each Bank ratably in accordance with its respective Commitment Percentage. Subject to the foregoing limitations and the other provisions of this Agreement, Borrower may borrow under this Section 2.1(a), repay amounts borrowed under this Section 2.1(a) and request new Borrowings under this Section 2.1(a).

(b) The Letter of Credit Issuers will issue Letters of Credit, from time to time during the Letter of Credit Period upon request by Borrower, for the account of Borrower, so long as (i) the sum of (A) the total Letter of Credit Exposure of all Banks then existing, and (B) the amount of the requested Letter of Credit, does not exceed $20,000,000, and (ii) Borrower would be entitled to a Borrowing under Section 2.1(c) and Section 6.2 in the amount of the requested Letter of Credit; provided that, the Letter of Credit Issuers shall not be under any obligation to issue any Letter of Credit if a default of any Bank's obligations to fund under Section 2.1 exists or any Bank is at such time a Defaulting Bank or Impacted Bank hereunder, unless the Letter of Credit Issuer has entered into arrangements satisfactory to Letter of Credit Issuer with Borrower or such Bank to eliminate the Letter of Credit Issuer's risk with respect to such Bank. As used herein, "Impacted Bank" means any Bank as to which (a) the Letter of Credit Issuer has a good faith belief that such Bank has defaulted in fulfilling its obligations under one or more other syndicated credit facilities or (b) an entity that controls such Bank has become subject to a bankruptcy or other similar proceeding. Not less than three Business Days prior to the requested date of issuance of any such Letter of Credit, Borrower shall execute and deliver to Letter of Credit Issuer, Letter of Credit Issuer's customary letter of credit application ("Letter of Credit Application"). Each Letter of Credit shall be in form and substance acceptable to Letter of Credit Issuer. Unless otherwise expressly agreed by the Letter of Credit Issuer and the Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), the rules of the ISP shall apply to each standby Letter of Credit. No Letter of Credit shall have an expiration date later than the earlier of (1) five Business Days prior to the Termination Date and (2) one year from the date of issuance and no Letter of Credit shall be issued in a currency other than U.S. Dollars. Upon the date of issuance of a Letter of Credit, Letter of Credit Issuer shall be deemed to have sold to each other Bank, and each other Bank shall be deemed to have unconditionally and irrevocably purchased from Letter of Credit Issuer, a non-recourse participation in the related Letter of Credit and Letter of Credit Exposure equal to such Bank's Commitment Percentage of such Letter of Credit and Letter of Credit Exposure. Upon request of any Bank, Administrative Agent shall provide notice to each Bank by telephone or facsimile setting forth each Letter of Credit issued and outstanding pursuant to the terms hereof and specifying the Letter of Credit Issuer, beneficiary and expiration date of each such Letter of Credit, each Bank's participation percentage of each such Letter of Credit and the actual dollar amount of each Bank's participation held by Letter of Credit Issuer(s) thereof for such Bank's account and risk. In connection with the issuance of Letters of Credit hereunder, Borrower shall pay to Administrative Agent in respect of such Letters of Credit (a) the applicable Letter of Credit Fee in accordance with Section 2.12, (b) the applicable Letter of Credit Fronting Fee in accordance with Section 2.12, and (c) all customary administrative, issuance, amendment,

payment, and negotiation charges of the Letter of Credit Issuer; provided that, no such Letter of Credit Fee shall accrue or be deemed to have accrued, or be owing or payable by Borrower to the Administrative Agent or any Letter of Credit Issuer for the account of any Defaulting Bank with respect to its share of such Letter of Credit Fee in the event Borrower has entered into an arrangement with or provided cash collateral to the applicable Letter of Credit Issuer with respect to such Letter of Credit Issuer's risk with respect to such Bank's obligation to fund its Commitment Percentage share of the aggregate existing Letter of Credit Exposure with respect to such Letter of Credit. Administrative Agent shall distribute the Letter of Credit Fee to Banks in accordance with their respective Commitment Percentages, and Administrative Agent shall distribute the Letter of Credit Fronting Fee, and the charges described in clause (c) of the immediately preceding sentence, to the Letter of Credit Issuer for its own account. Any amendment, modification, renewal or extension of any Letter of Credit shall be deemed to be the issuance of a new Letter of Credit for purposes of this Section 2.1(b).

Upon the occurrence of an Event of Default, Borrower shall, on the next succeeding Business Day, deposit with Administrative Agent such funds as Administrative Agent may request, up to a maximum amount equal to the aggregate existing Letter of Credit Exposure of all Banks. Any funds so deposited shall be held by Administrative Agent for the ratable benefit of all Banks as security for the outstanding Letter of Credit Exposure and the other Obligations, and Borrower will, in connection therewith, execute and deliver such security agreements and other security documents in form and substance

satisfactory to Administrative Agent which it may, in its discretion, require. As drafts or demands for payment are presented under any Letter of Credit, Administrative Agent shall apply such funds to satisfy such drafts or demands. When all Letters of Credit have expired and the Obligations have been repaid in full (and the Commitments of all Banks have terminated) or such Event of Default has been cured to the satisfaction of Required Banks, Administrative Agent shall release to Borrower any remaining funds deposited under this Section 2.1(b). Whenever Borrower is required to make deposits under this Section 2.1(b) and fails to do so on the day such deposit is due, Administrative Agent or any Bank may, without notice to Borrower, make such deposit (whether by application of proceeds of any collateral for the Obligations, by transfers from other accounts maintained with any Bank or otherwise) using any funds then available to any Bank of Borrower, any guarantor, or any other Person liable for all or any part of the Obligations.

In the event there exists one or more Defaulting Bank, Borrower shall, on the next succeeding Business Day following request from the Administrative Agent, deposit with Administrative Agent such funds as Administrative Agent may reasonably request, up to a maximum Letter of Credit Exposure attributable to such Defaulting Bank(s) as security for such Defaulting Bank's Letter of Credit Exposure. As drafts or demands for payment are presented under any Letter of Credit, Administrative Agent shall apply such funds to satisfy drafts or demands attributable to such Defaulting Bank(s). When there are no longer any Defaulting Banks or no longer any Letters of Credit outstanding, the Administrative Agent shall release to Borrower any remaining funds deposited under this paragraph.

Notwithstanding anything to the contrary contained herein, Borrower hereby agrees to reimburse each Letter of Credit Issuer, in immediately available funds, for any payment or disbursement made by such Letter of Credit Issuer under any Letter of Credit issued by it (x) on the same Business Day such Letter of Credit Issuer makes demand for such reimbursement if

such demand is made at or prior to 11:00 a.m. (New York, New York time) and (y) on the next Business Day after such demand for reimbursement if such demand is made after 11:00 a.m. (New York, New York time). Payment shall be made by Borrower with interest on the amount so paid or disbursed by Letter of Credit Issuer from and including the date payment is made under any Letter of Credit to but excluding the date of payment, at the lesser of (i) the Maximum Lawful Rate, or (ii) the Default Rate. The obligations of Borrower under this paragraph will continue until all Letters of Credit have expired and all reimbursement obligations with respect thereto have been paid in full by Borrower and until all other Obligations shall have been paid in full.

The reimbursement obligations of Borrower under this Section 2.1(b) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of the Loan Papers (including any Letter of Credit Application executed pursuant to this Section 2.1(b)) under and in all circumstances whatsoever and Borrower hereby waives any defense to the payment of such reimbursement obligations based on any circumstance whatsoever, including in any case, the following circumstances: (i) any lack of validity or enforceability of any Letter of Credit; (ii) the existence of any claim, set-off, counterclaim, defense or other rights which Borrower or any other Person may have at any time against any beneficiary of any Letter of Credit, Administrative Agent, any Bank or any other Person, whether in connection with any Letter of Credit or any unrelated transaction; (iii) any statement, draft or other documentation presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; (iv) payment by the Letter of Credit Issuer under any Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; or (v) any other circumstance whatsoever, whether or not similar to any of the foregoing.

As among Borrower on the one hand, Administrative Agent, and each Bank, on the other hand, Borrower assumes all risks of the acts and omissions of, or misuse of Letters of Credit by, the beneficiary of such Letters of Credit. In furtherance and not in limitation of the foregoing, neither Administrative Agent, Letter of Credit Issuer nor any Bank shall be responsible for:

(i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any Person in connection with the application for and issuance of and presentation of drafts with respect to any Letter of Credit, even if it should prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged;

(ii) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign the Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason;

(iii) the failure of the beneficiary of the Letter of Credit to comply duly with conditions required in order to draw upon such Letter of Credit;

(iv) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, or otherwise, whether or not they be in cipher;

(v) errors in interpretation of technical terms;

(vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit or of the proceeds thereof;

(vii) the misapplication by the beneficiary of the Letter of Credit of the proceeds of any drawing under such Letter of Credit; or

(viii) any consequences arising from causes beyond the control of the Administrative Agent or any Bank.

Borrower shall be obligated to reimburse each Letter of Credit Issuer through the Administrative Agent upon demand for all amounts paid under Letters of Credit as set forth in the third paragraph of this Section 2.1(b); provided that, if Borrower for any reason fails to reimburse such Letter of Credit Issuer in full when such reimbursement is required under such paragraph, Banks shall reimburse such Letter of Credit Issuer in accordance with each Bank's Commitment Percentage for amounts due and unpaid from Borrower as set forth hereinbelow; provided further that, no such reimbursement made by Banks shall discharge Borrower's obligations to reimburse Letter of Credit Issuer. All reimbursement amounts payable by any Bank under this Section 2.1(b) shall include interest thereon at the Federal Funds Rate, from the date of the payment of such amounts by any Letter of Credit Issuer to but excluding the date of reimbursement by such Bank. No Bank shall be liable for the performance or nonperformance of the obligations of any other Bank

under this paragraph. The reimbursement obligations of Banks under this paragraph shall continue after the Termination Date and shall survive termination of this Agreement and the other Loan Papers.

On the Effective Date, without further action by any party hereto, the applicable Letter of Credit Issuer for each Existing Letter of Credit shall be deemed to have granted to each Bank, and each Bank shall be deemed to have acquired from such Letter of Credit Issuer, a participation in each of the Existing Letters of Credit equal to such Bank's Commitment Percentage of (A) the aggregate amount available to be drawn under such Existing Letters of Credit and (B) the aggregate amount of any outstanding reimbursement obligations in respect thereof. On and after the Effective Date, each of the Existing Letters of Credit shall be a Letter of Credit issued hereunder.

Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided that, with respect to any Letter of Credit that, by its terms or the terms of any Letter of Credit Application or other document related to such Letter of Credit, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

In the event of any conflict between the terms hereof and the terms of any Letter of Credit Application, the terms hereof shall control.

(c) No Bank will be obligated to lend to Borrower or incur Letter of Credit Exposure under this Section 2.1, and Borrower shall not be entitled to borrow hereunder or obtain Letters of Credit hereunder (i) during the existence of any Borrowing Base Deficiency, or (ii) in an amount which would cause a Borrowing Base Deficiency. Nothing in this Section 2.1(c) shall be deemed to limit any Bank's obligation to reimburse any Letter of Credit Issuer with respect to such Bank's participation in Letters of Credit issued by such Letter of Credit Issuer as provided in Section 2.1(b).

Section 2.2 Method of Borrowing.

(a) In order to request any Borrowing hereunder, Borrower shall hand deliver or telecopy to Administrative Agent a duly completed Request for Borrowing (i) prior to 10:00 a.m. (Central time) at least one (1) Business Day before the Borrowing Date of a proposed Adjusted Base Rate Borrowing, and (ii) prior to 10:00 a.m. (Central time) at least three (3) Eurodollar Business Days before the Borrowing Date of a proposed Eurodollar Borrowing. Each such Request for Borrowing shall be substantially in the form of Exhibit B hereto, and shall specify:

(A) whether such Borrowing is to be an Adjusted Base Rate Borrowing or a Eurodollar Borrowing;

(B) the Borrowing Date of such Borrowing, which shall be a Business Day in the case of an Adjusted Base Rate Borrowing, or a Eurodollar Business Day in the case of a Eurodollar Borrowing;

(C) the aggregate amount of such Borrowing;

(D) in the case of a Eurodollar Borrowing, the duration of the Interest Period applicable thereto, subject to the provisions of the definition of Interest Period;

(E) the Outstanding Revolving Credit exposure on the date thereof; and

(F) the *pro forma* Outstanding Revolving Credit exposure (giving effect to the requested Borrowing).

(b) Upon receipt of a Request for Borrowing described in Section 2.2(a), Administrative Agent shall promptly notify each Bank (as applicable) of the contents thereof and the amount of the Borrowing to be loaned by such Bank pursuant thereto, and such Request for Borrowing shall not thereafter be revocable by Borrower.

(c) Not later than 12:00 noon (Central time) on the date of each Borrowing, each Bank shall make available its Commitment Percentage of such Borrowing, in funds immediately available to Administrative Agent at its address set forth on Schedule 1 hereto.

Unless Administrative Agent determines that any applicable condition specified in Section 6.2 has not been satisfied, Administrative Agent will make the funds so received from Banks available to Borrower at Administrative Agent's aforesaid address.

Section 2.3 Method of Requesting Letters of Credit.

(a) In order to request any Letter of Credit hereunder, Borrower shall hand deliver or telecopy to the proposed Letter of Credit Issuer with a copy to the Administrative Agent a duly completed Request for Letter of Credit prior to 10:00 a.m. (Central time) at least three Business Days before the date specified for issuance of such Letter of Credit. Each Request for Letters of Credit shall be substantially in the form of Exhibit C hereto, shall be accompanied by the applicable Letter of Credit Issuer's duly completed and executed Letter of Credit Application and agreement and shall specify:

(i) the requested date for issuance of such Letter of Credit;

(ii) the terms of such requested Letter of Credit, including the name and address of the beneficiary, the stated amount, the expiration date and the conditions under which drafts under such Letter of Credit are to be available;

(iii) the purpose of such Letter of Credit;

(iv) the Outstanding Revolving Credit exposure on the date thereof; and

(v) the *pro forma* total Outstanding Revolving Credit exposure (giving effect to the requested Letter of Credit issuance).

(b) Upon receipt of a Request for Letter of Credit described in Section 2.3(a), Administrative Agent shall promptly notify each Bank of the contents thereof, including the amount of the requested Letter of Credit, and such Request for Letter of Credit shall not thereafter be revocable by Borrower.

(c) No later than 12:00 noon (Central time) on the date specified for the issuance of such Letter of Credit, unless Administrative Agent notifies the applicable Letter of Credit Issuer that any applicable condition precedent set forth in Section 6.2 has not been satisfied, the applicable Letter of Credit Issuer will issue and deliver such Letter of Credit pursuant to the instructions of Borrower.

Section 2.4 Notes. Each Bank's Commitment Percentage of the Revolving Loans shall be evidenced by a single Note payable to the order of such Bank in an amount equal to such Bank's Maximum Credit Amount.

Section 2.5 Interest Rates; Payments.

(a) The principal amount of the Loans outstanding from day to day which is the subject of an Adjusted Base Rate Tranche shall bear interest (computed on the basis of actual days elapsed in a 365 or 366 day year, as applicable) at a rate per annum equal to the sum of (i)

the Adjusted Base Rate, plus (ii) the Applicable Margin; provided that in no event shall the rate charged hereunder or under the Notes exceed the Maximum Lawful Rate. Interest on any portion of the principal of the Loans subject to an Adjusted Base Rate Tranche shall be payable as it accrues on the last day of each Fiscal Quarter.

(b) The principal amount of the Loans outstanding from day to day which is the subject of a Eurodollar Tranche shall bear interest (computed on the basis of actual days elapsed and as if each calendar year consisted of 360 days, unless such computation would exceed the Maximum Lawful Rate in which case interest shall be computed on the basis of actual days elapsed in a 365 or 366 day year, as applicable) for the Interest Period applicable thereto at a rate per annum equal to the sum of (i) the Adjusted LIBOR Rate, plus (ii) the Applicable Margin; provided, that in no event shall the rate charged hereunder or under the Notes exceed the Maximum Lawful Rate. Interest on any portion of the Loans subject to a Eurodollar Tranche having an Interest Period of six (6) or twelve (12) months shall be payable on the last day of such Interest Period and on the last day of the initial three-month period and, as applicable, each subsequent, three-month period during such Interest Period.

(c) So long as no Default or Event of Default shall be continuing, subject to the provisions of this Section 2.5, Borrower shall have the option of having all or any portion of the principal outstanding under the Loans borrowed by it be the subject of an Adjusted Base Rate Tranche or one or more Eurodollar Tranches, which shall bear interest at rates based upon the Adjusted Base Rate and the Adjusted LIBOR Rate, respectively (each such option is referred to herein as an "Interest Option"); provided that each Tranche shall be in a minimum amount of $1,000,000 and shall be in an amount which is an integral multiple of $100,000. Each change in an Interest Option made pursuant to this Section 2.5(c) shall, for purposes of determining how much of the Loans are the subject of an Adjusted Base Rate Tranche and how much of the Loans are the subject of Eurodollar Tranches only, be deemed both a payment in full of the portion of the principal of the Loans which was the subject of the Adjusted Base Rate Tranche or Eurodollar Tranche from which such change was made and a Borrowing (notwithstanding that the unpaid principal amount of the Loans is not changed thereby) of the portion of the principal of the Loans which is the subject of the Adjusted Base Rate Tranche or Eurodollar Tranche into which such change was made. Prior to the termination of each Interest Period with respect to each Eurodollar Tranche, Borrower shall give written notice (a "Rollover Notice") in the form of Exhibit D attached hereto to Administrative Agent of the Interest Option which shall be applicable to such portion of the principal of the Loans upon the expiration of such Interest Period. Such Rollover Notice shall be given to Administrative Agent at least one (1) Business Day, in the case of an Adjusted Base Rate Tranche selection and at least three (3) Eurodollar Business Days, in the case of a Eurodollar Tranche selection, prior to the termination of the Interest Period then expiring. If Borrower shall specify a Eurodollar Tranche, such Rollover Notice shall also specify the length of the succeeding Interest Period (subject to the provisions of the definitions of such term) selected by Borrower. Each Rollover Notice shall be irrevocable and effective upon notification thereof to Administrative Agent. If the required Rollover Notice shall not have been timely received by Administrative Agent, Borrower shall be deemed to have elected that the principal of any Revolving Loan subject to the Interest Period then expiring be the subject of an Adjusted Base Rate Tranche upon the expiration of such Interest Period, and Borrower will be deemed to have given Administrative Agent notice of such election. Subject to the limitations set forth in this Section 2.5(c) on the minimum amount of Eurodollar Tranches,

Borrower shall have the right to convert all or part of the Adjusted Base Rate Tranche to a Eurodollar Tranche by giving Administrative Agent a Rollover Notice of such election at least three (3) Eurodollar Business Days prior to the date on which Borrower elects to make such conversion (a "Conversion Date"). The Conversion Date selected by Borrower shall be a Eurodollar Business Day. Notwithstanding anything in this Section 2.5 to the contrary, no portion of the principal of any Revolving Loan which is the subject of an Adjusted Base Rate Tranche may be converted to a Eurodollar Tranche and no Eurodollar Tranche may be continued as such when any Default or Event of Default has occurred and is continuing, but each such Tranche shall be automatically converted to an Adjusted Base Rate Tranche on the last day of each applicable Interest Period. No Eurodollar Tranche may be converted by Borrower into an Adjusted Base Rate Tranche, except at the end of an Interest Period. In no event shall more than ten (10) Interest Periods be in effect with respect to the Loans at any time.

(d) Notwithstanding anything to the contrary set forth in Section 2.5(a) or Section 2.5(b), all overdue principal of and, to the extent permitted by Law, overdue interest on the Loans and all other Obligations which are not paid in full when due (whether at stated maturity, by acceleration or otherwise), for the period from and including the due date thereof to but excluding the date the same is paid in full, shall bear interest, at a rate per annum equal to the lesser of (i) the Default Rate, and (ii) the Maximum Lawful Rate. Interest payable as provided in this Section 2.5(d) shall be payable from time to time on demand.

(e) Administrative Agent shall determine each interest rate applicable to the Loans in accordance with the terms hereof. Administrative Agent shall promptly notify Borrower and Banks by telecopy or e-mail of each rate of interest so determined, and its determination thereof

shall be conclusive in the absence of manifest error.

(f) Notwithstanding the foregoing, if at any time the rate of interest calculated with reference to the Adjusted Base Rate or the LIBOR Rate hereunder (as used in this sub-section, the "contract rate") is limited to the Maximum Lawful Rate, any subsequent reductions in the contract rate shall not reduce the rate of interest on the Loans below the Maximum Lawful Rate until the total amount of interest accrued equals the amount of interest which would have accrued if the contract rate had at all times been in effect. In the event that at maturity (stated or by acceleration), or at final payment of any Note, the total amount of interest paid or accrued on such Note is less than the amount of interest which would have accrued if the contract rate had at all times been in effect with respect thereto, then at such time, to the extent permitted by Law, Borrower shall pay to the holder of such Note an amount equal to the difference between (i) the lesser of the amount of interest which would have accrued if the contract rate had at all times been in effect and the amount of interest which would have accrued if the Maximum Lawful Rate had at all times been in effect, and (ii) the amount of interest actually paid on such Note.

Section 2.6 Mandatory Prepayments.

(a) Promptly after the consummation by any Credit Party of any Asset Disposition that creates a Borrowing Base Deficiency pursuant to Section 4.7, Borrower shall apply a portion of the Net Cash Proceeds equal to such Borrowing Base Deficiency as a mandatory prepayment on the Loans. Promptly after the consummation by any Credit Party of any Asset Disposition that requires a prepayment pursuant to Section 9.5(c), Borrower shall

prepay the Loans in accordance therewith. Notwithstanding the foregoing, if a Default or Event of Default exists on the date of the consummation of any Asset Disposition, all Net Cash Proceeds from any such Asset Disposition shall be applied as a mandatory prepayment on the Loans in accordance with Section 3.2(c).

(b) Upon any voluntary reduction of the Borrowing Base under Section 4.6, Borrower shall make a mandatory prepayment of the Loans in the amount of any Borrowing Base Deficiency caused by such reduction.

Section 2.7 Voluntary Prepayments. Borrower may, subject to Section 3.3 and the other provisions of this Agreement, upon (a) same-Business Day advance notice (no later than 11:00 a.m. (Central time)) to Administrative Agent with respect to Adjusted Base Rate Borrowings, and (b) three (3) Business Days advance notice (no later than 11:00 a.m. (Central time)) to Administrative Agent with respect to Eurodollar Borrowings, prepay the principal of the Loans in whole or in part. Any partial prepayment shall be in a minimum amount of $100,000 and shall be in an integral multiple of $100,000.

Section 2.8 Mandatory Termination of Commitments; Termination Date and Maturity. The Total Commitment (and the Commitment of each Bank) shall terminate on the Termination Date. The outstanding principal balance of the Loans, all accrued but unpaid interest thereon, and all other Obligations shall be due and payable in full on the Termination Date.

Section 2.9 Voluntary Reduction of Aggregate Maximum Credit Amount. Borrower may, by notice to Administrative Agent three (3) Business Days prior to the effective date of any such reduction, permanently reduce or terminate the Aggregate Maximum Credit Amount (and thereby permanently reduce the Maximum Credit Amount and, if applicable, the Commitment of each Bank ratably in accordance with such Bank's Commitment Percentage); provided that any reduction shall be in amounts not less than $500,000 or any larger multiple of $500,000. On the effective date of any such reduction in the Aggregate Maximum Credit Amount, Borrower shall, to the extent required as a result of such reduction, make a principal payment on the Loans (together with accrued interest thereon) in an amount sufficient to cause the Outstanding Revolving Credit to be equal to or less than the Total Commitment as thereby reduced (and Administrative Agent shall distribute to each Bank in like funds that portion of any such payment as is required to cause the principal balance of the Loans held by such Bank to be not greater than its Commitment as thereby reduced), and any such payment shall be accompanied by amounts due under Section 3.3. Notwithstanding the foregoing, Borrower shall not be permitted to voluntarily reduce the Aggregate Maximum Credit Amount to an amount less than the aggregate Letter of Credit Exposure of all Banks.

Section 2.10 Application of Payments. Each repayment pursuant to Section 2.6, Section 2.7, Section 2.9 and Section 4.4 shall be made together with accrued interest to the date of payment, and shall be applied to payment of the Loans in accordance with Section 3.2 and the other provisions of this Agreement.

Section 2.11 Commitment Fee. On the Termination Date, and on the last day of each Fiscal Quarter prior to the Termination Date, and in the event the Commitments are terminated in their entirety prior to the Termination Date, on the date of such termination, commencing with

the Fiscal Quarter ending on September 30, 2011, Borrower shall pay to Administrative Agent, for the ratable benefit of each Bank based on each Bank's Commitment Percentage, a commitment fee equal to the Commitment Fee Percentage (computed on the basis of actual days elapsed and as if each calendar year consisted of 360 days) of the average daily Revolving Availability for the Fiscal Quarter (or portion thereof) then ended; provided that, the aforementioned commitment fee shall cease to accrue on the unfunded portion of the Commitment of any Defaulting Bank.

Section 2.12 Letter of Credit Fees and Letter of Credit Fronting Fees. On the Termination Date, and on the last day of each Fiscal Quarter prior to the Termination Date, commencing with the Fiscal Quarter ending on September 30, 2011, and, in the event the Commitments are terminated in their entirety prior to the Termination Date, on the date of such termination, Borrower shall pay to Administrative Agent (to be distributed by Administrative Agent in accordance with Section 2.1(b)) (a) the Letter of Credit Fee which accrued during such Fiscal Quarter (or portion thereof) and (b) the Letter of Credit Fronting Fee which accrued during such Fiscal Quarter (or portion thereof), in each case computed on the basis of actual days elapsed and as if each calendar year consisted of 360 days.

Section 2.13 Agency and Other Fees. Borrower shall pay (a) to Arrangers, Wells Fargo Bank, N.A., Bank of America, N.A., JPMorgan Chase Bank, N.A. and their Affiliates such fees and other amounts as Borrower shall be required to pay to such Persons from time to time pursuant to the Fee Letter and (b) to Banks such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified.

Section 2.14 Loans and Borrowings Under Existing Credit Agreement. On the Effective Date, the Administrative Agent, for the ratable benefit of the Banks, has acquired from the lenders under the Existing Credit Agreement, and contemporaneously assigned to the Banks pro rata in accordance with their Commitments, the notes, loans and liens of Borrower and the other Credit Parties existing thereunder. In connection with such acquisition and assignment and the amendment and restatement of the Existing Credit Agreement as so assigned:

(a) Borrower shall pay all accrued and unpaid commitments fees, break funding fees and all other fees that are outstanding under the Existing Credit Agreement for the account of each lender under the Existing Credit Agreement;

(b) each "Adjusted Base Rate Borrowing" outstanding under the Existing Credit Agreement shall be extended and renewed so as to continue as a new Adjusted Base Rate Borrowing under this Agreement;

(c) each "Eurodollar Borrowing" outstanding under the Existing Credit Agreement shall be deemed repaid on the Effective Date and funded as a new Eurodollar Borrowing under this Agreement;

(d) each Existing Letter of Credit shall constitute a Letter of Credit in accordance with Section 2.1 hereof; and

(e) the Existing Credit Agreement and the commitments thereunder shall be superseded by this Agreement and such commitments shall terminate.

It is the intent of the parties hereto that (i) this Agreement not constitute a novation of the obligations and liabilities existing under the Existing Credit Agreement or evidence repayment of any such obligations and liabilities and that this Agreement amend and restate in its entirety the Existing Credit Agreement and re-evidence the obligations of Borrower outstanding thereunder and (ii) the Liens securing the "Obligations" under and as defined in the Existing Credit Agreement and granted pursuant to the "Loan Papers" as defined in the Existing Credit Agreement and the liabilities and obligations of Borrower shall not be extinguished, but shall be carried forward, and such Liens shall secure such Obligations, in each case, as renewed, amended, restated and modified hereby.

ARTICLE III
GENERAL PROVISIONS

Section 3.1 Delivery and Endorsement of Notes. Simultaneously with the execution of this Agreement, Administrative Agent shall deliver to each Bank the Note or Notes payable to such Bank. Each Bank may endorse (and prior to any transfer of its Note shall endorse) on the schedule attached to its Note appropriate notations to evidence the date and amount of each advance of funds made by it in respect of any Borrowing, the Interest Period (if any) applicable thereto, and the date and amount of each payment of principal received by such Bank with respect to the Loans; provided that the failure by any Bank to so endorse its Note shall not affect the liability of Borrower for the repayment of all amounts outstanding under such Notes together with interest thereon. Each Bank is hereby irrevocably authorized by Borrower to endorse its Note and to attach to and make a part of any Note a continuation of any such schedule as required.

Section 3.2 General Provisions as to Payments.

(a) Borrower shall make each payment of principal of, and interest on, the Loans and all fees payable by Borrower hereunder not later than 10:00 a.m. (Central time) on the date when due, in funds immediately available to Administrative Agent at its address set forth on Schedule 1 hereto. Administrative Agent will promptly (and if such payment is received by Administrative Agent by 11:00 a.m. (Central time), and otherwise if reasonably possible, on the same Business Day) distribute to each Bank its Commitment Percentage of each such payment received by Administrative Agent for the account of Banks. Whenever any payment of principal of, or interest on, that portion of the Loans subject to an Adjusted Base Rate Tranche or of fees shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next succeeding Business Day (subject to the definition of Interest Period). Whenever any payment of principal of, or interest on, that portion of the Loans subject to a Eurodollar Tranche shall be due on a day which is not a Eurodollar Business Day, the date for payment thereof shall be extended to the next succeeding Eurodollar Business Day (subject to the definition of Interest Period). If the date for any payment of principal is extended by operation of Law or otherwise, interest thereon shall be payable for such extended time. Borrower hereby authorizes Administrative Agent to charge from time to time against Borrower's account or accounts with Administrative Agent any amount then due by Borrower. All amounts payable by Borrower under the Loan Papers (whether principal, interest, fees, expenses, or otherwise) shall be paid in full, without set-off or counterclaim.

(b) Prior to the occurrence of an Event of Default, all principal payments received by Banks with respect to the Loans shall be applied as instructed by Borrower and, in the absence of such instructions, first to Eurodollar Tranches outstanding under the Revolving Loans with Interest Periods ending on the date of such payment, then to Adjusted Base Rate Tranches, then to Eurodollar Tranches outstanding under the Revolving Loans next maturing, and then to Eurodollar Tranches outstanding under the Revolving Loans next maturing until all such Eurodollar Tranches are repaid until such principal payment is fully applied, with such adjustments in such order of payment as Administrative Agent shall specify in order that each Bank receives its ratable share of each such payment.

(c) After the occurrence of an Event of Default, all amounts collected or received by Administrative Agent or any Bank from any Credit Party or in respect of any of the assets of any Credit Party shall be applied in the following order:

(i) *first*, to the payment of all fees, indemnities, expenses and other amounts payable to the Administrative Agent (including fees, expenses, and disbursements of counsel to Administrative Agent);

(ii) *second*, to the payment of all fees, indemnities, expenses and other amounts (other than principal, interest, and Letter of Credit Fees) payable to Banks (including fees, expenses, and disbursements of counsel to Banks), ratably among them in proportion to the respective amounts described in this clause second payable to them;

(iii) *third*, to the reimbursement of any advances made by Banks to effect performance of any unperformed covenants of any Credit Party under any of the Loan Papers;

(iv) *fourth*, to payment of that portion of the Obligations constituting (A) accrued and unpaid Letter of Credit Fees and interest on the Revolving Loans and other Obligations, (B) unpaid principal of the Revolving Loans in the order specified in Section 3.2(b), (C) any amounts funded but unreimbursed under Letters of Credit, and (D) amounts owing under Hedge Agreements (to the extent such amounts are Obligations), ratably among the Banks, the Letter of Credit Issuer, and the holders of such Obligations under Hedge Agreements in proportion to the respective amounts described in this clause fourth payable to them;

(v) *fifth*, to establish the deposits required by Section 2.1(b) if any; and

(vi) *last*, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to Borrower or as otherwise required by Law.

All payments received by a Bank after the occurrence of an Event of Default for application to the principal of the Loans pursuant to this Section 3.2(c) shall be applied by such Bank in the manner provided in Section 3.2(b).

Section 3.3 Funding Losses. If Borrower makes or is deemed to make any payment of principal subject to a Eurodollar Tranche (whether pursuant to Section 2.6, Section 2.7, Section 2.8, Section 2.9, Section 4.4, Article XI or Article XIII, whether as a voluntary or mandatory

prepayment or otherwise, and including due to reallocation of Loans due to syndication during the period of 180 days after the Effective Date) on any day other than the last day of an Interest Period applicable thereto, or if Borrower fails to borrow any Eurodollar Borrowing, after notice has been given to any Bank in accordance with Section 2.2, Borrower shall reimburse each Bank on demand for any resulting loss or expense incurred by it, including any loss incurred in obtaining, liquidating or employing deposits from third parties, or any loss arising from the reemployment of funds at rates lower than the cost to such Bank of such funds and related costs, which in the case of the payment or prepayment prior to the end of the Interest Period for any Eurodollar Tranche, shall include the amount, if any, by which (a) the interest which such Bank would have received absent such payment or prepayment for the applicable Interest Period exceeds (b) the interest which such Bank would receive if its Commitment Percentage of the amount of such Eurodollar Borrowing were deposited, loaned, or placed by such Bank in the interbank eurodollar market on the date of such payment or prepayment for the remainder of the applicable Interest Period. Such Bank shall promptly deliver to Borrower and Administrative Agent a certificate as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.

Section 3.4 Foreign Banks, Participants, and Assignees. Each Bank, Participant (by accepting a participation interest under this Agreement), and Assignee (by executing an Assignment and Assumption Agreement) that is not organized under the Laws of the United States of America or one of its states (a) represents to Administrative Agent and Borrower that (i) no Taxes are required to be withheld by Administrative Agent or Borrower with respect to any payments to be made to it in respect of the Obligations, and (ii) it has furnished to Administrative Agent and Borrower two (2) duly completed copies of either U.S. Internal Revenue Service Form W-8, or other form acceptable to Administrative Agent that entitles it to exemption from U.S. federal withholding Tax on all interest payments under the Loan Papers, and (b) covenants to (i) provide Administrative Agent and Borrower a new Form W-8, or other form acceptable to Administrative Agent upon the expiration or obsolescence of any previously delivered form according to applicable Laws and regulations, duly executed and completed by it, and (ii) comply from time to time with all applicable Laws and regulations (including FATCA) with regard to the withholding Tax exemption. If any of the foregoing is not true or the applicable forms are not provided, then Borrower and Administrative Agent (but without duplication) may deduct and withhold from interest payments under the Loan Papers any United States federal-income Tax at the maximum rate under the Code.

Section 3.5 Non-Receipt of Funds by Administrative Agent. Unless Administrative Agent shall have been notified by a Bank or Borrower (as used in this Section, "Payor") prior to the date on which such Bank is to make payment to Administrative Agent hereunder or Borrower is to make a payment to Administrative Agent for the account of one or more Banks, as the case may be (as used in this Section, such payment being herein called the "Required Payment"), which notice shall be effective upon receipt, that Payor does not intend to make the Required Payment to Administrative Agent, Administrative Agent may assume that the Required Payment has been made and may, in reliance upon such assumption (but shall not be required to), make the amount thereof available to the intended recipient on such date and, if Payor has not in fact made the Required Payment to Administrative Agent, (a) the recipient of such payment shall, on demand, pay to Administrative Agent the amount made available to it together with interest thereon in respect of the period commencing on the date such amount was so made available by

Administrative Agent until the date Administrative Agent recovers such amount at a rate per annum equal to the Adjusted Base Rate then in effect for such period, and (b) Administrative Agent shall be entitled to offset against any and all sums to be paid to such recipient, the amount calculated in accordance with the foregoing clause (a).

Section 3.6 Defaulting Banks.

(a) Notwithstanding anything to the contrary contained herein, the Maximum Credit Amount of a Defaulting Bank shall not be included in determining whether all Banks or the Required Banks have taken or may take any action hereunder (including approval of any redetermination of the Borrowing Base pursuant to Article 4 and any consent to any amendment or waiver pursuant to Section 14.2); provided that, any waiver, amendment or modification requiring the consent of all Banks or each affected Bank which affects such Defaulting Bank differently than other affected Banks shall require the consent of such Defaulting Bank; and provided further that in no event shall (i) the Commitment or Maximum Credit Amount of any Defaulting Bank be increased without the consent of such Defaulting Bank, or (ii) the Termination Date or any date fixed for any payment of principal of or interest on the Loan or any fees hereunder be postponed without the consent of such Defaulting Bank.

(b) If any Bank shall fail to make any payment referenced in clause (a) or (b) of the definition of "Defaulting Bank", then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the

Administrative Agent for the account of such Bank and for the benefit of the Administrative Agent or any Letter of Credit Issuer to satisfy such Bank's obligations hereunder until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Bank hereunder; in the case of each of (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

(c) Borrower shall not be obligated to pay the Administrative Agent any Defaulting Bank's ratable share of the fees described in Sections 2.11, 2.12 or 2.13 (notwithstanding anything to the contrary in such sections) for the period commencing on the day such Defaulting Bank becomes a Defaulting Bank and continuing for so long as such Bank continues to be a Defaulting Bank.

ARTICLE IV
BORROWING BASE

Section 4.1 Reserve Reports; Proposed Borrowing Base. As soon as available and in any event by March 31 and September 30 of each year, commencing September 30, 2011, Borrower shall deliver to each Bank a Reserve Report prepared as of the immediately preceding December 31 and June 30, respectively. Simultaneously with the delivery to Administrative Agent and each Bank of each Reserve Report, Borrower shall notify Administrative Agent of the Borrowing Base which Borrower requests become effective for the period commencing on the next Determination Date.

Section 4.2 Periodic Determinations of the Borrowing Base; Procedures and Standards. Based in part on the Reserve Report made available to Banks pursuant to Section 4.1, Banks shall redetermine the Borrowing Base on or prior to the next Determination Date or such date promptly thereafter as reasonably possible (i) based on the engineering and other information available to Banks, and (ii) in accordance with, and consistent with, the subsequent provisions of this Section 4.2. Any Borrowing Base which becomes effective as a result of any Determination of the Borrowing Base shall be subject to the following restrictions: (A) such Borrowing Base shall not exceed the Borrowing Base requested by Borrower pursuant to Section 4.1 or Section 4.3 (as applicable), (B) such Borrowing Base shall not exceed the Aggregate Maximum Credit Amount then in effect, (C) to the extent such Borrowing Base represents an increase from the Borrowing Base in effect prior to such Determination such Borrowing Base shall be approved by all Banks, and (D) any Borrowing Base which represents a decrease in the Borrowing Base in effect prior to such Determination, or a reaffirmation of such prior Borrowing Base, shall require approval of Required Banks. The Administrative Agent shall propose such redetermined Borrowing Base to Banks within fifteen (15) days following receipt by the Banks of a Reserve Report (or such date promptly thereafter as reasonably practicable). After having received notice of such proposal by the Administrative Agent, Required Banks (or all Banks in the event of a proposed increase) shall have fifteen (15) days to agree or disagree with such proposal. If at the end of such 15-day period, any Bank has not communicated its approval or disapproval, such silence shall be deemed an approval. If sufficient Banks notify Administrative Agent within such 15-day period of their disapproval such that Required Banks have neither approved nor been deemed to approve such Borrowing Base (or, in the event of a proposed increase, any Bank notifies Administrative Agent within such 15-day period of its disapproval), Required Banks (or all Banks in the event of a proposed increase) shall, within a reasonable period of time, agree on a new Borrowing Base.

In taking the above actions, the Administrative Agent and the Banks shall act in accordance with their normal and customary procedures for evaluating oil and gas reserves and other related assets as such exist at that particular time and will otherwise act in their sole discretion. It is further acknowledged and agreed that each Bank may consider such other credit factors as it deems appropriate which are consistent with its normal and customary procedures for evaluating oil and gas reserves and shall have no obligation in connection with any Determination to approve any change in the Borrowing Base in effect prior to such Determination. Promptly following any Determination of the Borrowing Base, Administrative Agent shall notify Borrower of the amount of the Borrowing Base as redetermined, which Borrowing Base shall be effective as of the date specified in such notice, and shall remain in effect for all purposes of this Agreement until the next Determination.

Section 4.3 Special Determination of Borrowing Base. In addition to the redeterminations of the Borrowing Base pursuant to Section 4.2, Section 4.6 and Section 4.7 and adjustments of the Borrowing Base pursuant to Section 8.11, Borrower and Required Banks may each request Special Determinations of the Borrowing Base from time to time; provided that Required Banks may not request more than one Special Determination between Periodic Determinations of the Borrowing Base, and Borrower may not request more than two Special Determinations in any Fiscal Year. In addition, Borrower may request Special Determinations from time to time as significant development, exploration or acquisition opportunities are presented to Borrower. In the event Required Banks request such a Special Determination,

Administrative Agent shall promptly deliver notice of such request to Borrower and Borrower shall, within 20 days following the date of such request, deliver to Banks a Reserve Report prepared as of the last day of the calendar month preceding the date of such request. In the event Borrower requests a Special Determination, Borrower shall deliver written notice of such request to Banks which shall include (i) a Reserve Report prepared as of a date not more than 30 days prior to the date of such request, and (ii) the amount of the Borrowing Base requested by Borrower and to become effective on the Determination Date applicable to such Special Determination. Upon receipt of such Reserve Report, Administrative Agent shall, subject to approval of Required Banks, or all Banks in the event of a proposed increase in the Borrowing Base, redetermine the Borrowing Base in accordance with the procedure set forth in Section 4.2 which Borrowing Base shall become effective on the Determination Date applicable to such Special Determination (or as soon thereafter as Administrative Agent and Required Banks, or all Banks in the event of a proposed increase in the Borrowing Base, approve such Borrowing Base and provide notice thereof to Borrower).

Section 4.4 Borrowing Base Deficiency. If a Borrowing Base Deficiency exists at any time (other than as a result of any reduction and/or redetermination of the Borrowing Base pursuant to Section 4.6 and/or Section 4.7), Borrower shall, within 30 days following notice thereof from Administrative Agent, provide written notice (the "Election Notice") to Administrative Agent stating the action which Borrower proposes to take to remedy such Borrowing Base Deficiency, and Borrower shall thereafter, at its option, do one or a combination of the following: (a) within 45 days following the delivery of such Election Notice, make a prepayment of principal on the Revolving Loans in an amount sufficient to eliminate 50% of such Borrowing Base Deficiency, with a payment or payments to eliminate the remainder of such Borrowing Base Deficiency due within 90 days following the delivery of such Election Notice, and if such Borrowing Base Deficiency cannot be eliminated by prepaying the Revolving Loans in full (as a result of outstanding Letter of Credit Exposure), Borrower shall also at such time or times deposit with Administrative Agent sufficient funds to be held by Administrative Agent as security for outstanding Letter of Credit Exposure in the manner contemplated by Section 2.1(b) as necessary to eliminate the required portions of such Borrowing Base Deficiency on the dates required therefor, (b) within 90 days following the delivery of such Election Notice, submit additional oil and gas properties

owned by Borrower and its Subsidiaries for consideration in connection with the determination of the Borrowing Base which Administrative Agent and Required Banks deem sufficient in their sole discretion to eliminate such Borrowing Base Deficiency, or (c) eliminate such deficiency by making six consecutive mandatory prepayments of principal on the Revolving Loans, each of which shall be in the amount of one sixth of the amount of such Borrowing Base Deficiency, commencing on the date that is 30 days after notice of such Borrowing Base Deficiency is delivered to Borrower and continuing thereafter on each monthly anniversary of such first payment, and in connection therewith, Borrower shall dedicate a sufficient amount (as determined by Administrative Agent) of the monthly cash flow from Borrower's oil and gas properties to satisfy such payments. Notwithstanding the foregoing, upon any reduction and/or redetermination of the Borrowing Base pursuant to Section 4.6 and/or Section 4.7 which results in a Borrowing Base Deficiency (or increase in any existing Borrowing Base Deficiency), Borrower shall promptly, but in all events within two Business Days after such Borrowing Base Deficiency first occurs (or earlier if required by such sections), make a mandatory prepayment of principal on the Revolving Loans

in an amount sufficient to eliminate such Borrowing Base Deficiency (or increase in any previously existing Borrowing Base Deficiency).

Section 4.5 Initial Borrowing Base. Subject to the terms of Section 4.6, Section 4.7 and Section 8.11, the Borrowing Base in effect during the period from the Effective Date until the date of the first Special or Periodic Determination after the Closing Date shall be the Initial Borrowing Base.

Section 4.6 Voluntary Designation of Borrowing Base. Borrower may, from time to time and at any time, upon five Business Days prior written notice to Administrative Agent, reduce the Borrowing Base by designating a Borrowing Base which is lower than the Borrowing Base then in effect. Any such designation shall be effective as of the date of such notice, and all Banks shall have no obligation to thereafter increase the Borrowing Base from the amount so designated by Borrower.

Section 4.7 Asset Disposition Adjustment. In addition to the redeterminations of the Borrowing Base pursuant to Section 4.2, Section 4.3 and Section 4.6 and adjustments of the Borrowing Base pursuant to Section 8.11, the Borrowing Base shall reduce simultaneously with the completion by any Credit Party of any Asset Disposition, the assets subject to which, when aggregated with the assets subject to all other Asset Dispositions since the Determination Date of the Borrowing Base then in effect, have a fair market value in excess of 5% of the Borrowing Base then in effect. Such reduction shall be in an amount equal to (a) the value given to the Borrowing Base Properties subject to such Asset Disposition in the Borrowing Base then in effect, or (b) in the case of any exchange, the net reduction in the Borrowing Base value realized or resulting from such exchange.

ARTICLE V
COLLATERAL AND GUARANTIES

Section 5.1 Security.

(a) The Obligations shall be secured by first and prior Liens covering and encumbering (i) the Mineral Interests owned by Borrower and its Subsidiaries specified by Administrative Agent or Required Banks which shall in all events include not less than the Required Reserve Value of all Proved Mineral Interests owned by Borrower and its Subsidiaries on and after the Closing Date, (ii) one hundred percent (100%) of the issued and outstanding Equity of Borrower and each existing and future Subsidiary of Borrower, and (iii) substantially all of the other material assets of the Credit Parties, except that Permitted Encumbrances may exist. On or before the Effective Date, Borrower shall deliver to Administrative Agent, for the ratable benefit of each Bank, Mortgages in form and substance acceptable to Administrative Agent and duly executed by such Credit Party, together with such other assignments, conveyances, amendments, agreements and other writings, including the Security Agreement, UCC-1 financing statements and UCC-3 financing statement amendments (each duly authorized and, as applicable, executed) as Administrative Agent shall deem necessary or appropriate to grant, evidence and perfect first and prior Liens in all Borrowing Base Properties and other interests of Borrower and the Credit Parties required by this Section 5.1(a). Borrower hereby authorizes Administrative Agent, and its agents, successors and assigns, to file any and all

necessary financing statements under the Uniform Commercial Code, assignments and/or continuation statements as necessary from time to time (in Administrative Agent's discretion) to perfect (or continue perfection of) the Liens granted pursuant to the Loan Papers.

(b) On or before the Effective Date and on or before each Determination Date after the Closing Date and at such other times as Administrative Agent or Required Banks shall request, Borrower shall, and shall cause its Subsidiaries to, deliver to Administrative Agent, for the ratable benefit of each Bank, Mortgages in form and substance acceptable to Administrative Agent and duly executed by Borrower and such Subsidiaries (as applicable) together with such other assignments, conveyances, amendments, agreements and other writings, including UCC-1 financing statements (each duly authorized and, as applicable, executed) as Administrative Agent shall deem necessary or appropriate to grant, evidence and perfect the Liens required by Section 5.1(a)(i) above with respect to Mineral Interests then held by Borrower and such Subsidiaries (as applicable) which are not the subject of existing first and prior, perfected Liens securing the Obligations as required by Section 5.1(a)(i).

Section 5.2 Title Information. At any time Borrower or any of its Subsidiaries are required to execute and deliver Mortgages to Administrative Agent pursuant to Section 5.1, Borrower shall also deliver to Administrative Agent such opinions of counsel (including, if so requested, title opinions, and in each case addressed to Administrative Agent) or other evidence of title as Administrative Agent shall deem necessary or appropriate to verify (a) Borrower's (or any such Subsidiary's (as applicable)) title to the Required Reserve Value of the Proved Mineral Interests which are subject to such Mortgages, and (b) the validity and perfection of the Liens created by such Mortgages.

Section 5.3 Guarantees. Payment and performance of the Obligations shall be fully guaranteed by Parent and each existing or hereafter acquired or formed Subsidiary of Borrower pursuant to the Facility Guaranty.

Section 5.4 Additional Guarantors. In connection with the creation or acquisition of any new Subsidiary of Borrower, promptly (and in no event less than 30 days) following such creation or acquisition, Borrower shall, or shall cause (a) the applicable Subsidiary to execute and deliver a joinder to the Facility Guaranty and the Security Agreement executed by such Subsidiary, (b) the holder of the Equity in such Subsidiary to pledge all of the Equity of such Subsidiary (including delivery of original stock certificates evidencing the Equity of such Subsidiary, together with appropriate undated stock powers for each certificate duly executed in blank by the registered owner thereof), and (c) execute and deliver, or cause any other Credit Party to execute and deliver,

such other additional UCC-1 financing statements, closing documents, certificates, and legal opinions as shall reasonably be requested by the Administrative Agent, in the case of each of clause (a), (b), and (c) above, in form and substance reasonably satisfactory to Administrative Agent.

ARTICLE VI
CONDITIONS TO BORROWINGS

Section 6.1 Conditions to Initial Borrowing and Participation in Letter of Credit Exposure. The obligation of each Bank to loan its Commitment Percentage of the initial

Borrowing hereunder, and the obligation of Administrative Agent to issue (or cause another Bank to issue) the initial Letter of Credit issued hereunder, is subject to the satisfaction of each of the following conditions:

(a) Closing Deliveries. Administrative Agent shall have received each of the following documents, instruments and agreements, each of which shall be in form and substance and executed in such counterparts as shall be acceptable to Administrative Agent and Required Banks and each of which shall, unless otherwise indicated, be dated the Closing Date:

(i) this Agreement, duly executed and delivered by Borrower, each Bank, Letter of Credit Issuer, and Administrative Agent;

(ii) a Note payable to the order of each Bank requesting a Note in the amount of such Bank's Maximum Credit Amount, in each case duly executed and delivered by Borrower;

(iii) the Facility Guaranty, duly executed and delivered by each Credit Party other than Borrower;

(iv) the Security Agreement, duly executed and delivered by Borrower and each other Credit Party;

(v) the Mortgages, each duly executed and delivered by the appropriate Credit Party, together with such other assignments, conveyances, amendments, agreements and other writings, including UCC-1 financing statements, in form and substance satisfactory to Administrative Agent;

(vi) a Certificate of Ownership Interests substantially in the form of Exhibit E duly executed and delivered by an Authorized Officer of Borrower;

(vii) an opinion of Akin Gump Strauss Hauer & Feld LLP, counsel to Borrower, favorably opining as to such New York and Texas law-matters as Administrative Agent or Required Banks may request, in form and substance satisfactory to Administrative Agent and Required Banks;

(viii) an opinion of Johnson & Jones, P.C., Oklahoma counsel to Borrower, favorably opining as to such Oklahoma-law matters as Administrative Agent or Required Banks may request, in form and substance satisfactory to Administrative Agent and Required Banks;

(ix) an opinion of the general counsel to Borrower, favorably opining as to such matters as Administrative Agent or Required Banks may request, in form and substance satisfactory to Administrative Agent and Required Banks;

(x) a certificate executed by an Authorized Officer of Borrower stating that (A) the representations and warranties contained in this Agreement and the other Loan Papers are true and correct in all material respects, (B) no Default or Event of

Default has occurred which is continuing, and (C) all conditions set forth in this Section 6.1 and Section 6.2 have been satisfied;

(xi) such UCC Lien search reports as Administrative Agent shall require, conducted in such jurisdictions and reflecting such names as Administrative Agent shall request;

(xii) copies of the certificate of incorporation or certificate of formation, and all amendments thereto, of Borrower and each other Credit Party, accompanied by a certificate that such copy is true, correct and complete issued by the appropriate Governmental Authority of the States of Delaware and Texas and accompanied by a certificate of the Secretary or comparable Authorized Officer of Borrower and each other Credit Party that such copy is true, correct and complete as of the Closing Date;

(xiii) copies of the bylaws or limited liability company agreement, and all amendments thereto, of Borrower and each other Credit Party, accompanied by a certificate of the Secretary or comparable Authorized Officer of Borrower and each other Credit Party that each such copy is true, correct and complete as of the Closing Date;

(xiv) certain certificates and other documents issued by the appropriate Governmental Authorities of the States of Delaware, Oklahoma, Louisiana and Texas relating to the existence of each Credit Party and to the effect that each applicable Credit Party is organized or qualified to do business in such jurisdiction is in good standing with respect to the payment of franchise and similar Taxes and is duly qualified to transact business in such jurisdictions;

(xv) a certificate of incumbency of all officers of Borrower and each other Credit Party who will be authorized to execute or attest to any Loan Paper, dated the Closing Date, executed by the Secretary or comparable Authorized Officer of Borrower and each other Credit Party;

(xvi) copies of resolutions or comparable authorizations and consents approving the Loan Papers and authorizing the transactions contemplated by this Agreement and the other Loan Papers, duly adopted by the Board of Directors (or similar managing body) of Borrower and each other Credit Party, accompanied by certificates of the Secretary or comparable officer of Borrower and each other Credit Party that such copies are true and correct copies of resolutions duly adopted at a meeting of or (if permitted by applicable Law and, if required by such Law, by the Bylaws, or other charter documents of Borrower and each other Credit Party) by the unanimous written consent of the Board of Directors (or similar managing body) of Borrower and each other Credit Party, and that such resolutions constitute all the resolutions adopted with respect to such transactions, have not been amended, modified, or revoked in any respect, and are in full force and effect as of the Closing Date;

(xvii) certificates from the Credit Parties' insurance providers setting forth the insurance maintained by the Credit Parties, showing that insurance meeting the requirements of Section 8.5 is in full force and effect and that all premiums due with

respect thereto have been paid, showing Administrative Agent as loss payee with respect to all such property or casualty policies and as additional insured with respect to all such liability policies, and stating that such insurer will provide Administrative Agent with at least 30 days' advance notice of cancellation of any such policy;

(xviii) certificates, together with undated, blank stock powers (or the equivalent for Persons that are not corporations) for each certificate, representing all of the certificated issued and outstanding Equity of each direct or indirect Subsidiary of Parent (including Broad Oak);

(xix) a solvency certificate of the chief financial officer or chief executive officer of Parent in form and substance reasonably satisfactory to the Administrative Agent, certifying the solvency of Parent and its Subsidiaries, on a consolidated basis, after giving effect to the Closing Transactions;

(xx) *pro forma* consolidated financial statements as to Parent and its Subsidiaries giving effect to all elements of the Closing Transactions to be effected on or before the Effective Date, and forecasts prepared by management of Parent of balance sheets, income statements and cash flow statements on a monthly basis through and including the month ending December 31, 2011, and on an annual basis for 2012 and 2013;

(xxi) unqualified audited consolidated financial statements for Parent for the fiscal year ended December 31, 2010, and unaudited consolidated financial statements for Parent for the quarter ended March 31, 2011;

(xxii) to the extent requested by any Bank, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act; and

(xxiii) a certificate of an Authorized Officer of Borrower certifying that true, correct and fully-executed copies of all material Broad Oak Contribution Documents (including the amendments, schedules and exhibits thereto), as executed, are attached to such certificate and that such documents contain all of the material terms of the Broad Oak Contribution.

(b) Fees and Expenses. All fees and expenses of Administrative Agent, the Arrangers, the Banks and their respective Affiliates in connection with the credit facilities provided herein (including those payable pursuant to Section 2.13) shall have been paid.

(c) Title Review. Administrative Agent or its counsel shall have completed a review of title regarding that portion of the Borrowing Base Properties which results in evidence of title satisfactory to Administrative Agent and its counsel covering not less than the Required Reserve Value of all Borrowing Base Properties, and such review shall not have revealed any condition or circumstance which would reflect that the representations and warranties contained in Section 7.8 and Section 7.9 are inaccurate in any respect.

(d) No Material Adverse Change. No event, development or circumstance has occurred since June 15, 2011 or shall then exist that has resulted in, or could reasonably be expected to have, a Broad Oak Material Adverse Effect.

(e) No Legal Prohibition. The transactions contemplated by this Agreement and the other Loan Papers shall be permitted by applicable Law and regulation and such Laws and regulations shall not subject Administrative Agent, any Bank, or any Credit Party to any Material Adverse Change.

(f) No Litigation. No litigation, arbitration or similar proceeding shall be pending which calls into question the validity or enforceability of this Agreement and/or the other Loan Papers.

(g) Review of Properties. Administrative Agent or its counsel shall have completed a due diligence review of the Credit Parties' Mineral Interests and other operations, including a review of facts or circumstances known to them which would constitute a material violation of any Applicable Environmental Law or which would likely to result in a material liability to any Credit Party, and/or otherwise reveal any condition or circumstance which would reflect that the representations and warranties contained in Section 7.16 are inaccurate in any material respect.

(h) Broad Oak Contribution. Subject only to the disbursement and application (including to payment of the Broad Oak Management Payments) of the initial Borrowings hereunder, the Broad Oak Contribution shall have been consummated in accordance with the terms of the Broad Oak Contribution Documents, without giving effect to amendments, modifications or waivers thereto that are materially adverse to the Banks (unless such amendments, modifications or waivers thereto have been consented to by the Arrangers).

(i) Termination of Broad Oak Existing Credit Facility. The Administrative Agent shall have received evidence reasonably satisfactory to Administrative Agent that all amounts due under the Broad Oak Existing Credit Facility shall be paid in full substantially concurrently with the funding of the initial Loan under this Agreement and that upon such payment all commitments to lend under the Broad Oak Existing Credit Facility will terminate and all Liens securing the obligations secured under the Broad Oak Existing Credit Facility will be released.

(j) Accuracy of Broad Oak Representations. (i) The representations made by Broad Oak in the Broad Oak Contribution Agreement as are material to the interests of the Banks, but only to the extent that Parent has the right to terminate its obligations under the Broad Oak Contribution Agreement as a result of a breach of such representations in the Broad Oak Contribution Agreement (collectively, the "Contribution Agreement Representations") and (ii) solely to the extent such representations and warranties relate to Broad Oak, the representations and warranties set forth in Sections 7.1, 7.2, 7.3 and 7.18 of this Agreement, and any representations and warranties made by Broad Oak in any other Loan Paper relating to the validity, priority and perfection of security interests created under the Loan Papers (the representations and warranties described in this clause (ii), collectively, the "Specified Representations" and, collectively with the Contribution Agreement Representations, the "Broad

Oak Representations"), shall, in each case, be true and correct in all material respects on and as of the Effective Date, except to the extent such representations and warranties are expressly stated as of a certain date, in which case such representations and warranties shall be true and correct in all material respects as of such date.

(k) Collateral Security. The Administrative Agent shall be reasonably satisfied that the requirements of Section 5.1 are satisfied as of the Effective Date.

(l) Consents and Approvals. All governmental and third party consents and all equityholder and board of directors (or comparable entity management body) authorizations (including those of Broad Oak relating to the Broad Oak Contribution) shall have been obtained and shall be in full force and effect.

(m) Other Matters. All matters (other than in connection with the Broad Oak Contribution and Broad Oak and its Subsidiaries) related to this Agreement, the other Loan Papers, any Credit Party and the Closing Transactions shall be acceptable to Administrative Agent, and Borrower shall have delivered to Administrative Agent and each Bank such evidence as they shall request to substantiate any matters related to this Agreement, the other Loan Papers, any Credit Party or the Closing Transactions as Administrative Agent or any Bank shall request.

Section 6.2 Conditions to each Borrowing and each Letter of Credit. The obligation of each Bank to loan its Commitment Percentage of each Borrowing and the obligation of any Letter of Credit Issuer to issue Letters of Credit on the date any Letter of Credit is to be issued is subject to the further satisfaction of the following conditions:

(a) timely receipt by Administrative Agent of a Request for Borrowing or Request for Letter(s) of Credit (as applicable);

(b) immediately before and after giving effect to such Borrowing or issuance of such Letter(s) of Credit, no Default or Event of Default shall have occurred and be continuing and neither such Borrowing nor the issuance of such Letter(s) of Credit (as applicable) shall cause a Default or Event of Default;

(c) the representations and warranties of each Credit Party contained in this Agreement and the other Loan Papers shall be true and correct in all material respects on and as of the date of such Borrowing or the issuance of such Letter(s) of Credit (as applicable), except to the extent such representations and warranties are expressly stated as of a certain date, in which case such representations and warranties shall be true and correct in all material respects as of such date; provided, however, that, notwithstanding the foregoing to the contrary, solely with respect to the making of the initial Loan hereunder on the Effective Date (and not with respect to any other matter including, without limitation, with respect to the making of any other Loan and the issuance of any Letter of Credit) the only representations and warranties relating to Broad Oak that are required to be true and correct as a condition to the Banks' obligation to make the initial Loan hereunder on the Effective Date are the Broad Oak Representations;

(d) the funding of such Borrowing or the issuance of such Letter(s) of Credit (as applicable) and all other Borrowings to be made and/or Letter(s) of Credit to be issued (as

applicable) on the same day under this Agreement, shall not cause a Borrowing Base Deficiency; and

(e) following the issuance of any Letter(s) of Credit, the aggregate Letter of Credit Exposure of all Banks shall not exceed $20,000,000.

Each Borrowing and the issuance of each Letter of Credit hereunder shall constitute a representation and warranty by Borrower that on the date of such Borrowing or issuance of such Letter of Credit (as applicable) the statements contained in subclauses (b), (c), (d) and (e) above are true.

Section 6.3 Materiality of Conditions. Each condition precedent herein is material to the transactions contemplated herein, and time is of the essence in respect of each thereof.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants that each of the following statements (a) is true and correct on the Closing Date, on the Effective Date and, when made as of the Closing Date and/or as of the Effective Date, shall be deemed made after giving effect to the Closing Transactions, and (b) will be true and correct on the occasion of each Borrowing and the issuance of each Letter of Credit, except to the extent such representations and warranties are expressly stated as of a certain date, in which case such representations and warranties shall be true and correct in all material respects as of such certain date:

Section 7.1 Existence and Power. Each of the Credit Parties (a) is a corporation, limited liability company or partnership duly incorporated or organized (as applicable), and is validly existing and in good standing under the Laws of its jurisdiction of incorporation or organization (as applicable), (b) has all corporate, limited liability company or partnership power (as applicable) and all material governmental licenses, authorizations, consents and approvals required to carry on its businesses as now conducted and as proposed to be conducted, and (c) is duly qualified to transact business as a foreign

corporation, foreign limited liability company or foreign partnership (as applicable) in each jurisdiction where a failure to be so qualified could reasonably be expected to have a Material Adverse Effect.

Section 7.2 Corporate, Limited Liability Company, Partnership and Governmental Authorization; Contravention. The execution, delivery and performance of this Agreement, the Notes, the Mortgages, the other Loan Papers and the Broad Oak Contribution Documents by each Credit Party (as applicable) (a) are within such Credit Party's corporate, partnership, or limited liability company powers (as applicable), (b) have been duly authorized by all necessary corporate, partnership, or limited liability company action (as applicable), (c) require no action by or in respect of, or filing with, any Governmental Authority or official, and (d) do not contravene, or constitute a default under, any provision of applicable Law or regulations (including the Margin Regulations) or of the articles of association, partnership agreement, certificate of limited partnership, articles of incorporation, certificate of incorporation, bylaws, regulations or other organizational documents (as applicable) of any such Credit Party or of any agreement, judgment, injunction, order, decree or other instrument binding upon any such Credit

Party or result in the creation or imposition of any Lien on any asset of any such Credit Party except Liens securing the Obligations.

Section 7.3 Binding Effect. (a) Each of this Agreement and the Notes constitutes a valid and binding agreement of Borrower; (b) the Mortgages, the Security Agreement, the Facility Guaranty and the other Loan Papers when executed and delivered in accordance with this Agreement, will then constitute valid and binding obligations of each Credit Party party thereto; and (c) each Loan Paper is enforceable against each Credit Party party thereto in accordance with its terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar Laws affecting creditors rights generally, and (ii) the availability of equitable remedies may be limited by equitable principles of general applicability.

Section 7.4 Financial Information.

(a) The Current Financials fairly present, in conformity with GAAP, the consolidated financial position of Parent and its consolidated results of operations and cash flows as of the date and for the periods covered thereby.

(b) There has been no Material Adverse Change in the business, financial position, results of operations or prospects of any Credit Party since the date of the most recent audited balance sheet included in the Current Financials.

Section 7.5 Litigation. Except for matters disclosed on Schedule 2 hereto, there is no action, suit or proceeding pending against, or to the knowledge of any Credit Party, threatened against or affecting any Credit Party before any court, arbitrator, Governmental Authority or official in which there is a reasonable possibility of an adverse decision which could reasonably be expected to have a Material Adverse Effect, which could in any manner draw into question the validity of the Loan Papers.

Section 7.6 ERISA.

(a) Each Credit Party and each ERISA Affiliate have complied in all material respects with ERISA and, where applicable, the Code regarding each Plan.

(b) Each Plan is, and has been, established and maintained in substantial compliance with its terms, ERISA and, where applicable, the Code.

(c) No act, omission or transaction has occurred which could result in imposition on Parent, Borrower, any Subsidiary of either Parent or Borrower or any ERISA Affiliate (whether directly or indirectly) of (i) either a civil penalty assessed pursuant to subsections (c), (i), (l) or (m) of section 502 of ERISA or a tax imposed pursuant to Chapter 43 of Subtitle D of the Code or (ii) breach of fiduciary duty liability damages under section 409 of ERISA.

(d) Full payment when due has been made of all amounts which Parent, Borrower, the Subsidiaries of each of Parent and Borrower or any ERISA Affiliate is required under the terms of each Plan or applicable Law to have paid as contributions to such Plan as of the Closing Date.

(e) Neither any Credit Party nor any ERISA Affiliate sponsors, maintains, or contributes to an employee welfare benefit plan, as defined in section 3(1) of ERISA, including any such plan maintained to provide benefits to former employees of such entities, that may not be terminated by any Credit Party or any ERISA Affiliate in its sole discretion at any time without any material liability.

(f) Neither any Credit Party nor any ERISA Affiliate sponsors, maintains or contributes to, or has at any time in the six-year period preceding the Closing Date sponsored, maintained or contributed to, any employee pension benefit plan, as defined in section 3(2) of ERISA, that is subject to Title IV of ERISA, section 302 of ERISA or section 412 of the Code.

Section 7.7 Taxes and Filing of Tax Returns. Each Credit Party has filed all material tax returns required to have been filed and has paid all Taxes shown to be due and payable on such returns, including interest and penalties, and all other Taxes which are payable by such party, to the extent the same have become due and payable other than Taxes with respect to which a failure to pay would not reasonably be expected to have a Material Adverse Effect. Borrower does not know of any proposed material Tax assessment against any Credit Party, and each Credit Party maintains adequate reserves in accordance with GAAP with respect to all of its Tax liabilities of and those of its predecessors. Except as disclosed in writing to Banks, no Tax liability of any Credit Party, or any of their predecessors, has been asserted by the Internal Revenue Service for Taxes, in excess of those already paid.

Section 7.8 Title to Properties; Liens. Each Credit Party has good and valid title to all material assets purported to be owned by it except for Permitted Encumbrances. Without limiting the foregoing, (a) Borrower and/or its applicable Subsidiaries have good, valid and defensible title to all Borrowing Base Properties (except for Borrowing Base Properties disposed of in compliance with, and to the extent permitted by Section 9.5 to the extent this

representation and warranty is made or deemed made after the Closing Date), free and clear of all Liens, except for Permitted Encumbrances, and (b) each Credit Party has good and valid title to all material assets reflected in the Current Financials, except for Permitted Encumbrances.

Section 7.9 Mineral Interests. All Borrowing Base Properties are valid, subsisting, and in full force and effect, and all rentals, royalties, and other amounts due and payable in respect thereof have been duly paid. Without regard to any consent or non-consent provisions of any joint operating agreement covering any Credit Party's Proved Mineral Interests, each Credit Party's share of (a) the costs attributable to each Borrowing Base Property is not greater than the decimal fraction set forth in the Reserve Report, before and after payout, as the case may be, and described therein by the respective designations "working interests", "WI", "gross working interest", "GWI", or similar terms, and (b) production from, allocated to, or attributed to each such Borrowing Base Property is not less than the decimal fraction set forth in the Reserve Report, before and after payout, as the case may be, and described therein by the designations "net revenue interest," "NRI," or similar terms.

Section 7.10 Business; Compliance. Each Credit Party has performed and abided by all obligations required to be performed under each license, permit, order, authorization, grant, contract, agreement, or regulation to which such Credit Party is a party or by which such Credit Party or any of the assets of such Credit Party are bound to the extent a failure to perform and

abide by such obligations could reasonably be expected to have a Material Adverse Effect; provided that, to the extent Mineral Interests owned by any such Credit Party are operated by operators other than such Credit Party or an Affiliate of such Credit Party, Borrower does not have any knowledge that any such obligation remains unperformed in any material respect and the appropriate Person has enforced the contractual obligations of such operators in accordance with reasonable commercial practices in the industry in order to ensure performance.

Section 7.11 Licenses, Permits, Etc. Each Credit Party possesses such valid franchises, certificates of convenience and necessity, operating rights, licenses, permits, consents, authorizations, exemptions and orders of tribunals, as are necessary to carry on its businesses as now being conducted except to the extent a failure to obtain any such item would not reasonably be expected to have a Material Adverse Effect; provided that, to the extent Mineral Interests owned by any Credit Party are operated by operators other than such Credit Party or an Affiliate of such Credit Party, Borrower does not have any knowledge that possession of such items has not been obtained, and the appropriate Person has enforced and shall enforce the contractual obligations of such operators in accordance with reasonable commercial practices in the industry in order to obtain such items.

Section 7.12 Compliance with Law. The business and operations of each Credit Party have been and are being conducted in accordance with all applicable Laws, rules and regulations including, without limitation all Margin Regulations, of all tribunals and Governmental Authorities, other than Laws, rules and regulations the violation of which could not (either individually or collectively) reasonably be expected to have a Material Adverse Effect; provided that to the extent Mineral Interests owned by any Credit Party are operated by operators other than any Credit Party or an Affiliate of any Credit Party, Borrower does not have any knowledge of non-compliance and the appropriate Person has diligently enforced all contractual obligations of such operators in accordance with reasonable commercial practices in the industry in order to ensure compliance.

Section 7.13 Ownership Interests. The Reserve Reports most recently provided to Banks accurately reflect, and all Reserve Reports hereafter delivered pursuant to this Agreement will accurately reflect, in all material respects, the ownership interests in the Mineral Interests referred to therein (including all before and after payout calculations).

Section 7.14 Full Disclosure. All information heretofore furnished by or on behalf of any Credit Party to Administrative Agent, any Arranger, or any Bank for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all such information hereafter furnished by or on behalf of any Credit Party to Administrative Agent, any Arranger, or any Bank will be, true, complete, and accurate in every material respect and based on reasonable estimates on the date as of which such information is stated or certified (it being understood that actual results may vary materially from the financial projections provided hereunder). Borrower has disclosed to Banks in writing any and all facts (other than facts of general public knowledge) which might reasonably be expected to have a Material Adverse Effect, or might adversely affect (to the extent Borrower can now reasonably foresee), the business, operations, prospects or condition, financial or otherwise, of each Credit Party or the ability of each Credit Party to perform its obligations under this Agreement and the other Loan Papers.

Section 7.15 Organizational Structure; Nature of Business. Parent exists for the sole purpose of owning 100% of the Equity of Borrower. The primary business of each Credit Party (other than Parent) is the acquisition, exploration, development and operation of Mineral Interests, and the production and marketing of Hydrocarbons and accompanying elements therefrom. As of the Closing Date, Schedule 3 hereto accurately reflects (a) the jurisdiction of incorporation or organization of each Credit Party, (b) each jurisdiction in which each Credit Party is qualified to transact business as a foreign corporation, foreign partnership or foreign limited liability company, (c) the authorized, issued and outstanding stock, partnership or limited liability interests of each Credit Party, including, except with respect to the Series B, Series C, Series D and Series E Units of Borrower, the names (and number of shares or other equity interests held by) the record and beneficial owners of such interests, and (d) all outstanding warrants, options, subscription rights, convertible securities or other rights to purchase capital stock, partnership or limited liability company interests of each Credit Party. Except as set forth in this Section 7.15 and in Schedule 3 hereto, as of the Closing Date, except with respect to the acquisition of Series A-1 and A-2 Units of Borrower on or before the Closing Date, no Person holds record or beneficial ownership of any capital stock or other equity interest in any Credit Party or any other right or option to acquire any capital stock or other equity interest in any Credit Party and, without limiting the foregoing, there are not outstanding any warrants, options, subscription rights or other rights to purchase stock or other equity interests in any Credit Party. No Credit Party has made or presently holds any Investments other than Permitted Investments. Except as set forth in Schedule 3 hereto, as of the Closing Date, Borrower does not have any Subsidiaries, and no Credit Party is a partner or joint venturer in any partnership or joint venture or a member of any unincorporated association.

Section 7.16 Environmental Matters. No real or personal property owned or leased by any Credit Party (including Mineral Interests) and no operations conducted thereon, and no operations of any prior owner, lessee or operator of any such properties, is or has been in violation of any Applicable Environmental Law other than violations which neither individually nor in the aggregate will have a Material Adverse Effect, nor is any such property or operation the subject of any existing, pending or, to Borrower's knowledge, threatened Environmental Complaint which could, individually or in the aggregate, have a Material Adverse Effect. All notices, permits, licenses, and similar authorizations, if any, required to be obtained or filed in connection with the ownership or operation of any and all real and personal property owned, leased or operated by any Credit Party, including notices, licenses, permits and

authorizations required in connection with any past or present treatment, storage, disposal, or release of Hazardous Substances into the environment, have been duly obtained or filed except to the extent the failure to obtain or file such notices, licenses, permits and authorizations would not reasonably be expected to have a Material Adverse Effect. All Hazardous Substances, if any, generated at any and all real and personal property owned, leased or operated by any Credit Party have been transported, treated, and disposed of only by carriers maintaining valid permits under RCRA and all other Applicable Environmental Laws. There have been no Hazardous Discharges which were not in compliance with Applicable Environmental Laws other than Hazardous Discharges which would not, individually or in the aggregate, have a Material Adverse Effect. No Credit Party has any contingent liability in connection with any Hazardous Discharges which could reasonably be expected to have a Material Adverse Effect.

Section 7.17 Burdensome Obligations. No Credit Party is a party to or bound by any agreement (other than the Loan Papers and any Senior Notes Indenture), or subject to any Law or order of any Governmental Authority, which prohibits or restricts in any way the right of such party to (a) grant Liens to the Administrative Agent and the Banks on or in respect of their assets and properties to secure the Obligations and the Loan Papers or (b) make Distributions.

Section 7.18 Government Regulations. No Credit Party is subject to regulation under the Federal Power Act, the Interstate Commerce Act, the Investment Company Act of 1940 (as any of the preceding acts have been amended) or any other Law or regulation which regulates the incurring by it of Debt, including Laws relating to common carriers or the sale of electricity, gas, steam, water or other public utility services.

Section 7.19 No Default. Neither a Default nor an Event of Default has occurred and is continuing.

Section 7.20 Gas Balancing Agreements and Advance Payment Contracts. As of the Closing Date, (a) there is no Material Gas Imbalance, and (b) the aggregate amount of all Advance Payments received by any Credit Party under Advance Payment Contracts which have not been satisfied by delivery of production does not exceed $250,000.

Section 7.21 Broad Oak Contribution Documents. No party to any Broad Oak Contribution Document is in default in respect of any material term or obligation thereunder or in breach of any material representations or warranties made thereunder. Each of the Broad Oak Contribution Documents is in full force and effect and constitutes a valid and binding obligation of each Credit Party a party thereto, enforceable against each Credit Party thereto in accordance with its terms except as (a) enforceability thereof may be limited by bankruptcy, insolvency or similar Laws affecting creditors rights generally and (b) the availability of equitable remedies may be limited by equitable principles of general applicability.

ARTICLE VIII
AFFIRMATIVE COVENANTS

Borrower agrees that, so long as any Bank has any commitment to lend or participate in Letter of Credit Exposure hereunder or any amount payable under any Note remains unpaid or any Letter of Credit remains outstanding:

Section 8.1 Information. Borrower will deliver, or cause to be delivered, to each Bank:

(a) as soon as available and in any event within 120 days after the end of each Fiscal Year of Borrower, consolidated balance sheets of Parent as of the end of such Fiscal Year and the related consolidated statements of income and cash flow for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all reported on by independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of Parent and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) as soon as available and in any event within 60 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of Borrower, commencing with the Fiscal Quarter ending September 30, 2011, consolidated balance sheets of Parent as of the end of such Fiscal Quarter and the related consolidated statements of income and cash flow for such Fiscal Quarter and for the portion of Parent's Fiscal Year ended at the end of such Fiscal Quarter, setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of Parent's previous Fiscal Year;

(c) simultaneously with the delivery of each set of financial statements referred to in Section 8.1(a) and Section 8.1(b), a certificate of the chief financial officer or chief executive officer of Borrower in the form of Exhibit F hereto, (i) setting forth in reasonable detail the calculations required to establish whether Parent was in compliance with the requirements of Article X on the date of such financial statements, (ii) stating whether there exists on the date of such certificate any Default and, if any Default then exists, setting forth the details thereof and the action which Borrower is taking or proposes to take with respect thereto, (iii) stating whether or not such financial statements fairly present in all material respects the results of operations and financial condition of Parent as of the date of the delivery of such financial statements and for the period covered thereby, (iv) setting forth (A) whether as of such date there is a Material Gas Imbalance and, if so, setting forth the amount of net gas imbalances under Gas Balancing Agreements to which any Credit Party is a party or by which any Mineral Interests owned by any Credit Party are bound, and (B) the aggregate amount of all Advance Payments received under Advance Payment Contracts to which Borrower or any Subsidiary is a party or by which any Mineral Interests owned by any Credit Party are bound which have not been satisfied by delivery of production, if any, and (v) a summary of the Hedge Transactions to which any Credit Party is a party on such date;

(d) immediately upon any Authorized Officer of any Credit Party becoming aware of the occurrence of any Default under any of the Loan Papers, including a Default under Article X, a certificate of an Authorized Officer of Borrower setting forth the details thereof and the action which Borrower is taking or proposes to take with respect thereto;

(e) prompt notice of any Material Adverse Change in the financial condition of any Credit Party;

(f) promptly upon receipt of same, any notice or other information received by any Credit Party indicating any potential, actual or alleged (i) non-compliance with or violation of the requirements of any Applicable Environmental Law which could result in liability to any Credit Party for fines, clean up or any other remediation obligations or any other liability in excess of $2,000,000 in the aggregate; (ii) release or threatened release of any Hazardous Discharge which release would impose on any Credit Party a duty to report to a Governmental Authority or to pay cleanup costs or to take remedial action under any Applicable Environmental Law which could result in liability to any Credit Party for fines, clean up and other remediation obligations or any other liability in excess of $2,000,000 in the aggregate; or (iii) the existence of any Lien arising under any Applicable Environmental Law securing any obligation to pay fines, clean up or other remediation costs or any other liability in excess of $2,000,000 in the aggregate; without limiting the foregoing, Borrower shall provide to Banks promptly upon receipt of same copies of all environmental consultants or engineers reports

received by any Credit Party which would render the representations and warranties contained in Section 7.16 untrue or inaccurate in any respect;

(g) in the event any notification is provided by any Credit Party to any Bank or Administrative Agent pursuant to Section 8.1(f) or Administrative Agent or any Bank otherwise learns of any event or condition under which any such notice would be required, then, upon request of Required Banks, Borrower shall, within ninety (90) days of such request, cause to be furnished to each Bank a report by an environmental consulting firm acceptable to Administrative Agent and Required Banks, stating that a review of such event, condition or circumstance has been undertaken (the scope of which shall be acceptable to Administrative Agent and Required Banks) and detailing the findings, conclusions, and recommendations of such consultant; Borrower shall bear all expenses and costs associated with such review and updates thereof, as well as all remediation or curative action recommended by any such environmental consultant;

(h) prompt notice of any actions, suits, proceedings, claims or disputes pending or, to the knowledge of Borrower after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any Credit Party or against any of their properties or revenues that (i) purport to affect or pertain to this Agreement or any other Loan Paper, or the consummation of the Closing Transactions or any transaction governed by the Loan Papers, or (ii) either individually or in the aggregate, if determined adversely, could reasonably be expected to have a Material Adverse Effect;

(i) simultaneously with the delivery of each set of financial statements referred to in Section 8.1(a) and Section 8.1(b), but in no event later than sixty (60) days after then end of the applicable Fiscal Year or Fiscal Quarter, a report setting forth, for each calendar month during the then current fiscal year to date, the volume of production and sales attributable to production (and the prices at which such sales were made and the revenues derived from such sales) for each such calendar month from the Mineral Interests, and setting forth the related ad valorem, severance and production taxes and lease operating expenses attributable thereto and incurred for each such calendar month, such information being reported on a property by property basis and otherwise in form and substance acceptable to the Administrative Agent;

(j) prompt notice of any material change in accounting policies or financial reporting practices by any Credit Party;

(k) from time to time such additional information regarding the financial position or business of each Credit Party (including any Plan and any reports or other information required to be filed with respect thereto under the Code or under ERISA and a list of all Persons purchasing Hydrocarbons from any Credit Party) as Administrative Agent, at the request of any Bank, may reasonably request;

(l) prompt written notice, and in any event within three (3) Business Days, of (i) the occurrence of any loss, casualty or other insured damage to, or any nationalization, taking under power of eminent domain or by condemnation or similar proceeding of, any property of Borrower or any other Credit Party having a fair market value in excess of $5,000,000 or (ii) the

commencement of any action or proceeding that could reasonably be expected to result in a such an event;

(m) in the event Borrower or any other Credit Party enters into a letter of intent, term sheet or other document, agreement or understanding evidencing its intent to sell, transfer, assign or otherwise dispose of any Mineral Interests, prompt (and in any event within five (5) Business Days) written notice of such (together with a copy of any such document), the price thereof and the anticipated date of closing and any other details thereof requested by the Administrative Agent or any Bank;

(n) promptly, but in any event within five (5) Business Days after the execution thereof, copies of any amendment, modification or supplement to the certificate or articles of incorporation, by-laws, any preferred stock designation or any other organic document of Borrower or any other Credit Party;

(o) prompt written notice (and in any event within thirty (30) days prior thereto) of any change (1) in Borrower or any Credit Party's corporate name or in any trade name used to identify such Person in the conduct of its business or in the ownership of its properties, (2) in the location of Borrower or any Credit Party's chief executive office or principal place of business, (3) in Borrower or any Credit Party's identity or corporate structure or in the jurisdiction in which such Person is incorporated or formed, (4) in Borrower or any Credit Party's jurisdiction of organization or such Person's organizational identification number in such jurisdiction of organization, and (5) in Borrower or any Credit Party's federal taxpayer identification number;

(p) prompt written notice of all created or acquisition of any new Subsidiary of Borrower and to comply, and cause such Subsidiary to comply, with Article V;

(q) prompt written notice of the amendment, modification or termination of any Hedge Agreement or the termination of any Hedge Transaction; and

(r) prompt written notice of, and certified (by an Authorized Officer of Borrower) copies of, any other material documents or any schedules to documents relating to the Broad Oak Contribution that are completed after the Closing Date.

Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arrangers will make available to the Banks and the Letter of Credit Issuer materials and/or information provided by or on behalf of Borrower hereunder (collectively, "Borrower Materials") by posting Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Banks (each, a "Public Bank") may have personnel who do not wish to receive material non-public information with respect to Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Borrower hereby agrees that (i) it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Banks; (ii) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (iii) by marking Borrower Materials "PUBLIC," Borrower shall be

deemed to have authorized the Administrative Agent, the Arrangers, the Letter of Credit Issuers and the Banks to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to Borrower or its securities for purposes of United States Federal and state securities laws (provided that, to the extent such Borrower Materials constitute confidential information subject to Section 14.14, they shall be treated as set forth in Section 14.14); (iv) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor"; and (v) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

Section 8.2 Business of Credit Parties. The primary business of each Credit Party (other than Parent) will continue to be the acquisition, exploration, development and operation of Mineral Interests, and the production and marketing of Hydrocarbons and accompanying elements therefrom. The sole business of Parent shall be owning 100% of the Equity of Borrower.

Section 8.3 Maintenance of Existence. Borrower shall, and shall cause each of the other Credit Parties to, at all times (a) maintain its corporate, partnership or limited liability company existence (as applicable) in its state of organization, and (b) maintain its good standing and qualification to transact business in all jurisdictions where the failure to maintain good standing or qualification to transact business could reasonably be expected to have a Material Adverse Effect.

Section 8.4 Right of Inspection; Books and Records.

(a) Borrower will permit, and will cause each other Credit Party to permit, any officer, employee or agent of Administrative Agent or any Bank to visit and inspect any of the assets of any Credit Party, examine each Credit Party's books of record and accounts, take copies and extracts therefrom, and discuss the affairs, finances and accounts of each Credit Party with any of such Credit Party's officers, accountants and auditors, all upon reasonable advance notice and at such reasonable times and as often as Administrative Agent or any Bank may desire, all at the expense of Borrower; provided that, prior to the occurrence of an Event of Default, neither Administrative Agent nor any Bank will require any Credit Party to incur any unreasonable expense as a result of the exercise by Administrative Agent or any Bank of its rights pursuant to this Section 8.4.

(b) Borrower will, and will cause each other Credit Party to, maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of Borrower or such other Credit Party, as the case may be.

Section 8.5 Maintenance of Insurance. Borrower will, and will cause each other Credit Party to, at all times maintain or cause to be maintained insurance covering such risks as are customarily carried by businesses similarly situated (including self-insurance where appropriate), including the following: (a) workmen's compensation insurance; (b) employer's liability insurance; (c) comprehensive general public liability and property damage insurance in

respect of all activities in which any Credit Party might incur personal liability for the death or injury of an employee or third person, or damage to or destruction of another's property; (d) comprehensive automobile liability insurance; and (e) property and casualty insurance with respect to its assets. All loss payable clauses or provisions in all policies of insurance maintained by the Credit Parties pursuant to this Section 8.5 shall be endorsed in favor of and made payable to Administrative Agent for the ratable benefit of Banks, as their interests may appear. Administrative Agent shall be named an additional insured with respect to all of the Credit Parties' liability policies to the extent permitted by Law. Administrative Agent for the ratable benefit of Banks shall have the right to collect, and Borrower hereby assigns to Administrative Agent for the ratable benefit of Banks, any and all monies that may become payable under any such policies of insurance by reason of damage, loss or destruction of any property which stands as security for the Obligations or any part thereof, and Administrative Agent may, at its election (which election shall be made in the reasonable discretion of Administrative Agent with the consent of Required Banks), either apply for the ratable benefit of Banks all or any part of the sums so collected toward payment of the Obligations (or the portion thereof with respect to which such property stands as security), whether or not such Obligations are then due and payable, in such manner as Administrative Agent may elect or release same to Borrower.

Section 8.6 Payment of Obligations. Borrower will, and will cause each other Credit Party to, pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (a) all Taxes imposed upon it or any of its assets or with respect to any of its franchises, business, income or profits, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the applicable Credit Party and the Credit Parties have notified Administrative Agent of such circumstances, in detail satisfactory to Administrative Agent, (b) all material claims (including claims for labor, services, materials and supplies) for sums which have become due and payable and which by Law have or might become a Lien (other than a Permitted Encumbrance) on any of its assets, and (c) all Debt, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Debt.

Section 8.7 Compliance with Laws and Documents. Borrower will, and will cause each other Credit Party to, comply with all Laws, its articles or certificate of incorporation, certificate of limited partnership, partnership agreement, bylaws, regulations and similar organizational documents and all Material Agreements and Broad Oak Contribution Documents to which any Credit Party is a party, if a violation, alone or when combined with all other such violations, could reasonably be expected to have a Material Adverse Effect.

Section 8.8 Operation of Properties and Equipment.

(a) Borrower will, and will cause each other Credit Party to, maintain, develop and operate its Mineral Interests in a good and workmanlike manner, and observe and comply with all of the terms and provisions, express or implied, of all oil and gas leases relating to such properties so long as such oil and gas leases are capable of producing Hydrocarbons and accompanying elements in paying quantities, to the extent that the failure to so observe and comply could reasonably be expected to have a Material Adverse Effect.

(b) Borrower will, and will cause each other Credit Party to, comply in all respects with all contracts and agreements applicable to or relating to its Mineral Interests or the production and sale of Hydrocarbons and accompanying elements therefrom, except to the extent a failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(c) Borrower will, and will cause each other Credit Party to, maintain, preserve and keep all operating equipment used with respect to its Mineral Interests in proper repair, working order and condition, and make all necessary or appropriate repairs, renewals, replacements, additions and improvements thereto so that the efficiency of such operating equipment shall at all times be properly preserved and maintained; provided that, no item of operating equipment need be so repaired, renewed, replaced, added to or improved, if a Credit Party shall in good faith determine that such action is not necessary or desirable for the continued efficient and profitable operation of the business of such Credit Party.

(d) With respect to Mineral Interests of any Credit Party which are operated by operators other than such Credit Party, no Credit Party shall be obligated itself to perform any undertakings contemplated by the covenants and agreements contained in this Section 8.8 which are performable only by such operators and are beyond the control of such Credit Party, but shall be obligated to seek to enforce such operators' contractual obligations to maintain, develop and operate the Mineral Interests in accordance with such operating agreements.

Section 8.9 Further Assurances. Borrower will, and will cause each other Credit Party to, execute and deliver or cause to be executed and delivered such other and further instruments or documents and take such further action as in the judgment of Administrative Agent may be required to carry out the provisions and purposes of the Loan Papers, including to create, preserve, protect and perfect the Liens of the Administrative Agent for the ratable benefit of the Banks and other holders of Obligations as required by Article V.

Section 8.10 Environmental Law Compliance and Indemnity. Borrower will, and will cause each other Credit Party to, comply with all Applicable Environmental Laws, including (a) all licensing, permitting, notification and similar requirements of Applicable Environmental Laws, and (b) all provisions of Applicable Environmental Law regarding storage, discharge, release, transportation, treatment and disposal of Hazardous Substances, except where the failure to comply could not reasonably be expected to have a Material Adverse Effect. Borrower will, and will cause each other Credit Party to, promptly pay and discharge when due all debts, claims, liabilities and obligations with respect to any clean-up or remediation measures necessary to comply with Applicable Environmental Laws. Borrower hereby indemnifies and agrees to defend and hold Banks and their successors and assigns harmless from and against any and all claims, demands, causes of action, loss, damage, liabilities, costs and expenses (including reasonable attorneys' fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by any Bank at any time and from time to time, including those asserted or arising subsequent to the payment or other satisfaction of the Loans, by reason of or arising out of the ownership, construction, occupancy, operation, use and maintenance of any of the collateral for the Loans, including matters arising out of the negligence of any Bank; provided that, this indemnity shall not apply with respect to matters caused by or arising out of (i) with respect to each Bank, the gross negligence or willful misconduct of such Bank, as determined by a court of competent jurisdiction in a final, non-

appealable judgment (IT BEING THE EXPRESS INTENTION HEREBY THAT BANKS SHALL BE INDEMNIFIED FROM THE CONSEQUENCES OF THEIR NEGLIGENCE); and (ii) the construction, occupancy, operation, use and maintenance of the collateral for the Loans by any owner, lessee or party in possession of the collateral for the Loans subsequent to the ownership of the collateral for the Loans by Borrower; provided further that, this subclause (ii) shall not exclude from the foregoing indemnity and agreement, liability, claims, demands, causes of action, loss, damage, costs and expenses imposed by reason of the ownership of the collateral for the Loans by Banks after purchase by Banks at any foreclosure sale or transfer in lieu thereof from any Credit Party in partial or entire satisfaction of the Loans (unless the same shall be solely attributable to the subsequent use of the collateral by Banks during their ownership thereof). The foregoing indemnity and agreement applies to the violation of any Applicable Environmental Law prior to the payment or other satisfaction of the Loans and any act, omission, event or circumstance existing or occurring on or about the collateral for the Loans (including the presence on the collateral for the Loans or release from the collateral for the Loans of asbestos or other Hazardous Substances disposed of or otherwise present in or released prior to the payment or other satisfaction of the Loans). It shall not be a defense to the covenant of Borrower to indemnify that the act, omission, event or circumstance did not constitute a violation of any Applicable Environmental Law at the time of its existence or occurrence. The provisions of this Section 8.10 shall survive the repayment of the Loans and shall continue thereafter in full force and effect. In the event of the transfer of the Loans or any portion thereof, Banks or any prior holder of the Loans and any participants shall continue to be benefited by this indemnity and agreement with respect to the period of such holding of the Loans.

Section 8.11 Title Data. In addition to the title information required by Section 5.2 and Section 6.1(c), Borrower shall, upon the request of Required Banks, cause to be delivered to Administrative Agent such title opinions or other information regarding title to Mineral Interests owned by Borrower or any other Credit Party as are appropriate to determine the status thereof; provided that, Banks may not require Borrower to furnish title opinions (except pursuant to Section 5.2 and Section 6.1(c)) unless (a) an Event of Default shall have occurred and be continuing, or (b) Required Banks have reason to believe that there is a defect in or encumbrance upon Borrower's title to such Mineral Interests that is not a Permitted Encumbrance. If Borrower has failed to provide title information requested under this Section 8.11 within a 90-day period following a request therefor or if Borrower is unable to cure any title defect requested by the Administrative Agent or the Banks to be cured within a 90-day period following such request, such default shall not be a Default, but instead the Administrative Agent and/or the Required Banks shall have the right to exercise the following remedy in their sole discretion from time to time, and any failure to so exercise this remedy at any time shall not be a waiver as to future exercise of the remedy by the Administrative Agent or the Banks. To the extent that the Administrative Agent or the Required Banks are not satisfied with title to any Mineral Interest after the 90-day period has elapsed, such unacceptable Mineral Interest shall not count towards the requirement to evidence good title to Mineral Interests constituting the Required Reserve Value, and the Administrative Agent may send a notice to Borrower and the Banks that the then outstanding Borrowing Base shall be reduced by an amount as determined by the Required Banks to cause Borrower to be in compliance with the requirement to provide acceptable title information on Mineral Interests

constituting the Required Reserve Value. This new Borrowing Base shall become effective immediately after receipt of such notice and any resulting Borrowing Base Deficiency shall be cured in accordance with Section 4.4.

Section 8.12 ERISA Reporting Requirements. Borrower will promptly furnish and will cause the other Credit Parties and any ERISA Affiliate to promptly furnish to the Administrative Agent (i) promptly after the filing thereof with the United States Secretary of Labor or the Internal Revenue Service, copies of each annual and other report with respect to each Plan or any trust created thereunder, and (ii) immediately upon becoming aware of the occurrence of any "prohibited transaction," as described in section 406 of ERISA or in section 4975 of the Code, in connection with any Plan or any trust created thereunder, a written notice signed by the President or the principal Financial Officer, the Credit Party or the ERISA Affiliate, as the case may be, specifying the nature thereof, what action Borrower, Credit Party or ERISA Affiliate is taking or proposes to take with respect thereto, and, when known, any action taken or proposed by the Internal Revenue Service or the Department of Labor with respect thereto.

ARTICLE IX
NEGATIVE COVENANTS

Borrower agrees that, so long as any Bank has any commitment to lend or participate in Letter of Credit Exposure hereunder or any amount payable under any Note remains unpaid or any Letter of Credit remains outstanding:

Section 9.1 Debt. Borrower will not, nor will Borrower permit any other Credit Party to, incur, become or remain liable for any Debt other than (a) the Obligations, (b) Debt of any Credit Party to any other Credit Party other than Parent, (c) Permitted Purchase Money Debt, (d) Senior Notes and any guarantees thereof, the principal amount of which Debt does not exceed $350,000,000 in the aggregate, provided that (i) such Senior Notes do not have any scheduled amortization prior to seven (7) years from the date of original issuance, (ii) such Senior Notes do not mature sooner than seven (7) years after the date of original issuance, (iii) such Senior Notes and any guarantees thereof are on market terms for similar instruments of issuers of similar size and credit quality given the then prevailing market conditions, (iv) as determined in good faith by the senior management of Borrower, such Senior Notes and any guarantees thereof are on terms, taken as a whole, no more restrictive or burdensome than this Agreement, provided that (A) the financial maintenance covenants with respect to such Senior Notes are not more restrictive than those in this Agreement and (B) the representations and warranties, covenants (other than financial maintenance covenants) and events of default of such Senior Notes are not, taken as a whole, more restrictive or burdensome than those in this Agreement, (v) such Senior Notes do not have any mandatory prepayment or redemption provisions (other than customary change of control or asset sale tender offer provisions) which would require a mandatory prepayment or redemption in priority to the Obligations, and (vi) such Senior Notes do not have an interest rate greater than 10%, and (e) other Debt in an amount not to exceed at any time $10,000,000 in the aggregate.

Section 9.2 Restricted Payments. Borrower will not, nor will Borrower permit any other Credit Party to, declare, pay or make, or incur any liability to declare, pay or make, any Restricted Payment, except that, so long as no Event of Default or Borrowing Base Deficiency exists, (a) Parent may declare and pay dividends with respect to its Equity pursuant to, but not in excess of the amounts required under, Section 6.1(b) of its Limited Liability Company Agreement, as in effect on, and certified to the Administrative Agent and the Banks as of, the Closing Date and (b) Borrower and its Subsidiaries may declare and pay dividends ratably with

respect to their Equity in amounts sufficient to permit the Parent to declare and pay dividends as contemplated by clause (a) above.

Section 9.3 Liens; Negative Pledge. Borrower will not, nor will Borrower permit any other Credit Party to, create, assume or suffer to exist any Lien on any asset owned by it (other than Permitted Encumbrances). Borrower will not, nor will Borrower permit any other Credit Party to, enter into or become subject to any agreement that prohibits or otherwise restricts the right of any Credit Party to create, assume or suffer to exist any Lien in favor of Administrative Agent or any Bank on any Credit Party's assets.

Section 9.4 Consolidations and Mergers. Without the prior written consent of Required Banks, Borrower will not, nor will Borrower permit any other Credit Party to, consolidate or merge with or into any other Person; provided that, so long as no Default or Event of Default exists or will result, Borrower or any wholly owned Subsidiary of Borrower that is a Credit Party may merge or consolidate with any other Credit Party, provided further that, if Borrower is a party to any such merger or consolidation, Borrower must be the surviving entity of such merger or consolidation.

Section 9.5 Asset Dispositions. Borrower will not, nor will Borrower permit any other Credit Party to, sell, lease, transfer, abandon or otherwise dispose of any asset other than (a) the sale in the ordinary course of business of Hydrocarbons produced from any Credit Party's Mineral Interests, (b) the sale, lease, transfer, abandonment or other disposition of machinery, equipment and other personal property and fixtures which are (i) made in connection with a release, surrender or abandonment of a well, or (ii) (A) obsolete for their intended purpose and disposed of in the ordinary course of business, or (B) replaced by articles of comparable suitability owned by any Credit Party, free and clear of all Liens except Permitted Encumbrances and (c) Asset Dispositions at no less than fair market value (as reasonably determined by Borrower); provided that, (A) no Asset Disposition shall be permitted pursuant to this clause (c) unless all mandatory prepayments required by Section 2.6 in connection with such Asset Disposition are made concurrently with the closing thereof, and (B) Borrower or other applicable Credit Party shall within 30 days following the closing of each Asset Disposition novate, unwind or terminate Oil and Gas Hedge Transactions as needed to comply with Section 9.10. In no event will Borrower issue, sell, transfer or dispose of, or permit any other Credit Party to issue, sell, transfer or dispose of, any capital stock or other equity interest in any Subsidiary of such Credit Party, nor will Borrower issue or sell, or permit any other Credit Party (excluding Parent) to issue or sell, any capital stock or other equity interest or any option, warrant or other right to acquire such capital stock or equity interest or security convertible into such capital stock or equity interest to any Person other than the Person which is the direct parent of such issuer on the Closing Date.

Section 9.6 Use of Proceeds. The proceeds of Borrowings will not be used for any purpose other than to finance the acquisition, exploration, and development of Mineral Interests, for working capital and general corporate purposes, to refinance the Broad Oak Existing Credit Facility, to finance the Broad Oak Contribution (including the Broad Oak Management Payments) and to pay fees and expenses incurred in connection with the Closing Transactions. None of the proceeds of the Loans or any Letter of Credit issued hereunder will be used, directly or indirectly, (a) for the purpose, whether immediate, incidental or ultimate, of purchasing or

carrying any Margin Stock, or (b) in violation of applicable Law or regulation (including the Margin Regulations). Letters of Credit will be issued hereunder only for the purpose of securing bids, tenders, bonds, contracts and other obligations entered into in the ordinary course of Borrower's business and to secure obligations of Borrower and its Subsidiaries under Oil and Gas Hedge Transactions; provided that, the aggregate Letter of Credit Exposure of all Banks under all Hedge Transaction Letters of Credit shall not exceed $10,000,000 at any time. Without limiting the foregoing, with the exception of Hedge Transaction Letters of Credit permitted pursuant to the preceding sentence, no Letters of Credit will be issued hereunder for the purpose of or providing credit enhancement with respect to any Debt or equity security of any Credit Party or to secure any Credit Party's obligations with respect to Hedge Transactions other than Hedge Transactions with a Bank or an Affiliate of a Bank.

Section 9.7 Investments. Borrower will not, nor will Borrower permit any other Credit Party to, directly or indirectly, make any Investment other than Permitted Investments.

Section 9.8 Transactions with Affiliates. Borrower will not, nor will Borrower permit any other Credit Party to, engage in any material transaction with any of their Affiliates (other than transactions among Credit Parties and the Broad Oak Contribution (including the Broad Oak Management Payments) pursuant to the Broad Oak Contribution Documents as in effect on the Closing Date) unless such transaction is generally as favorable to such Credit Party as could be obtained in an arm's length transaction with an unaffiliated Person in accordance with prevailing industry customs and practices. Notwithstanding the foregoing, and so long as no Event of Default has occurred which is continuing, the restrictions set forth in this Section 9.8 shall not apply to the payment of reasonable and customary fees to directors of any Credit Party who are not employees of any Credit Party, in an aggregate amount not to exceed $50,000 in the aggregate over the term of this Agreement.

Section 9.9 ERISA. Borrower will not, and will not permit any Credit Party to, at any time:

(a) engage in, or permit any ERISA Affiliate to engage in, any transaction in connection with which Borrower, any Credit Party or any ERISA Affiliate could be subjected to either a civil penalty assessed pursuant to subsections (c), (i), (l) or (m) of section 502 of ERISA or a tax imposed by Chapter 43 of Subtitle D of the Code.

(b) fail to make, or permit any ERISA Affiliate to fail to make, full payment when due of all amounts which, under the provisions of any Plan, agreement relating thereto or applicable law, Borrower, any Credit Party or any ERISA Affiliate is required to pay as contributions thereto.

(c) contribute to or assume an obligation to contribute to, or permit any ERISA Affiliate to contribute to or assume an obligation to contribute to (i) any employee welfare benefit plan, as defined in section 3(1) of ERISA, including any such plan maintained to provide benefits to former employees of such entities, that may not be terminated by such entities in their sole discretion at any time without any material liability, or (ii) any employee pension benefit plan, as defined in section 3(2) of ERISA, that is subject to Title IV of ERISA, section 302 of ERISA or section 412 of the Code.

Section 9.10 Hedge Transactions. Borrower will not, nor will Borrower permit any other Credit Party to, enter into or, subject to clause (B) of the proviso in the first sentence of Section 9.5, permit to exist any Oil and Gas Hedge Transactions whereby the volume of Hydrocarbons with respect to which a settlement payment is calculated would exceed 85% of Borrower's anticipated production (assuming no curtailment or interruption of transportation for such anticipated production) from Proved Producing Mineral Interests during the period from the immediately preceding settlement date (or the commencement of such Hedge Transactions if there is no prior settlement date) to such settlement date. Borrower will not, nor will Borrower permit any other Credit Party to, enter into any commodity, interest rate, currency or other swap, option, collar or other derivative transaction pursuant to which any Credit Party speculates on the movement of commodity prices, securities prices, interest rates, financial markets, currency markets or other items; provided that, nothing contained in this Section 9.10 shall prohibit any Credit Party from (a) entering into interest rate swaps or other interest rate hedge transactions pursuant to which such Credit Party hedges interest rate risk with respect to the interest reasonably anticipated to be incurred pursuant to this Agreement, (b) entering into Oil and Gas Hedge Transactions otherwise permitted by this Section 9.10, or (c) making Permitted Investments.

Section 9.11 Operating Leases. Borrower will not, nor will Borrower permit any other Credit Party to, incur, become, or remain liable under any Operating Lease which would cause the aggregate amount of all Rentals payable by any Credit Party in any Fiscal Year to be greater than $10,000,000.

Section 9.12 Acquisition. Without the prior written consent of Required Banks, Borrower will not, nor will Borrower permit any other Credit Party to, acquire, in a single transaction or a series of related transactions, all or substantially all of the assets or capital stock (or other outstanding equity interests) of any Person, or all or substantially all of the assets comprising a division of any Person; provided that, nothing contained in this Section 9.12 shall prohibit Borrower or any other Credit Party from making any acquisition of assets consisting of oil and gas properties, any acquisition pursuant to the Broad Oak Contribution Documents as in effect on the Closing Date (including the Broad Oak Management Payments) or any other acquisition which is permitted by the terms of this Agreement, including any Permitted Investment.

Section 9.13 Repayment of Senior Notes; Amendment to Terms of Senior Indenture. Borrower will not, and will not permit any other Credit Party to: (a) prior to the date that is one-hundred and eighty (180) days after the Termination Date, call, make or offer to make any optional or voluntary Redemption of or otherwise optionally or voluntarily Redeem (whether in whole or in part) the Senior Notes, or (b) amend, modify, waive or otherwise change, consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Senior Notes or the Senior Notes Indenture if (i) the effect thereof would be to shorten the maturity of the Senior Notes or shorten the average life or increase the amount of any payment of principal thereof or increase the rate or scheduled recurring fee or add call or pre-payment premiums or shorten any period for payment of interest thereon, (ii) such action requires the payment of a consent fee (howsoever described), (iii) such action increases the interest rate margins applicable to the Senior Notes or alters the calculation of interest thereunder, (iv) such action adds or amends any representations and warranties, covenants or events of default to be more restrictive

or burdensome than this Agreement without this Agreement being contemporaneously amended to add similar provisions or (v) adds or changes any redemption, put or prepayment provisions, provided that the foregoing shall not prohibit the execution of supplemental agreements to add guarantors if required by the terms thereof provided that any such guarantor also guarantees the Obligations pursuant to the Facility Guaranty and each of Borrower and such guarantor otherwise complies with Section 5.4.

ARTICLE X
FINANCIAL COVENANTS

Section 10.1 Financial Covenants. Borrower agrees that, so long as any Bank has any commitment to lend or participate in Letter of Credit Exposure hereunder or any amount payable under any Note remains unpaid or any Letter of Credit remains outstanding:

(a) As of the end of any Fiscal Quarter, commencing with the Fiscal Quarter ending September 30, 2011, Borrower will not permit the Parent's ratio of Consolidated Current Assets to Consolidated Current Liabilities to be less than 1.00 to 1.00; and

(b) As of the end of any Fiscal Quarter, commencing with the Fiscal Quarter ending September 30, 2011, Borrower will not permit the Parent's ratio of (i) Consolidated EBITDAX (for the four Fiscal Quarters ending on such date) to (ii) the sum of (A) Consolidated Net Interest Expense (for the four Fiscal Quarters ending on such date) plus (B) Letter of Credit Fees (accruing during the four Fiscal Quarters ending on such date) to be less than 2.50 to 1.00.

ARTICLE XI
DEFAULTS

Section 11.1 Events of Default. If one or more of the following events (collectively "Events of Default" and individually an "Event of Default") shall have occurred and be continuing:

(a) Borrower shall fail to pay when due any principal of any Note or any reimbursement obligation with respect to any Letters of Credit when due;

(b) Borrower shall fail to pay any accrued interest due and owing on any Note or any fees or any other amount payable hereunder when due and such failure shall continue for a period of five (5) Business Days following the due date;

(c) any Credit Party shall fail to observe or perform any covenant or agreement applicable thereto contained in Section 4.4, Section 8.1(d), Section 8.3(a), Section 8.5, Article IX, or Article X;

(d) any Credit Party shall fail to observe or perform any covenant or agreement contained in this Agreement or the other Loan Papers (other than those covered by Section 11.1(a), Section 11.1(b) and Section 11.1(c)) and such failure continues for a period of 30 days after the earlier of (i) the date any Authorized Officer of any Credit Party acquires knowledge of such failure, or (ii) written notice thereof has been given to any such Credit Party by Administrative Agent at the request of any Bank;

(e) any representation, warranty, certification or statement made or deemed to have been made by any Credit Party in this Agreement or by any Credit Party or any other Person on behalf of any Credit Party in any other Loan Paper or any other certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made, deemed made, or confirmed; provided, that if any representation or warranty made by Borrower in this Agreement that relates to Broad Oak or any representation or warranty made by Broad Oak in any other Loan Paper (in each case, other than any Broad Oak Representation) is incorrect in any material respect when made on the Effective Date, such failure to be correct in all material respects shall not constitute an Event of Default unless the factual circumstances that have caused such representation or warranty to be incorrect in any material respect on the Effective Date fail to be remedied so that such representation or warranty will be correct in all material respects within 30 days of an Authorized Officer of Borrower becoming aware of such factual circumstances.

(f) (i) any Credit Party shall fail to make any payment when due on any Debt in a principal amount equal to or greater than $25,000,000, or any event or condition (A) shall occur which results in the acceleration of the maturity of any Debt (other than Debt under or in connection with a Hedge Agreement) of any such Credit Party in a principal amount equal to or greater than $25,000,000 individually or in the aggregate, or (B) shall occur which entitles (or, with the giving of notice or lapse of time or both, would unless cured or waived, entitle) the holder of such Debt to accelerate the maturity thereof; or (ii) there occurs under any Hedge Agreement an Early Termination Date (as defined in such Hedge Agreement if applicable), or such Hedge Agreement is otherwise terminated prior to the scheduled term of the applicable transaction, in each case, resulting from (A) any event of default under such Hedge Agreement as to which any Credit Party is the defaulting party or (B) any Termination Event (as defined in such Hedge Agreement, if applicable) under such Hedge Agreement as to which any Credit Party is an Affected Party (as so defined, if applicable) and, in either event, the net hedging obligation owed by such Credit Party as a result thereof is greater than $25,000,000;

(g) any Credit Party shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate or partnership action to authorize any of the foregoing;

(h) an involuntary case or other proceeding shall be commenced against any Credit Party seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 60 days; or an order for relief shall be entered against any Credit Party under the federal bankruptcy Laws as now or hereafter in effect;

(i) one (1) or more judgments or orders for the payment of money aggregating in excess of $25,000,000 (to the extent not covered by independent third party insurance provided by insurers of the highest claims paying rating or financial strength as to which the insurer does not dispute coverage and is not subject to an insolvency proceeding) shall be rendered against any Credit Party and such judgment or order (i) shall continue unsatisfied and unstayed (unless bonded with a supersedeas bond at least equal to such judgment or order) for a period of 60 days, or (ii) is not fully paid and satisfied at least 10 days prior to the date on which any of its assets may be lawfully sold to satisfy such judgment or order;

(j) any Credit Party shall incur Environmental Liabilities which, individually or when considered in the aggregate, exceed $25,000,000 (to the extent not covered by independent third party insurance provided by insurers of the highest claims paying rating or financial strength as to which the insurer does not dispute coverage and is not subject to an insolvency proceeding);

(k) this Agreement or any other Loan Paper shall cease to be in full force and effect or shall be declared null and void or the validity or enforceability thereof shall be contested or challenged by any Credit Party, or any Credit Party shall deny that it has any further liability or obligation under any of the Loan Papers, or any Lien created by the Loan Papers shall for any reason (other than the express release thereof by a written instrument executed by Administrative Agent in accordance with the Loan Papers) cease to be a valid, first priority, perfected Lien (other than Permitted Encumbrances) upon any of the property purported to be covered thereby;

(l) Borrower shall fail to cure any Borrowing Base Deficiency in accordance with Section 2.6 or Section 4.4;

(m) a Change of Control shall occur; or

(n) an Event of Default (as defined in the Senior Notes Indenture) shall occur under the Senior Notes Indenture;

then, and in every such event, Administrative Agent shall without presentment, notice or demand (unless expressly provided for herein) of any kind (including notice of intention to accelerate and acceleration), all of which are hereby waived, (i) if requested by Required Banks, terminate the Commitments and they shall thereupon terminate, and (ii) if requested by Required Banks, take such other actions as may be permitted by the Loan Papers including, declaring the Notes, or any of them, (together with accrued interest thereon) to be, and the Notes, or any of them, shall thereupon become, immediately due and payable; provided that (iii) in the case of any of the Events of Default specified in Section 11.1(g) or Section 11.1(h), without any notice to Borrower or any other Credit Party or any other act by Administrative Agent or Banks, the Commitments shall thereupon terminate and the Notes (together with accrued interest thereon) shall become immediately due and payable.

ARTICLE XII
AGENTS

Section 12.1 Appointment and Authorization of Administrative Agent; Secured Hedge Transactions.

(a) Each Bank hereby irrevocably (subject to Section 12.10) appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Paper and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Paper, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Paper, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Bank or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Paper or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term “agent” herein and in the other Loan Papers with reference to the Administrative Agent, any syndication agent or documentation agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Each Letter of Credit Issuer shall act on behalf of the Banks with respect to any Letters of Credit issued by it and the documents associated therewith until such time (and except for so long) as the Administrative Agent may agree at the request of the Required Banks to act for such Letter of Credit Issuer with respect thereto; provided, however, that each Letter of Credit Issuer shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article XII with respect to any acts taken or omissions suffered by a Letter of Credit Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term “Administrative Agent” as used in this Article XII included each Letter of Credit Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to each Letter of Credit Issuer.

Section 12.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Paper by or through agents, sub-agents, employees or attorneys in fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney in fact that it selects in the absence of gross negligence or willful misconduct.

Section 12.3 Default; Collateral.

(a) Upon the occurrence and continuance of a Default or Event of Default, the Banks agree to promptly confer in order that Required Banks or the Banks, as the case may be,

may agree upon a course of action for the enforcement of the rights of the Banks; and the Administrative Agent shall be entitled to refrain from taking any action (without incurring any liability to any Person for so refraining) unless and until the Administrative Agent shall have received instructions from Required Banks or the Banks, as the case may be. All rights of action under the Loan Papers and all right to the collateral under the Loan Papers, if any,

hereunder may be enforced by the Administrative Agent and any suit or proceeding instituted by the Administrative Agent in furtherance of such enforcement shall be brought in its name as the Administrative Agent without the necessity of joining as plaintiffs or defendants any other Bank, and the recovery of any judgment shall be for the benefit of the Banks (and, with respect to certain Hedge Transactions that are secured under the Loan Papers, Affiliates, if applicable) subject to the expenses of the Administrative Agent. In actions with respect to any property of Borrower or any other Credit Party, the Administrative Agent is acting for the ratable benefit of each Bank (and, with respect to certain Hedge Transactions that are secured under the Loan Papers, Affiliates, if applicable). Any and all agreements to subordinate (whether made heretofore or hereafter) other indebtedness or obligations of Borrower to the Obligations shall be construed as being for the ratable benefit of each Bank (and, with respect to certain Hedge Transactions that are secured under the Loan Papers, Affiliates, if applicable).

(b) Each Bank authorizes and directs the Administrative Agent to enter into the other Loan Papers on behalf of and for the benefit of such Bank (and, with respect to certain Hedge Transactions that are secured under the Loan Papers, Affiliates, if applicable) (or if previously entered into, hereby ratifies the Administrative Agent's (or any predecessor administrative agent's) previously entering into such agreements and other Loan Papers).

(c) Except to the extent unanimity (or other percentage set forth in Section 14.2) is required hereunder, each Bank agrees that any action taken by the Required Banks in accordance with the provisions of the Loan Papers, and the exercise by the Required Banks of the power set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Banks.

(d) The Administrative Agent is hereby authorized on behalf of the Banks, without the necessity of any notice to or further consent from any Bank, from time to time to take any action with respect to any collateral under the Loan Papers or any Loan Papers which may be necessary to perfect and maintain perfected the Liens upon such collateral granted pursuant to the other Loan Papers.

(e) The Administrative Agent shall not have any obligation whatsoever to any Bank or to any other Person to assure that such collateral exists or is owned by the Person purporting to own it or is cared for, protected, or insured or has been encumbered or that the Liens granted to the Administrative Agent (or any predecessor administrative agent) herein or pursuant thereto have been properly or sufficiently or lawfully created, perfected, protected, or enforced, or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure, or fidelity, or to continue exercising, any of the rights granted or available to the Administrative Agent in this Section 12.3 or in any of the other Loan Papers; IT BEING UNDERSTOOD AND AGREED THAT IN RESPECT OF THE COLLATERAL UNDER THE LOAN PAPERS, OR ANY ACT, OMISSION, OR EVENT RELATED THERETO, THE ADMINISTRATIVE AGENT MAY (AS BETWEEN THE

ADMINISTRATIVE AGENT AND THE BANKS) ACT IN ANY MANNER IT MAY DEEM APPROPRIATE, IN ITS SOLE DISCRETION, GIVEN THE ADMINISTRATIVE AGENT'S OWN INTEREST IN SUCH COLLATERAL AS ONE OF THE BANKS AND THAT THE ADMINISTRATIVE AGENT SHALL HAVE NO DUTY OR LIABILITY WHATSOEVER TO ANY BANK (AND, WITH RESPECT TO CERTAIN HEDGE TRANSACTIONS THAT ARE SECURED UNDER THE LOAN PAPERS, AFFILIATES, IF APPLICABLE), OTHER THAN TO ACT WITHOUT GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(f) The Banks hereby irrevocably authorize the Administrative Agent, at its option and in its discretion, to release any Lien granted to or held by the Administrative Agent upon any collateral under the Loan Papers: (A) constituting property in which neither Borrower nor any other Credit Party owned an interest at the time the Lien was granted or at any time thereafter; (B) constituting property leased to Borrower or any other Credit Party under a lease which has expired or been terminated in a transaction permitted under the Loan Papers or is about to expire and which has not been, and is not intended by Borrower or such Credit Party to be, renewed; or (C) consisting of an instrument or other possessory collateral evidencing Debt or other obligations pledged to the Administrative Agent (for the benefit of the Banks), if the Debt or obligations evidenced thereby has been paid in full or otherwise superseded. In addition, the Banks irrevocably authorize the Administrative Agent to release Liens upon collateral under the Loan Papers as contemplated herein, or if approved, authorized, or ratified in writing by the requisite Banks. Upon request by the Administrative Agent at any time, the Banks will confirm in writing the Administrative Agent's authority to release particular types or items of such collateral pursuant to this Section 12.3.

(g) In furtherance of the authorizations set forth in this Section 12.3, each Bank hereby irrevocably appoints the Administrative Agent its attorney-in-fact, with full power of substitution, for and on behalf of and in the name of each such Bank (i) to enter into the other Loan Papers (including, without limitation, any appointments of substitute trustees under any such Loan Papers), (ii) to take action with respect to the other Loan Papers and the collateral thereunder to perfect, maintain, and preserve Banks' Liens, and (iii) to execute instruments of release or to take other action necessary to release Liens upon any such collateral to the extent authorized in paragraph (f) hereof. This power of attorney shall be liberally, not restrictively, construed so as to give the greatest latitude to the Administrative Agent's power, as attorney, relative to the matters described in this Section 12.3 relating to collateral. The powers and authorities herein conferred on the Administrative Agent may be exercised by the Administrative Agent through any Person who, at the time of the execution of a particular instrument, is an officer of the Administrative Agent (or any Person acting on behalf of the Administrative Agent pursuant to a valid power of attorney). The power of attorney conferred by this Section 12.3(g) to the Administrative Agent is granted for valuable consideration and is coupled with an interest and is irrevocable so long as the Obligations, or any part thereof, shall remain unpaid or the Banks are obligated to make any Loan or issue any Letter of Credit under the Loan Papers.

Section 12.4 Liability of Administrative Agent. NO INDEMNIFIED ENTITY OF THE ADMINISTRATIVE AGENT SHALL (A) BE LIABLE FOR ANY ACTION TAKEN OR OMITTED TO BE TAKEN BY ANY OF THEM UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN PAPER OR THE TRANSACTIONS CONTEMPLATED HEREBY (EXCEPT FOR ITS OWN GROSS NEGLIGENCE OR

WILLFUL MISCONDUCT IN CONNECTION WITH ITS DUTIES EXPRESSLY SET FORTH HEREIN), or (b) be responsible in any manner to any Bank or participant for any recital, statement, representation or warranty made by Borrower or any other Credit Party or any officer thereof, contained herein or in any other Loan Paper, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Paper, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Paper, or for the creation, perfection or priority of any Liens purported to be created by any of the Loan Papers, or the validity, genuineness, enforceability, existence, value or sufficiency of any collateral security, or to make any inquiry respecting the performance by Borrower of its obligations hereunder or under any other Loan Paper, or for any failure of Borrower or any other Credit Party or any other party to any Credit Party to perform its

obligations hereunder or thereunder. No Indemnified Entity of the Administrative Agent shall be under any obligation to any Bank or participant to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Paper, or to inspect the properties, books or records of Borrower or any other Credit Party or any Affiliate thereof.

Section 12.5 Reliance by Administrative Agent.

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, electronic mail, or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to Borrower or any other Credit Party), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under any Loan Paper unless it shall first receive such advice or concurrence of the requisite Required Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Paper in accordance with a request or consent of the requisite Required Banks or all the Banks, if required hereunder, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Banks and participants. Where this Agreement expressly permits or prohibits an action unless the requisite Required Banks otherwise determine, the Administrative Agent shall, and in all other instances, the Administrative Agent may, but shall not be required to, initiate any solicitation for the consent or a vote of the requisite Banks.

(b) For purposes of determining compliance with the conditions specified in Section 6.1, each Bank that has funded its Commitment Percentage of the initial Loan on the Effective Date (or, if there is no Loan made on such date, each Bank other than Banks who gave written objection to the Administrative Agent prior to such date) shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Administrative Agent to such Bank (or otherwise made available for such Bank on SyndTrak Online, DXSyndicate™ or any similar website) for consent, approval, acceptance or

satisfaction, or required hereunder to be consented to or approved by or acceptable or satisfactory to a Bank.

Section 12.6 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Banks, unless the Administrative Agent shall have received written notice from a Bank or Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." The Administrative Agent will notify the Banks of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be directed by the Required Banks in accordance with this Agreement; provided, however, that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

Section 12.7 Credit Decision; Disclosure of Information by Administrative Agent. Each Bank acknowledges that no Indemnified Entity of the Administrative Agent has made any representation or warranty to it, and that no act by the Administrative Agent hereinafter taken, including any consent to and acceptance of any assignment or review of the affairs of Borrower or any other Credit Party or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Indemnified Entity of the Administrative Agent to any Bank as to any matter, including whether Indemnified Entities of the Administrative Agent have disclosed material information in their possession. Each Bank represents to the Administrative Agent that it has, independently and without reliance upon any Indemnified Entity of the Administrative Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower and each other Credit Party, and all applicable bank or other regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrower hereunder. Each Bank also represents that it will, independently and without reliance upon any Indemnified Entity of the Administrative Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Papers, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrower and the other Credit Parties. In this regard, each Bank acknowledges that Vinson & Elkins L.L.P. is acting in this transaction as counsel to the Administrative Agent. Each other party hereto will consult with its own legal counsel to the extent that it deems necessary in connection with the Loan Papers and the matters contemplated therein. Except for notices, reports and other documents expressly required to be furnished to the Banks by the Administrative Agent herein, the Administrative Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Credit Parties or any of their respective Affiliates which may come into the possession of any Indemnified Entity of the Administrative Agent.

Section 12.8 Indemnification of Agents. WHETHER OR NOT THE TRANSACTIONS CONTEMPLATED HEREBY ARE CONSUMMATED, THE BANKS SHALL INDEMNIFY UPON DEMAND EACH INDEMNIFIED ENTITY OF THE ADMINISTRATIVE AGENT (TO THE EXTENT NOT REIMBURSED BY OR ON BEHALF OF BORROWER AND WITHOUT LIMITING THE OBLIGATION OF BORROWER TO DO SO), IN ACCORDANCE WITH THEIR RESPECTIVE COMMITMENT PERCENTAGES, AND HOLD HARMLESS EACH INDEMNIFIED ENTITY OF THE ADMINISTRATIVE AGENT FROM AND AGAINST ANY AND ALL INDEMNIFIED LIABILITIES INCURRED BY IT (INCLUDING SUCH INDEMNIFIED ENTITY OF THE ADMINISTRATIVE AGENT'S OWN NEGLIGENCE); PROVIDED, HOWEVER, THAT NO BANK SHALL BE LIABLE FOR THE PAYMENT TO ANY INDEMNIFIED ENTITY OF THE ADMINISTRATIVE AGENT OF ANY PORTION OF SUCH INDEMNIFIED LIABILITIES RESULTING FROM SUCH PERSON'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; provided, however, that no action taken in accordance with the directions of the Required Banks shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section 12.8. Without limitation of the foregoing, each Bank shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Paper, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for

such expenses by or on behalf of Borrower. The undertaking in this Section 12.8 shall survive termination of the Commitments, the payment of all Obligations hereunder and the resignation or replacement of the Administrative Agent.

Section 12.9 Administrative Agent in its Individual Capacity. Wells Fargo Bank, N.A. and its Affiliates may make loans to, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with Borrower and its Affiliates as though Wells Fargo Bank, N.A. were not the Administrative Agent or a Letter of Credit Issuer hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, Wells Fargo Bank, N.A. or its Affiliates may receive information regarding Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of Borrower or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Wells Fargo Bank, N.A. shall have the same rights and powers under this Agreement as any other Bank and may exercise such rights and powers as though it were not the Administrative Agent or a Letter of Credit Issuer, and the terms "Bank" and "Banks" include Wells Fargo Bank, N.A. in its individual capacity.

Section 12.10 Successor Administrative Agent and Letter of Credit Issuer. The Administrative Agent or a Letter of Credit Issuer may, subject to the acceptance of the appointment of a successor as provided herein, resign at any time upon 30 days' notice to the Banks with a copy of such notice to Borrower. In addition, Borrower may, if no Event of Default exists and is continuing, request the designation by the Banks of a successor administrative agent or letter of credit issuer. Upon any such request by Borrower or notice by the Administrative Agent or a Letter of Credit Issuer, the Required Banks shall, with the consent

of Borrower at all times other than during the existence of an Event of Default (which consent of Borrower shall not be unreasonably withheld, delayed or conditioned) appoint from among the Banks a successor administrative agent or letter of credit issuer. If no successor administrative agent or letter of credit issuer has both been appointed by the Required Banks and accepted within 30 days after the retiring Administrative Agent's or Letter of Credit Issuer's notice of resignation, the Administrative Agent may appoint a successor administrative agent and/or letter of credit issuer which shall (a) be a commercial bank organized under the Laws of the United States of America or of any State thereof and having a combined capital surplus of at least $500,000,000 and (b) unless the successor administrative agent and/or letter of credit issuer is a Bank, be reasonably acceptable to the Borrower. Upon the acceptance of its appointment as successor administrative agent and/or letter of credit issuer hereunder, (x) such successor administrative agent and/or letter of credit issuer shall succeed to all the rights, powers and duties of the retiring Administrative Agent or Letter of Credit Issuer, (y) the terms "Administrative Agent" and "Letter of Credit Issuer" shall respectively mean such successor administrative agent and letter of credit issuer, and (z) the retiring Administrative Agent's or Letter of Credit Issuer's appointment, powers and duties as Administrative Agent or Letter of Credit Issuer shall be terminated. The retiring Letter of Credit Issuer shall remain the Letter of Credit Issuer with respect to any Letters of Credit outstanding on the effective date of its resignation and the provisions affecting such Letter of Credit Issuer with respect to Letters of Credit shall inure to the benefit of the resigning Letter of Credit Issuer until the termination of all such Letters of Credit. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article XII and Sections 14.3 and 14.5 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

Section 12.11 Syndication Agent; Other Agents; Arrangers. None of the Banks or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent," as a "documentation agent," any other type of agent (other than the Administrative Agent), "arranger," or "bookrunner" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Banks as such. Without limiting the foregoing, none of the Banks so identified shall have or be deemed to have any fiduciary relationship with any Bank. Each Bank acknowledges that it has not relied, and will not rely, on any of the Banks so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

Section 12.12 Administrative Agent May File Proof of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to Borrower or any other Credit Party, the Administrative Agent (irrespective of whether the principal of any Loan or Letter of Credit Exposure shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Letter of Credit Exposures and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Banks, the Letter of Credit Issuers and the Administrative Agent

(including any claim for the reasonable compensation, expenses, disbursements and advances of the Banks, the Letter of Credit Issuers and the Administrative Agent and their respective agents and counsel and all other amounts due the Banks, the Letter of Credit Issuers and the Administrative Agent under Section 14.3) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bank and Letter of Credit Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Banks and Letter of Credit Issuers, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 14.3.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Bank or Letter of Credit Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Bank or to authorize the Administrative Agent to vote in respect of the claim of any Bank in any such proceeding.

Section 12.13 Secured Hedge Transactions. To the extent any Affiliate of a Bank is a party to a Hedge Transaction with Borrower or any other Credit Party and thereby becomes a beneficiary of the Liens pursuant to any Loan Paper, such Affiliate of a Bank shall be deemed to appoint the

Administrative Agent its nominee and agent to act for and on behalf of such Affiliate in connection with such Loan Papers and to be bound by the terms of this Article XII, and the other provisions of this Agreement.

ARTICLE XIII
PROTECTION OF YIELD; CHANGE IN LAWS

Section 13.1 Basis for Determining Interest Rate Applicable to Eurodollar Tranches Inadequate.

(a) If Banks having at least 50% of the Aggregate Maximum Credit Amounts then in effect (or, if the Commitments shall have been terminated, holding Notes evidencing at least 50% of the aggregate principal amount of the Loans and Letters of Credit then outstanding) (as used in this Section 13.01, the "Majority Banks") determine that for any reason in connection with any request for a Loan or a conversion to or continuation thereof that (i) dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Loan, (ii) adequate and reasonable means do not exist for determining the LIBOR Rate for any requested Interest Period with respect to a proposed Eurodollar Loan or in connection with an Adjusted Base Rate Loan, or (iii) the LIBOR Rate for any requested Interest Period with respect to a proposed Eurodollar Loan or in connection with an Adjusted Base Rate Loan does not adequately and fairly reflect the cost to such Banks of funding such Loan, the Administrative Agent will promptly so notify Borrower and each Bank. Thereafter,

the obligation of the Banks to make or maintain Eurodollar Loans and Adjusted Base Rate Loans as to which the interest rate is determined with reference to the LIBOR Rate shall be suspended until the Administrative Agent (upon the instruction of the Majority Banks) revokes such notice. Upon receipt of such notice, Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Adjusted Base Rate Loans in the amount specified therein.

(b) If at any time the Majority Banks determine (which determination shall be conclusive and binding upon Borrower) that the LIBOR Rate or the Adjusted Base Rate, as the case may be, will not adequately and fairly reflect the cost to such Banks (as conclusively certified by such Banks) of making or maintaining their affected Loans, the Administrative Agent shall give notice thereof to Borrower and the Banks as soon as practicable thereafter and, upon delivery of such notice, such notice shall be in effect until the earlier of (i) the thirtieth (30th) day following such notice and (ii) the date on which Administrative Agent (upon the instruction of the Majority Banks) revokes such notice; provided that, upon the expiration of any such thirty (30) day period, the Majority Banks may pursuant to a reaffirmation of any such determination, extend the effectiveness of such notice for subsequent thirty (30) day periods without limit.

Section 13.2 Illegality of Eurodollar Tranches.

(a) If, after the date of this Agreement, the adoption of any applicable Law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Eurodollar Lending Office) with any request or directive (whether or not having the force of Law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for any Bank (or its Eurodollar Lending Office) to make, maintain or fund any portion of the Loans subject to a Eurodollar Tranche and such Bank shall so notify Administrative Agent, Administrative Agent shall forthwith give notice thereof to the other Banks and Borrower. Until such Bank notifies Borrower and Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Bank to maintain or fund any portion of the Loans subject to a Eurodollar Tranche shall be suspended. Before giving any notice to Administrative Agent pursuant to this Section 13.2, such Bank shall designate a different Eurodollar Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. If such Bank shall determine that it may not lawfully continue to maintain and fund any portion of the Loans outstanding subject to a Eurodollar Tranche to maturity and shall so specify in such notice, Borrower shall immediately convert the principal amount of the Loans which is subject to a Eurodollar Tranche to an Adjusted Base Rate Tranche of an equal principal amount from such Bank (on which interest and principal shall be payable contemporaneously with the unaffected Eurodollar Tranches of the other Banks).

(b) No Bank shall be required to make any Loan (or any portion thereof) hereunder if the making of such Loan (or any portion thereof) would be in violation of any Law applicable to such Bank.

Section 13.3 Increased Cost of Eurodollar Tranche. If after the Closing Date, the adoption of any applicable Law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Lending Office) with any request or directive (whether or not having the force of Law) of any such authority, central bank or comparable agency:

(a) shall subject any Bank (or its Lending Office) to any tax, duty or other charge with respect to maintaining or funding any portion of the Loans subject to a Eurodollar Tranche, its Note or its obligation to allow interest to be computed by reference to the Adjusted LIBOR Rate shall change the basis of taxation of payments to any Bank (or its Lending Office) of the principal of or interest on any portion of the Loans which is subject to any Eurodollar Tranche or any other amounts due under this Agreement in respect of any portion of any Loan which is subject to any Eurodollar Tranche or its obligation to allow interest to be computed by reference to the Adjusted LIBOR Rate (except for changes in the rate of Tax on the overall net income of such Bank or its Lending Office imposed by the jurisdiction in which such Bank's principal executive office or Lending Office is located); or

(b) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Eurodollar Tranche any such requirement included in an applicable Eurodollar Reserve Percentage) against assets of, deposits with or for the account of or credit extended by, any Bank's Lending Office or shall impose on any Bank (or its Lending Office) or the applicable interbank eurodollar market or any other condition affecting Eurodollar Tranches, its Note or its obligation to allow interest to be computed by reference to the Adjusted LIBOR Rate;

and the result of any of the foregoing is to increase the cost to such Bank (or its Lending Office) of funding or maintaining any portion of any Loan subject to a Eurodollar Tranche, or to reduce the amount of any sum received or receivable by such Bank (or its Lending Office) under this Agreement or under its Note

with respect thereto, by an amount deemed by such Bank to be material, then, within five (5) days after demand by such Bank setting forth the calculation of such sum in reasonable detail (with a copy to the Administrative Agent), Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction. Each Bank will promptly notify Borrower and Administrative Agent of any event of which it has knowledge, occurring after the Closing Date, which will entitle such Bank to compensation pursuant to this Section 13.3 and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section 13.3 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods.

Section 13.4 Adjusted Base Rate Tranche Substituted for Affected Eurodollar Tranche. If (a) the obligation of any Bank to fund or maintain any portion of any Loan subject to a Eurodollar Tranche has been suspended pursuant to Section 13.2, or (b) any Bank has demanded compensation under Section 13.3 and Borrower shall, by at least five Eurodollar Business Days

prior notice to such Bank through the Administrative Agent, have elected that the provisions of this Section 13.4 shall apply to such Bank, then, unless and until such Bank notifies Borrower that the circumstances giving rise to such suspension or demand for compensation no longer apply:

(i) any Tranche which would otherwise be characterized by such Bank as a Eurodollar Tranche shall instead be deemed an Adjusted Base Rate Tranche (on which interest and principal shall be payable contemporaneously with the unaffected Eurodollar Tranches of the other Banks); and

(ii) after all of its Eurodollar Tranches have been repaid, all payments of principal which would otherwise be applied to repay Eurodollar Tranches shall be applied to repay its Adjusted Base Rate Tranches instead.

Section 13.5 Capital Adequacy. If after the Closing Date, the adoption of any applicable Law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof, by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Lending Office) with any request or directive (whether or not having the force of Law), shall:

(a) impose, modify or deem applicable any reserve, special deposit, compensatory loan, deposit insurance, capital adequacy, minimum capital, capital ratio or similar requirement against all or any assets held by, deposits or accounts with, credit extended by or to, or commitments to extend credit or any other acquisition of funds by any Bank (or its Lending Office), or impose on any Bank (or its Lending Office) any other condition, with respect to the maintenance by such Bank of all or any part of its Commitment; or

(b) subject any Bank (or its Lending Office) to, or cause the termination or reduction of a previously granted exemption with respect to, any Tax with respect to the maintenance by such Bank of all or any part of its Commitment (other than Taxes assessed against such Bank's overall net income); and the result of any of the foregoing is to increase the cost to such Bank (or its Lending Office) of maintaining its Commitment or to reduce the amount of any sums received or receivable by it (or its Lending Office) under this Agreement or any other Loan Paper, or to reduce the rate of return on such Bank's equity in connection with this Agreement, as the case may be, by an amount which such Bank deems material then, in any such case, within five days of demand by such Bank (or its Lending Office) (with a copy to Administrative Agent), Borrower shall pay to such Bank (or its Lending Office) such additional amount or amounts as will compensate such Bank for any additional cost, reduced benefit, reduced amount received or reduced rate of return. Each Bank will promptly notify Borrower and Administrative Agent of any event of which it has knowledge, occurring after the Closing Date, which will entitle such Bank to compensation pursuant to this Section 13.5. A certificate of any Bank claiming compensation under this Section 13.5 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods. For all purposes under this Agreement, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, guidelines or directives in connection therewith or promulgated by the Bank for International Settlements, the Basel Committee on Banking

Supervision or the United States or foreign regulatory authorities, in each case, pursuant to Basel III, shall be deemed to have gone into effect and to have been adopted after the Closing Date.

(c) Without limiting the foregoing, in the event any event or condition described in this Section 13.5 shall occur or arise which relates to the maintenance by any Bank of that part of its Commitment which is in excess of its Commitment Percentage of the Borrowing Base then in effect (such excess portion of such Commitment of any Bank is hereinafter referred to as its "Surplus Commitment"), such Bank shall notify Administrative Agent and Borrower of the occurrence of such event or the existence of such condition and of the amount of a fee (to be computed on a per annum basis with respect to such Bank's Surplus Commitment) which such Bank determines in good faith will compensate such Bank for such additional cost, reduced benefit, reduced amount received or reduced rate of return. Within five Business Days following receipt of such notice, Borrower shall notify such Bank whether it accepts or rejects such fee (if Borrower fails to timely respond to such notice it will be deemed to have accepted such fee). If Borrower rejects such fee, the applicable Commitment of each Bank will be automatically and permanently reduced to the Borrowing Base applicable to such Commitment and then in effect. If Borrower accepts such fee, such fee shall accrue from and after the date of such Bank's notice and shall be payable in arrears (based on the daily average balance of such Bank's Surplus Commitment) on the last day of each Fiscal Quarter and on the Termination Date. Such fee shall be in lieu of any amounts to which such Bank would otherwise be entitled in respect of its Surplus Commitment pursuant to the other provisions of this Section 13.5 for the period on and after the date of such notice unless such Bank determines that such fee is not adequate to fully compensate such Bank for any additional cost, reduced benefit, reduced amount received or reduced rate of return such Bank may thereafter incur in respect of such Bank's Surplus Commitment. In that event such Bank shall be entitled to such additional compensation to which such Bank is otherwise entitled pursuant to this Section 13.5.

(d) Failure or delay on the part of any Bank to demand compensation pursuant to this Section 13.5 or Section 13.3 shall not constitute a waiver of such Bank's right to demand such compensation; provided that Borrower shall not be required to compensate any Bank pursuant to this Section 13.5 or Section 13.3 for any increased costs or reductions incurred more than 365 days prior to the date that such Bank notifies Borrower of the change in Law or other event giving rise to such increased costs or reductions and of such Bank's intention to claim compensation therefor; provided further

that, if the change in Law or other event giving rise to such increased costs or reductions is retroactive, then the 365-day period referred to above shall be extended to include the period of retroactive effect hereof.

Section 13.6 Taxes. All amounts payable by Borrower under the Loan Papers (whether principal, interest, fees, expenses, or otherwise) to or for the account of each Bank shall be paid in full, free of any deductions or withholdings for or on account of any Indemnified Taxes and Documentary Taxes. If Borrower is prohibited by Law from paying any such amount free of any such deductions and withholdings, then (at the same time and in the same manner that such original amount is otherwise due under the Loan Papers) Borrower shall pay to or for the account of such Bank such additional amount as may be necessary in order that the actual amount received by such Bank after deduction and/or withholding (and after payment of any additional Indemnified Taxes and Documentary Taxes due as a consequence of the payment of such additional amount, and so on) will equal the amount such Bank would have received if such

deduction or withholding were not made. If a payment made to a Bank under this Agreement would be subject to United States Federal withholding tax imposed by FATCA if such Bank fails to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Bank shall deliver to the Withholding Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Withholding Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Withholding Agent as may be necessary for the Withholding Agent to comply with its obligations under FATCA, to determine that such Bank has complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment.

Section 13.7 Discretion of Banks as to Manner of Funding. Notwithstanding any provisions of this Agreement to the contrary, each Bank shall be entitled to fund and maintain its funding of all or any part of its Commitment in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if such Bank had actually funded and maintained the Loans (or any portion thereof) subject to a Eurodollar Tranche during the Interest Period for the Loans (or any portion thereof) through the purchase of deposits having a maturity corresponding to the last day of such Interest Period and bearing an interest rate equal to the Adjusted LIBOR Rate for such Interest Period.

Section 13.8 Replacement of Banks. If (a) any Bank requests compensation under Section 13.3, (b) the obligation of any Bank to make Eurodollar Loans or continue Loans as Eurodollar Loans has been suspended pursuant to Section 13.4, (c) Borrower is required to pay any additional amount to any Bank or any Governmental Authority for the account of any Bank pursuant to Section 13.5, (d) any Bank is a Defaulting Bank or (e) any Bank has voted against an amendment, modification or waiver of any provision of this Agreement proposed by Borrower, which proposed amendment, modification or waiver (i) was approved by Banks representing no less than 90% of the aggregate Commitments (or, following termination or expiration of the Commitments, the Outstanding Revolving Credit) but (ii) required the approval of all Banks and did not get such approval, then Borrower may, at its sole expense and effort, upon notice to such Bank and the Administrative Agent, require such Bank to assign and delegate, without recourse (in accordance with and subject to the restrictions in Section 14.8(c)) all its interests, rights and obligations under this Agreement at par (plus all accrued and unpaid interest and fees) to an assignee that shall assume such obligations (which assignee may be another Bank, if a Bank accepts such assignment); provided, that in the case of any such assignment resulting from a request for compensation under Section 13.3, the suspension of an obligation to make Eurodollar Loans or continue Loans as Eurodollar Loans under Section 13.4, or the requirement that Borrower pay any additional amount under Section 13.5, such assignment will result in a reduction of such compensation, a resumption of such obligation in whole or in part, or the reduction of such payments, as applicable.

ARTICLE XIV
MISCELLANEOUS

Section 14.1 Notices; Effectiveness; Electronic Communications.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to Borrower or any other Credit Party, to the address, telecopier number, electronic mail address or telephone number specified for such Person on the signature pages hereof; and

(ii) the Administrative Agent, the Letter of Credit Issuer, or any Bank, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 1.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Banks and the Letter of Credit Issuer hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Bank or the Letter of Credit Issuer pursuant to Article II if such Bank or the Letter of Credit Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or

communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the

foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON- INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Affiliates (collectively, the "Agent Parties") have any liability to Borrower, any other Credit Party, any Bank, the Letter of Credit Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of Borrower's or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided that, in no event shall any Agent Party have any liability to Borrower, any other Credit Party, any Bank, the Letter of Credit Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of Borrower, each other Credit Party, the Administrative Agent, and the Letter of Credit Issuer may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Bank may change its address, telecopier or telephone number for notices and other communications hereunder by notice to Borrower, the Administrative Agent, and the Letter of Credit Issuer. In addition, each Bank agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Bank. Furthermore, each Public Bank agrees to cause at least one individual at or on behalf of such Public Bank to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Bank or its delegate, in accordance with such Public Bank's compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to Borrower or its securities for purposes of United States Federal or state securities laws.

(e) Reliance by Administrative Agent, Letter of Credit Issuer and Banks. The Administrative Agent, the Letter of Credit Issuer and the Banks shall be entitled to rely and act upon any notices (including telephonic Requests for Borrowing) purportedly given by or on behalf of Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii)

the terms thereof, as understood by the recipient, varied from any confirmation thereof. Borrower shall indemnify the Administrative Agent, the Letter of Credit Issuer, each Bank and the Affiliates of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

Section 14.2 Waivers and Amendments; Acknowledgments.

(a) No failure or delay (whether by course of conduct or otherwise) by any Bank or Administrative Agent in exercising any right, power or remedy which they may have under any of the Loan Papers shall operate as a waiver thereof or of any other right, power or remedy, nor shall any single or partial exercise by any Bank or Administrative Agent of any such right, power or remedy preclude any other or further exercise thereof or of any other right, power or remedy. No waiver of any provision of any Loan Paper and no consent to any departure therefrom shall ever be effective unless it is in writing and signed by Required Banks and/or Administrative Agent in accordance with Section 14.2(c), and then such waiver or consent shall be effective only in the specific instances and for the purposes for which given and to the extent specified in such writing. No notice to or demand on Borrower shall in any case of itself entitle Borrower to any other or further notice or demand in similar or other circumstances. This Agreement and the other Loan Papers set forth the entire understanding and agreement of the parties hereto and thereto with respect to the transactions contemplated herein and therein and supersede all prior discussions and understandings with respect to the subject matter hereof and thereof, and no modification or amendment of or supplement to this Agreement or the other Loan Papers shall be valid or effective unless the same is in compliance with Section 14.2(c).

(b) Borrower acknowledges and agrees, and acknowledges its Affiliates understanding, that (i) it has been advised by counsel in the negotiation, execution and delivery of the Loan Papers to which it is a party, (ii) it has made an independent decision to enter into this Agreement and the other Loan Papers to which it is a party, without reliance on any representation, warranty, covenant or undertaking by Banks or Agents whether written, oral or implicit, other than as expressly set out in this Agreement or in another Loan Paper delivered on or after the Closing Date, (iii) there are no representations, warranties, covenants, undertakings or agreements by any Bank or any Agent as to the Loan Papers except as expressly set out in this Agreement or in another Loan Paper delivered on or after the Closing Date, (iv) neither any Bank nor any Agent owes any fiduciary duty to Borrower or any other Credit Party with respect to any Loan Paper or the transactions contemplated thereby, (v) the relationship pursuant to the Loan Papers between Borrower, on one hand, and Banks and Agents, on the other hand, is and shall be solely that of debtor and creditor, respectively, (vi) no partnership or joint venture exists with respect to the Loan Papers between Borrower and any Bank or any Agent, (vii) should an Event of Default or Default occur or exist each Bank and each Agent will determine in its sole and absolute discretion and for its own reasons what remedies and actions it will or will not exercise or take at that time, (viii) without limiting any of the foregoing, Borrower is not relying upon any representation or covenant by any Bank or any Agent or any representative thereof, and no such representation or covenant has been made, that any Bank or any Agent will, at the time of an Event of Default, or at any other time, waive, negotiate, discuss, or take or refrain from

taking any action permitted under the Loan Papers with respect to any such Event of Default or Default or any other provision of the Loan Papers, and (ix) each Bank has relied upon the truthfulness of the acknowledgments in this Section 14.2(b) in deciding to execute and deliver this Agreement and to make the Loans.

(c) Any provision of this Agreement, the Notes or the other Loan Papers may be amended or waived if, but only if such amendment or waiver is in writing and is signed by Borrower and Required Banks (and, if the rights or duties of Administrative Agent are affected thereby, by Administrative Agent); provided that, (i) no such amendment or waiver shall (A) increase the Commitment or Maximum Credit Amount of any Bank, (B) subject any Bank to any additional obligation, or (C) amend or waive any of the provisions of Article IV or the definitions contained in Section 1.1 applicable thereto without the written consent of such Bank and (ii) no such amendment or waiver shall unless signed by all Banks (or, in the case of clauses (C) and (D), each Bank affected thereby): (A) increase the Borrowing Base, (B) amend or waive any of the provisions of Article IV or the definitions contained in Section 1.1 applicable thereto, (C) forgive any of the principal of or reduce the rate of interest on the Loans or any fees hereunder, (D) postpone the Termination Date or any date fixed for any payment of principal of or interest on the Loan or any fees hereunder, (E) change the percentages of the Aggregate Maximum Credit Amount or the number of Banks which shall be required for the Banks or any of them to take any action under this Section 14.2(c) or any other provision of this Agreement, (F) permit Borrower to assign any of its rights hereunder, (G) provide for the release or substitution of collateral for the Obligations or any part thereof other than releases required pursuant to sales of collateral which are expressly permitted by Section 9.5, (H) provide for the release of any Credit Party from its Facility Guaranty, except in connection with a transaction expressly permitted under Section 9.4, or (I) amend any provisions governing the pro rata sharing of payments among Banks in a manner to permit non-pro rata sharing of payments among Banks. Borrower, Administrative Agent and each Bank further acknowledge that any decision by Administrative Agent or any Bank to enter into any amendment, waiver or consent pursuant hereto shall be made by such Bank or Administrative Agent in its sole discretion, and in making any such decision Administrative Agent and each such Bank shall be permitted to give due consideration to any credit or other relationship Administrative Agent or any such Bank may have with Borrower, any other Credit Party or any Affiliate of any Credit Party.

Section 14.3 Expenses; Documentary Taxes; Indemnification.

(a) Borrower shall pay (i) all out-of-pocket expenses of Administrative Agent, including reasonable fees and disbursements of special counsel for Administrative Agent, in connection with the preparation of this Agreement and the other Loan Papers and, if appropriate, the recordation of the Loan Papers, any waiver or consent hereunder or any amendment hereof or any Default or alleged Default hereunder, and (ii) if an Event of Default occurs, all out-of-pocket expenses incurred by Administrative Agent and each Bank, including fees and disbursements of counsel in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom, fees of auditors and consultants incurred in connection therewith and investigation expenses incurred by Administrative Agent and each Bank in connection therewith. Without duplication of Section 13.6, Borrower shall indemnify each Bank against any Documentary Taxes.

(b) Borrower agrees to indemnify each Indemnified Entity (as defined below), upon demand, from and against any and all liabilities, obligations, claims, losses, damages, penalties, fines, actions, judgments, suits, settlements, costs, expenses or disbursements (including reasonable fees of attorneys, accountants, experts and advisors) of any kind or nature whatsoever (in this section collectively called "liabilities and costs") which to any extent (in whole or in part) may be imposed on, incurred by, or asserted against such Indemnified Entity growing out of, resulting from or in any other way associated with any of the collateral for the Loans, the Loan Papers, or the transactions and events (including the enforcement or defense thereof) at any time associated therewith or contemplated therein (including any violation or noncompliance with any applicable environmental Laws by any Credit Party or any liabilities or duties of any Credit Party or of any Indemnified Entity with respect to Hazardous Substances found in or released into the environment).

THE FOREGOING INDEMNIFICATION SHALL APPLY WHETHER OR NOT SUCH LIABILITIES AND COSTS ARE IN ANY WAY OR TO ANY EXTENT OWED, IN WHOLE OR IN PART, UNDER ANY CLAIM OR THEORY OF STRICT LIABILITY OR ARE IN ANY EXTENT CAUSED, IN WHOLE OR IN PART, BY ANY NEGLIGENT ACT OR OMISSION OF ANY KIND BY ANY INDEMNIFIED ENTITY,

provided only that, no Indemnified Entity shall be entitled under this Section 14.3(b) to receive indemnification for that portion, if any, of any liabilities and costs which is caused by its own individual gross negligence or willful misconduct, as determined by a court of competent jurisdiction in a final, non-appealable judgment, or by its own individual actions with respect to the collateral for the Loans in its possession. As used herein, the term "Indemnified Entity" refers to each Bank, Administrative Agent, Letter of Credit Issuer, and each director, officer, agent, trustee, manager, attorney, employee, representative, partner and Affiliate of any such Person.

(c) The agreements in this Section 14.3 shall survive the resignation of the Administrative Agent, the Letter of Credit Issuer, the replacement of any Bank, the termination of the Total Commitment, the repayment, satisfaction or discharge of all the other Obligations, and the termination of the Loan Papers.

Section 14.4 Right and Sharing of Set-Offs.

(a) Upon the occurrence and during the continuance of any Event of Default, each Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of any Credit Party against any and all of the obligations now or hereafter existing under this Agreement and any Note held by such Bank, irrespective of whether or not such Bank shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Bank agrees promptly to notify such Credit Party after any such setoff and application made by such Bank, provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Bank under this Section 14.4(a) are in addition to other rights and remedies (including other rights of setoff) which such Bank may have.

(b) Each Bank agrees that if it shall, by exercising any right of setoff or counterclaim or otherwise, receive payment after the occurrence and during the continuance of an Event of Default of a proportion of the aggregate amount of principal and interest due with respect to the Loans which is greater than the proportion received by any other Bank in respect of the Loans, the Bank receiving such proportionately greater payment shall purchase such participations in the interests in the Loans held by the other Banks, and such other adjustments shall be made, as may be required so that all such payments of principal and interest with respect to the Loans held by Banks shall be shared by Banks ratably in accordance with their respective Commitment Percentages; provided that nothing in this Section 14.4(b) shall impair the right of any Bank to exercise any right of setoff or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of any Credit Party other than its indebtedness under the Loans. Borrower agrees, to the fullest extent it may effectively do so under applicable Law, that Participants may exercise rights of setoff or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of Borrower in the amount of such participation.

Section 14.5 Survival. All of the various representations, warranties, covenants, indemnities and agreements in the Loan Papers shall survive the execution and delivery of this Agreement and the other Loan Papers and the performance hereof and thereof, including the making or granting of the Loans and the delivery of the Notes and the other Loan Papers, and shall further survive until all of the Obligations are paid in full to Banks and Administrative Agent and all of Banks' obligations to Borrower are terminated; provided that, to the extent expressly provided in any indemnification clause contained herein or in any other Loan Paper, such indemnification obligation shall survive payment in full of the Obligations and termination of the obligations of Banks to Borrower hereunder. All statements and agreements contained in any certificate or other instrument delivered by Borrower to any Bank or Administrative Agent under any Loan Paper shall be deemed representations and warranties by Borrower or agreements and covenants of Borrower under this Agreement. The representations, warranties and covenants made by any Credit Party (as applicable) in the Loan Papers, and the rights, powers and privileges granted to Banks and Administrative Agent in the Loan Papers, are cumulative, and, except for expressly specified waivers and consents, no Loan Paper shall be construed in the context of another to diminish, nullify, or otherwise reduce the benefit to Banks and Administrative Agent of any such representation, warranty, covenant, right, power or privilege. In particular and without limitation, no exception set out in this Agreement to any representation, warranty or covenant herein contained shall apply to any similar representation, warranty or covenant contained in any other Loan Paper, and each such similar representation, warranty or covenant shall be subject only to those exceptions which are expressly made applicable to it by the terms of the various Loan Papers.

Section 14.6 Limitation on Interest. Each Bank, each Agent, Borrower, each other Credit Party and any other parties to the Loan Papers intend to contract in strict compliance with applicable usury Law from time to time in effect. In furtherance thereof such Persons stipulate and agree that none of the terms and provisions contained in the Loan Papers shall ever be construed to create a contract to pay, for the use, forbearance or detention of money, interest in excess of the Maximum Lawful Rate. None of Borrower, any other Credit Party, nor any present or future guarantors, endorsers, or other Persons hereafter becoming liable for payment of any Obligation shall ever be liable for unearned interest thereon or shall ever be required to pay

interest thereon in excess of the Maximum Lawful Rate and the provisions of this Section 14.6 shall control over all other provisions of the Loan Papers which may be in conflict or apparent conflict herewith. Each Bank and Administrative Agent expressly disavow any intention to charge or collect excessive unearned interest or finance charges in the event the maturity of any Obligation is accelerated. If (a) the maturity of any Obligation is accelerated for any reason, (b) any Obligation is prepaid and as a result any amounts held to constitute interest are determined to be in excess of the Maximum Lawful Rate, or (c) any Bank or any other holder of any or all of the Obligations shall otherwise collect moneys which are determined to constitute interest which would otherwise increase the interest on any or all of the Obligations to an amount in excess of the Maximum Lawful Rate, then all such sums determined to constitute interest in excess of the Maximum Lawful Rate shall, without penalty, be promptly applied to reduce the then outstanding principal of the related Obligations or, at any Bank's or such holder's option, promptly returned to Borrower or the other payor thereof upon such determination. In determining whether or not the interest paid or payable, under any specific circumstance, exceeds the Maximum Lawful Rate, Administrative Agent, Banks, Borrower and the other Credit Parties (and any other payors or payees thereof) shall to the greatest extent permitted under applicable Law, (i) characterize any non-principal payment as an expense, fee or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread the total amount of interest throughout the entire contemplated term of the instrument evidencing the Obligations in accordance with the amounts outstanding from time to time thereunder and the Maximum Lawful Rate in order to lawfully charge the Maximum Lawful Rate.

Section 14.7 Invalid Provisions. If any provision of the Loan Papers is held to be illegal, invalid, or unenforceable under present or future Laws effective during the term thereof, such provision shall be fully severable, the Loan Papers shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part thereof, and the remaining provisions thereof shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance therefrom. Furthermore, in lieu of such illegal, invalid, or unenforceable provision there shall be added automatically as a part of the Loan Papers a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid and enforceable.

Section 14.8 Successors and Assigns.

(a) Each Loan Paper binds and inures to the parties to it, any intended beneficiary of it, and each of their respective successors and permitted assigns. Neither Borrower nor any other Credit Party may assign or transfer any rights or obligations under any Loan Paper without first obtaining all Banks' consent, and any purported assignment or transfer without all Banks' consent is void. No Bank may transfer, pledge, assign, sell any participation in, or otherwise encumber its portion of the Obligations except as permitted by clauses (b) or (c) below.

(b) Any Bank may (subject to the provisions of this section, in accordance with applicable Law, in the ordinary course of its business, and at any time) sell to one or more Persons (each a "Participant") participating interests in its portion of the Obligations. The selling Bank remains a "Bank" under the Loan Papers, the Participant does not become a "Bank" under

the Loan Papers, and the selling Bank's obligations under the Loan Papers remain unchanged. The selling Bank remains solely responsible for the performance of its obligations and remains the holder of its share of the outstanding Loans for all purposes under the Loan Papers. Borrower and Administrative Agent shall continue to deal solely and directly with the selling Bank in connection with that Bank's rights and obligations under the Loan Papers, and each Bank must retain the sole right and responsibility to enforce due obligations of Borrower and/or any other Credit Party. Participants have no rights under the Loan Papers except certain voting rights as provided below. Subject to the following, each Bank may obtain (on behalf of its Participants) the benefits of Article XIII with respect to all participations in its part of the Obligations outstanding from time to time so long as Borrower is not obligated to

pay any amount in excess of the amount that would be due to that Bank under Article XIII calculated as though no participations have been made. No Bank may sell any participating interest under which the Participant has any rights to approve any amendment, modification, or waiver of any Loan Paper except to the extent such amendment, modification or waiver would (i) extend the Termination Date, (ii) reduce the interest rate or fees applicable to the Commitments or any portion of the Loans in which such Participant is participating, or postpone the payment of any thereof, or (iii) release all or substantially all of the collateral or guarantees securing any portion of the Aggregate Maximum Credit Amount or the Loans in which such Participant is participating. In addition, each agreement creating any participation must include an agreement by the Participant to be bound by the provisions of Section 14.14.

(c) Each Bank may make assignments to the Federal Reserve Bank. Each Bank may also assign to one or more assignees (each an "Assignee") all or any part of its rights and obligations under the Loan Papers so long as (i) the Administrative Agent consents in writing thereto (such consent not to be unreasonably withheld), provided that no such consent shall be required for an assignment to a Bank, (ii) Borrower consents in writing thereto (such consent not to be unreasonably withheld), provided that no such consent shall be required for an assignment to a Bank, an Affiliate of a Bank, or, if an Event of Default exists, any other assignee, (iii) the assignor Bank and Assignee execute and deliver to Administrative Agent an assignment and assumption agreement in substantially the form of Exhibit G (an "Assignment and Assumption Agreement") and pay to Administrative Agent a processing fee of $3,500, (iv) the Assignee acquires an identical percentage interest in the Maximum Credit Amount of the assignor Bank and an identical percentage of the interests in the outstanding Loans held by such assignor Bank, and (v) the conditions (including minimum amounts of the Aggregate Maximum Credit Amount that may be assigned or that must be retained) for that assignment set forth in the applicable Assignment and Assumption Agreement are satisfied. The "Effective Date" in each Assignment and Assumption Agreement must (unless a shorter period is agreeable to Borrower and Administrative Agent) be at least five Business Days after it is executed and delivered by the assignor Bank and Assignee to Administrative Agent and Borrower for acceptance. Once that Assignment and Assumption Agreement is accepted by Administrative Agent and Borrower, then, from and after the Effective Date stated in it (A) Assignee automatically becomes a party to this Agreement and, to the extent provided in that Assignment and Assumption Agreement, has the rights and obligations of a Bank under the Loan Papers, (B) the assignor Bank, to the extent provided in that Assignment and Assumption Agreement, is released from its obligations to fund Borrowings under this Agreement and its reimbursement obligations under this Agreement and, in the case of an Assignment and Assumption Agreement covering all of the remaining portion of the assignor Bank's rights and obligations under the Loan Papers, that Bank ceases to be a

party to the Loan Papers, (C) Borrower shall execute and deliver to the assignor Bank and Assignee the appropriate Notes in accordance with this Agreement following the transfer, (D) upon delivery of the Notes under clause (C) preceding, the assignor Bank shall return to Borrower all Notes previously delivered to that Bank under this Agreement, and (E) Schedule 1 hereto is automatically deemed to be amended to reflect the name, address, telecopy number, and Maximum Credit Amount of Assignee and the remaining Maximum Credit Amount (if any) of the assignor Bank, and Administrative Agent shall prepare and circulate to Borrower and Banks an amended Schedule 1, reflecting those changes.

(d) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption Agreement delivered to it and a register for the recordation of the names and addresses of the Banks, and the Maximum Credit Amount of, and principal amount of the Loans and payments made in respect of Letter of Credit disbursements owing to, each Bank pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, each Letter of Credit Issuer and the Banks may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, each Letter of Credit Issuer and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

Section 14.9 Applicable Law and Jurisdiction. THIS AGREEMENT (INCLUDING THE VALIDITY AND ENFORCEABILITY HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. Any legal action or proceeding against Borrower with respect to this Agreement or any Loan Paper may be brought in the courts of the State of New York, the U.S. Federal Courts in such state, sitting in the County of New York, and Borrower hereby irrevocably accepts the exclusive jurisdiction of such courts for the purpose of any action or proceeding. Borrower irrevocably consents to the service of process out of said courts by the mailing thereof by Administrative Agent by U.S. registered or certified mail postage prepaid to Borrower at its address designated on the signature pages hereto. Borrower agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by Law. Nothing in this Section 14.9 shall affect the rights of any Bank or Administrative Agent to serve legal process in any other manner permitted by Law or affect the right of any Bank or Administrative Agent to bring any action or proceeding against Borrower or its properties in the courts of any other jurisdiction. To the extent that Borrower has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to either itself or its property, Borrower hereby irrevocably waives such immunity in respect of its obligations under this Agreement and the other Loan Papers. Borrower hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any Loan Paper brought in the Supreme Court of the State of New York, County of New York or the U.S. District Court for the Southern District of New York, and hereby further irrevocably waives any claims that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 14.10 Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when Administrative Agent shall have received counterparts hereof signed by all of the parties hereto or, in the case of any Bank as to which an executed counterpart shall not have been received, Administrative Agent shall have received telegraphic or other written confirmation from such Bank of execution of a counterpart hereof by such Bank.

Section 14.11 No Third Party Beneficiaries. It is expressly intended that there shall be no third party beneficiaries of the covenants, agreements, representations or warranties herein contained other than Participants and Assignees permitted pursuant to Section 14.8 and Affiliates of any Bank which hold any part of the Obligations.

Section 14.12 COMPLETE AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN PAPERS COLLECTIVELY REPRESENT THE FINAL AGREEMENT BY AND AMONG BANKS, ADMINISTRATIVE AGENT AND BORROWER AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF BANKS, ADMINISTRATIVE AGENT AND

BORROWER. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN OR AMONG BANKS, ADMINISTRATIVE AGENT AND BORROWER.

Section 14.13 WAIVER OF JURY TRIAL, PUNITIVE DAMAGES, ETC. BORROWER, ADMINISTRATIVE AGENT, AND EACH BANK HEREBY (a) KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVE, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR DIRECTLY OR INDIRECTLY AT ANY TIME ARISING OUT OF, UNDER OR IN CONNECTION WITH THE LOAN PAPERS OR ANY TRANSACTION CONTEMPLATED THEREBY OR ASSOCIATED THEREWITH, BEFORE OR AFTER MATURITY; (b) IRREVOCABLY WAIVE, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY "SPECIAL DAMAGES," AS DEFINED BELOW; (c) CERTIFY THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (d) ACKNOWLEDGE THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE OTHER LOAN PAPERS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION. AS USED IN THIS SECTION, "SPECIAL DAMAGES" INCLUDES ALL SPECIAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES (REGARDLESS OF HOW NAMED), BUT DOES NOT INCLUDE ANY PAYMENT OR FUNDS WHICH ANY PARTY HERETO HAS EXPRESSLY PROMISED TO PAY OR DELIVER TO ANY OTHER PARTY HERETO.

Section 14.14 Confidential Information. Administrative Agent and each Bank agree that all documentation and other information made available by any Credit Party to any Agent or any

Bank under the terms of this Agreement shall (except to the extent such documentation or other information is publicly available or hereafter becomes publicly available other than by action of Administrative Agent or such Bank, or was therefore known or hereinafter becomes known to Administrative Agent or such Bank independent of any disclosure thereto by any Credit Party) be held in the strictest confidence by Administrative Agent or such Bank and used solely in the administration and enforcement of the Loans from time to time outstanding from such Bank to Borrower and in the prosecution or defense of legal proceedings arising in connection herewith; provided that (a) Administrative Agent or such Bank may disclose documentation and information to Administrative Agent and/or any Bank which is a party to this Agreement or any Affiliates thereof, and (b) Administrative Agent or such Bank may disclose such documentation or other information to (x) any other bank or other Person to which such Bank sells or proposes to make an assignment or sell a participation in the Loans hereunder and (y) any actual or prospective party to any swap, derivative or similar transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder, if, in each case, such other bank or Person, prior to such disclosure, agrees in writing to be bound by the terms of the confidentiality statement customarily employed by Administrative Agent in connection with such potential transfers or such other confidentiality agreement not less restrictive than this Section 14.14. Notwithstanding the foregoing, nothing contained herein shall be construed to prevent Administrative Agent or a Bank from (i) making disclosure of any information (A) if required to do so by applicable Law or regulation or accepted banking practices, (B) to any governmental agency or regulatory body having or claiming to have authority to regulate or oversee any aspect of such Bank's business or that of such Bank's corporate parent or Affiliates in connection with the exercise of such authority or claimed authority, (C) pursuant to any subpoena or if otherwise compelled in connection with any litigation or administrative proceeding, (D) to correct any false or misleading information which may become public concerning such Person's relationship to any Credit Party, or (E) to the extent Administrative Agent or such Bank or its counsel deems necessary or appropriate to effect or preserve its security for the Obligations or any portion thereof or to enforce any remedy provided in this Agreement, or any other Loan Paper, or otherwise available by law; or (ii) making, on a confidential basis, such disclosures (1) as such Bank reasonably deems necessary or appropriate to its legal counsel, agents, advisors or accountants (including outside auditors) and (2) to (x) any rating agency in connection with rating Parent or its Subsidiaries or the credit facility provided hereunder or (y) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the credit facility provided hereunder. If Administrative Agent or such Bank is compelled to disclose such confidential information in a proceeding requesting such disclosure, Administrative Agent or such Bank shall seek to obtain assurance that such confidential treatment will be accorded such information; provided that, neither Administrative Agent nor any Bank shall have any liability for the failure to obtain such treatment.

Section 14.15 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Paper), Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a)(i) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Arrangers, are arm's-length commercial transactions between Borrower and its Affiliates, on the one hand, and the Administrative Agent and the Arrangers, on the other hand, (ii) Borrower has consulted its own

legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Papers; (b)(i) each of the Administrative Agent, each Arranger and each Bank is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for Borrower or any of its Affiliates, or any other Person and (ii) neither the Administrative Agent nor any Arranger or any Bank has any obligation to Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Papers; and (c) the Administrative Agent, the Arrangers and the Banks and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of Borrower and its Affiliates, and neither the Administrative Agent nor any Arranger or any Bank has any obligation to disclose any of such interests to Borrower or its Affiliates. To the fullest extent permitted by law, Borrower hereby waives and releases any claims that it may have against the Administrative Agent, the Arrangers and the Banks with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

Section 14.16 USA Patriot Act Notice. Each Bank that is subject to the Act (as hereinafter defined) hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of each Credit Party and other information that will allow such Bank or the Administrative Agent, as applicable, to identify each Credit Party in accordance with the Act.

Section 14.17 Replacement of Administrative Agent. Pursuant to Section 12.9 of the Existing Credit Agreement, Predecessor Administrative Agent hereby resigns as administrative agent under the Existing Credit Agreement effective as of the date hereof. Pursuant to Section 12.9 of the Existing Credit Agreement and Article XII hereunder, Administrative Agent is hereby appointed as administrative agent under this Agreement and hereby becomes the successor administrative agent and is vested with all the rights and duties of Predecessor Administrative Agent and Predecessor Administrative Agent is discharged from its duties and obligations in its capacity as administrative agent under the Existing Credit Agreement.

Section 14.18 Assignment of Liens and Other Rights. Predecessor Administrative Agent hereby grants, bargains, sells, assigns, transfers and conveys, to Administrative Agent, and Administrative Agent hereby assumes and accepts, all of Predecessor Administrative Agent's rights, titles, interests, liens, security interests, privileges, claims, demands and equities, in each case in its capacity as administrative agent under the Existing Credit Agreement and the other "Loan Papers" as defined in the Existing Credit Agreement, existing and to be existing in connection with the Existing Credit Agreement and such other "Loan Papers" as defined in the Existing Credit Agreement, including, without limitation, all rights, liens and security interests granted to it by the Credit Parties under such other "Loan Papers" to secure the "Obligations" under and as defined in the Existing Credit Agreement; provided that (a) Predecessor Administrative Agent expressly reserves all rights and benefits accruing to it in connection with any indemnity and reimbursement obligations owed by the Credit Parties under the Existing

Credit Agreement or such other "Loan Papers" as defined in the Existing Credit Agreement upon the terms and conditions therein and (b) Administrative Agent does not assume, and shall not be obligated to pay, perform or discharge any claim, debt, obligation, expense or liability of Predecessor Administrative Agent of any kind, whether known or unknown, absolute or contingent, under the "Loan Papers" as defined in the Existing Credit Agreement or otherwise, arising out of any act or omission of Predecessor Administrative Agent occurring on or before the date hereof.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective Authorized Officers effective as of the day and year first above written.

BORROWER:

LAREDO PETROLEUM, INC., a Delaware corporation

By: /s/ W. Mark Womble
Name: W. Mark Womble
Title: Senior Vice President, Chief Financial Officer and Secretary

Address for Notice:

Laredo Petroleum, Inc.
15 W. 6th Street, Suite 1800
Tulsa, OK 74119
Attn: Randy A. Foutch
Telephone: 918-513-4570
Telecopy: 918-513-4571
Email: randy@laredopetro.com

[Signature Page 1 to Credit Agreement]

ADMINISTRATIVE AGENT:

WELLS FARGO BANK, **N.A.**

By: /s/ Jason M. Hicks
Name: Jason M. Hicks
Title: Director

[Signature Page 2 to Credit Agreement]

BANKS:

WELLS FARGO BANK, N.A., as a Bank

By: /s/ Jason M. Hicks
Name: Jason M. Hicks
Title: Director

[Signature Page 3 to Credit Agreement]

BANK OF AMERICA, N.A., as a Bank and as Predecessor Administrative Agent

By: /s/ Christopher Renyi
Name: Christopher Renyi
Title: Vice President

[Signature Page 4 to Credit Agreement]

JPMORGAN CHASE BANK, N.A., as a Bank

By: /s/ Brian Orlando
Name: Brian Orlando
Title: Authorized Officer

[Signature Page 5 to Credit Agreement]

SOCIETE GENERALE, as a Bank

By: /s/ Scott Mackey
Name: Scott Mackey
Title: Director

[Signature Page 6 to Credit Agreement]

UNION BANK, N.A., as a Bank

By: /s/ Lara Sorokolit
Name: Lara Sorokolit
Title: Investment Banking Officer

[Signature Page 7 to Credit Agreement]

BMO HARRIS FINANCING, INC., as a Bank

By: /s/ Gumaro Tijerina
Name: Gumaro Tijerina
Title: Director

[Signature Page 8 to Credit Agreement]

BNP PARIBAS, as a Bank

By: /s/ Polly Schott
Name: Polly Schott
Title: Director

By: /s/ Matthew A. Turner
Name: Matthew A. Turner
Title: Vice President

[Signature Page 9 to Credit Agreement]

BANK OF SCOTLAND plc, as a Bank

By: /s/ Julia R. Franklin
Name: Julia R. Franklin
Title: Assistant Vice President

[Signature Page 10 to Credit Agreement]

THE BANK OF NOVA SCOTIA, as a Bank

By: /s/ John Frazell
Name: John Frazell
Title: Director

[Signature Page 11 to Credit Agreement]

CAPITAL ONE, N.A., as a Bank

By: /s/ Matthew L. Molero
Name: Matthew L. Molero
Title: Vice President

[Signature Page 12 to Credit Agreement]

COMPASS BANK, as a Bank

By: /s/ Ann Van Wagener
Name: Ann Van Wagener
Title: Vice President

[Signature Page 13 to Credit Agreement]

BOKF, NA dba BANK OF OKLAHOMA, as a Bank

By: /s/ Pam P. Schloeder
Name: Pam P. Schloeder
Title: Senior Vice President

[Signature Page 14 to Credit Agreement]

BRANCH BANKING AND TRUST, as a Bank

By: /s/ Jeff Forbis
Name: Jeff Forbis
Title: Senior Vice President

[Signature Page 15 to Credit Agreement]

COMERICA BANK, as a Bank

By: /s/ John S. Lesikar
Name: John S. Lesikar
Title: Assistant Vice President

[Signature Page 16 to Credit Agreement]

GOLDMAN SACHS BANK USA, as a Bank

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

[Signature Page 17 to Credit Agreement]

FIRST AMENDMENT
TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

AMONG

LAREDO PETROLEUM, INC.,
as Borrower,

WELLS FARGO BANK, N.A.,
as Administrative Agent,

THE GUARANTORS SIGNATORY HERETO,

AND

THE BANKS SIGNATORY HERETO

FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This FIRST AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT (this "First Amendment"), dated as of October 11, 2011, is among LAREDO PETROLEUM, INC., a corporation formed under the laws of the State of Delaware (the "Borrower"); each of the undersigned guarantors (the "Guarantors", and together with the Borrower, the "Obligors"); each of the Banks that is a signatory hereto; and WELLS FARGO BANK, N.A., as administrative agent for the Banks (in such capacity, together with its successors, the "Administrative Agent").

Recitals

A. The Borrower, the Administrative Agent and the Banks are parties to that certain Third Amended and Restated Credit Agreement dated as of July 1, 2011 (the "Credit Agreement"), pursuant to which the Banks have, subject to the terms and conditions set forth therein, made certain credit available to and on behalf of the Borrower.

B. The Borrower desires to have the ability to issue up to $550,000,000 of Senior Notes (as defined in the Credit Agreement).

D. The parties to the Credit Agreement have agreed to amend certain provisions of the Credit Agreement to facilitate the foregoing.

E. NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Each capitalized term which is defined in the Credit Agreement, but which is not defined in this First Amendment, shall have the meaning ascribed such term in the Credit Agreement. Unless otherwise indicated, all section references in this First Amendment refer to the Credit Agreement.

Section 2. Amendment to Section 9.1 of the Credit Agreement. Section 9.1(d) of the Credit Agreement is hereby amended to delete the reference to "$350,000,000" and replace it with "$550,000,000".

Section 3. Conditions Precedent. The effectiveness of this First Amendment is subject to the following:

3.1 The Administrative Agent shall have received counterparts of this First Amendment from the Obligors and the Required Banks.

3.2 The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the effective date of this First Amendment.

3.3 The Administrative Agent shall have received such other documents as the Administrative Agent or special counsel to the Administrative Agent may reasonably request.

The Administrative Agent shall notify the Borrower and the Banks of the effectiveness of this First Amendment, and such notice shall be conclusive and binding.

Section 4. Representations and Warranties: Etc. Each Obligor hereby affirms: (a) that as of the date hereof, all of the representations and warranties contained in each Loan Paper to which such Obligor is a party are true and correct in all material respects as though made on and as of the date

hereof (unless made as of a specific earlier date, in which case, was true as of such date), (b) no Defaults exist under the Loan Papers or will, after giving effect to this First Amendment, exist under the Loan Papers and (c) no Material Adverse Change has occurred.

Section 5. Miscellaneous.

5.1 Confirmation and Effect. The provisions of the Credit Agreement (as amended by this First Amendment) shall remain in full force and effect in accordance with its terms following the effectiveness of this First Amendment. Each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof, "herein", or words of like import shall mean and be a reference to the Credit Agreement as amended hereby, and each reference to the Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby.

5.2 Ratification and Affirmation of Obligors. Each of the Obligors hereby expressly (i) acknowledges the terms of this First Amendment, (ii) ratifies and affirms its obligations under the Facility Guaranty and the other Loan Papers to which it is a party, (iii) acknowledges, renews and extends its continued liability under the Facility Guaranty and the other Loan Papers to which it is a party and (iv) agrees that its guarantee under the Facility Guaranty and the other Loan Papers to which it is a party remains in full force and effect with respect to the Obligations as amended hereby.

5.3 Counterparts. This First Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of this First Amendment by facsimile or electronic (e.g. pdf) transmission shall be effective as delivery of a manually executed original counterpart hereof.

5.4 No Oral Agreement. THIS WRITTEN FIRST AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN PAPERS EXECUTED IN CONNECTION HEREWITH AND THEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR UNWRITTEN ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES.

5.5 Governing Law. THIS FIRST AMENDMENT (INCLUDING, BUT NOT LIMITED TO, THE VALIDITY AND ENFORCEABILITY HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

5.6 Payment of Expenses. The Borrower agrees to pay or reimburse the Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with this First Amendment, any other documents prepared in connection herewith and the transactions

contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

5.7 Severability. Any provision of this First Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

5.8 Successors and Assigns. This First Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

[***signature pages follow***]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed effective as of the date first written above.

BORROWER:

LAREDO PETROLEUM, INC.

By: /s/ W. Mark Womble
W. Mark Womble
Senior Vice President, Chief Financial Officer and Secretary

GUARANTORS:

LAREDO PETROLEUM, LLC

By: /s/ W. Mark Womble
W. Mark Womble
Senior Vice President, Chief Financial Officer and Secretary

LAREDO PETROLEUM TEXAS, LLC

By: /s/ W. Mark Womble
W. Mark Womble
Senior Vice President, Chief Financial Officer and Secretary

LAREDO GAS SERVICES, LLC

By: /s/ W. Mark Womble

W. Mark Womble
Senior Vice President, Chief Financial Officer and Secretary

LAREDO PETROLEUM - DALLAS, INC.,
f/k/a Broad Oak Energy, Inc.

By: /s/ W. Mark Womble
W. Mark Womble
Senior Vice President, Chief Financial Officer and Secretary

SIGNATURE PAGE TO FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

WELLS FARGO BANK, N.A.,
as Administrative Agent and as a Bank

By: /s/ Tom K. Martin
Tom K. Martin
Director

SIGNATURE PAGE TO FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

BANK OF AMERICA, N.A., as a Bank

By: /s/ Christopher Renyi
Name: Christopher Renyi
Title: Vice President

SIGNATURE PAGE TO FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

JPMORGAN CHASE BANK, N.A., as a Bank

By: /s/ Mark E. Olson
Name: Mark E. Olson
Title: Authorized Officer

SIGNATURE PAGE TO FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

SOCIETE GENERALE, as a Bank

By: /s/ Scott Mackey
Name: Scott Mackey
Title: Director

SIGNATURE PAGE TO FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

UNION BANK, N.A., as a Bank

By: /s/ Josh Patterson
Name: Josh Patterson

Title: Vice President

BMO HARRIS FINANCING, INC., as a Bank

By: /s/ Joe Bliss
Name: Joe Bliss
Title: Managing Director

BNP PARIBAS, as a Bank

By: /s/ Polly Schott
Name: Polly Schott
Title: Director

By: /s/ Matt Turner
Name: Matt Turner
Title: Vice President

BANK OF SCOTLAND plc, as a Bank

By: /s/ Julia R. Franklin
Name: Julia R. Franklin
Title: Assistant Vice President

THE BANK OF NOVA SCOTIA, as a Bank

By: /s/ Paula J. Czach
Name: Paula J. Czach
Title: Managing Director

CAPITAL ONE, N.A., as a Bank

By: /s/ Matthew L. Molero
Name: Matthew L. Molero
Title: Vice President

COMPASS BANK, as a Bank

By: /s/ Kathleen J. Bowen
Name: Kathleen J. Bowen
Title: Senior Vice President

SIGNATURE PAGE TO FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

BOKF, NA dba BANK OF OKLAHOMA,
as a Bank

By: /s/ Pam P. Schloeder
Name: Pam P. Schloeder
Title: Senior Vice President

SIGNATURE PAGE TO FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

BRANCH BANKING AND TRUST, as a Bank

By: /s/ Parul June
Name: Parul June
Title: Assistant Vice President

SIGNATURE PAGE TO FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

COMERICA BANK, as a Bank

By: /s/ John S. Lesikar
Name: John S. Lesikar
Title: Assistant Vice President

SIGNATURE PAGE TO FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

GOLDMAN SACHS BANK USA, as a Bank

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

SIGNATURE PAGE TO FIRST AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

LIMITED CONSENT AND SECOND AMENDMENT
TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

AMONG

LAREDO PETROLEUM, INC.,
as Borrower,

WELLS FARGO BANK, N.A.,
as Administrative Agent,

THE GUARANTORS SIGNATORY HERETO,

AND

THE BANKS SIGNATORY HERETO

LIMITED CONSENT AND SECOND AMENDMENT TO
THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This LIMITED CONSENT AND SECOND AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT (this "Second Amendment"), dated as of November 23, 2011, is among LAREDO PETROLEUM, INC., a corporation formed under the laws of the State of Delaware (the "Borrower"); each of the undersigned guarantors (the "Guarantors", and together with Borrower, the "Obligors"); each of the Banks that is a signatory hereto; and WELLS FARGO BANK, N.A., as administrative agent for the Banks (in such capacity, together with its successors, the "Administrative Agent").

Recitals

A. Borrower, Administrative Agent and the Banks are parties to that certain Third Amended and Restated Credit Agreement dated as of July 1, 2011 (as amended prior to the date hereof, the "Credit Agreement"), pursuant to which the Banks have, subject to the terms and conditions set forth therein, made certain credit available to and on behalf of Borrower.

B. Borrower has advised Administrative Agent and the Banks that Parent has formed a wholly-owned Subsidiary, Laredo Petroleum Holdings, Inc., a Delaware corporation (the "New Parent"), for purposes of making a public offering of Equity in the New Parent. In connection with such public offering, (1) Parent will be merging with the New Parent with the New Parent being the surviving entity and (2) all of the outstanding preferred equity units and certain series of incentive equity units of Parent will be exchanged into shares of the New Parent's common stock in accordance with the Limited Liability Company Agreement of Parent (such transactions, collectively, the "IPO Related Corporate Reorganization").

C. Borrower has advised Administrative Agent and the Banks that certain parts of the IPO Related Corporate Reorganization are prohibited by Sections 8.3 and 9.4 of the Credit Agreement and that Section 9.8 of the Credit Agreement restricts certain transactions with Affiliates which could include the IPO Related Corporate Reorganization.

D. Borrower has requested that the Banks enter into this Second Amendment to (1) grant their consent to the IPO Related Corporate Reorganization, and (2) amend certain terms of the Credit Agreement in certain respects in connection with the IPO Related Corporate Reorganization.

E. Subject to and upon the terms and conditions set forth herein, the Banks have agreed to Borrower's requests.

F. NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Each capitalized term which is defined in the Credit Agreement, but which is not defined in this Second Amendment, shall have the meaning ascribed

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such term in the Credit Agreement (as hereby amended). Unless otherwise indicated, all section references in this Second Amendment refer to the Credit Agreement.

Section 2. Amendments to the Credit Agreement and other Loan Papers. In reliance on the representations, warranties, covenants and agreements contained in this Second Amendment, and subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, the Credit Agreement shall be amended effective as of the date hereof in the manner provided in this Section 2.

2.1 Additional Definitions. Section 1.1 of the Credit Agreement shall be amended to add thereto in alphabetical order the following definitions which shall read in full as follows:

"IPO Related Corporate Reorganization" has the meaning given such term in the Second Amendment.

"IPO Related Corporate Reorganization Effective Date" means the date on which the IPO Related Corporate Reorganization is consummated.

"New Parent" means Laredo Petroleum Holdings, Inc., a Delaware corporation.

"Second Amendment" means that certain Limited Consent and Second Amendment to Third Amended and Restated Credit Agreement dated as of November , 2011 among Borrower, the Guarantors party thereto, the Banks party thereto, and Administrative Agent.

2.2 Amended and Restated Definitions. The definitions of "Change of Control" and "Parent" contained in Section 1.1 of the Credit Agreement shall be amended and restated to read in full as follows:

"Change of Control" means the occurrence of any of the following whether voluntary or involuntary, including by operation of law: (a) any Credit Party other than Parent or Borrower shall cease to be a wholly-owned Subsidiary of Borrower, (b) Borrower ceases to be a direct, wholly-owned Subsidiary of Parent, (c) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) other than the Permitted Holders, of Equity representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding Equity of Parent, (d) occupation of a majority of the seats (other than vacant seats) on the board of directors of Parent by Persons who (i) prior to the consummation of the IPO Related Corporate Reorganization were neither (A) nominated by the board of directors of Parent or in accordance with the Unit Subscription Agreement of Parent dated May 21, 2007 or the Series A-2 Preferred Unit Subscription Agreement of Parent dated October 15, 2008 nor (B) appointed by directors so nominated, and (ii) from and after the consummation of the IPO Related Corporate Reorganization, were not (A) on the board of directors on the IPO Related Corporate Reorganization Effective Date, (B) nominated by

the board of directors of Parent, or (C) appointed by directors a majority of whom were on the board of directors on the IPO Related Corporate Reorganization Effective Date or so nominated, or (e) the acquisition of direct or indirect control of Parent by any Person or group other than the Permitted Holders.

"Parent" means (a) prior to the consummation of the IPO Related Corporate Reorganization, Laredo Petroleum, LLC, a Delaware limited liability company, and (b) from and after the consummation of the IPO Related Corporate Reorganization, New Parent.

2.3 Amendment to Collateral and Guaranties Section. A new Section 5.5 is hereby added to the Credit Agreement and shall read in full as follows:

"Section 5.5 New Parent. On the IPO Related Corporate Reorganization Effective Date, Borrower shall cause New Parent to execute and deliver to Administrative Agent, in each case in form and substance reasonably satisfactory to the Administrative Agent, (a) such supplements to and/or reaffirmations of the Facility Guaranty and the Security Agreement that Administrative Agent may reasonably request, which documents and agreements will provide that (i) one hundred percent (100%) of the issued and outstanding Equity of Borrower will continue to be pledged to Administrative Agent for the benefit of the Banks to secure the Obligations as required by Section 5.1(a) and (ii) New Parent will, and as a successor by merger to the obligations of Laredo Petroleum, LLC, will continue to, guarantee payment and performance of the Obligations as required by Section 5.3, and (b) such other additional UCC-1 financing statements, closing documents, certificates, authorizing resolutions, organizational documents of New Parent, and legal opinions that Administrative Agent may reasonably request."

2.4 Amendment to Restricted Payments Covenant. Section 9.2 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"Section 9.2 Restricted Payments. Borrower will not, nor will Borrower permit any other Credit Party to, declare, pay or make, or incur any liability to declare, pay or make, any Restricted Payment, except that, (a) prior to the consummation of the IPO Related Corporate Reorganization, so long as no Event of Default or Borrowing Base Deficiency exists, (i) Parent may declare and pay dividends with respect to its Equity pursuant to, but not in excess of the amounts required under, Section 6.1(b) of its Limited Liability Company Agreement, as in effect on, and certified to the Administrative Agent and the Banks as of, the Closing Date and (ii) Borrower and its Subsidiaries may declare and pay dividends ratably with respect to their Equity in amounts sufficient to permit the Parent to declare and pay dividends as contemplated by clause (i) above, and (b) from and after the consummation of the IPO Related Corporate Reorganization, Parent may declare and pay dividends with respect to its Equity payable solely in additional shares of its Equity (or in de minimis amounts of cash payable in lieu of partial shares of its Equity)."

2.5 Amendment to Events of Default Section. Section 11.1(c) of the Credit Agreement is hereby amended and restated in its entirety as follows:

"(c) any Credit Party shall fail to observe or perform any covenant or agreement applicable thereto contained in Section 4.4, Section 5.5, Section 8.1(d), Section 8.3(a), Section 8.5, Article IX, or Article X;"

Section 3. Limited Consent. In reliance on the representations, warranties, covenants and agreements contained in this Second Amendment, and subject to the satisfaction of the conditions precedent set forth in Section 4 hereof, and notwithstanding any provision of the Credit Agreement that may prohibit the IPO Related Corporate Reorganization (including, without limitation Section 8.3, Section 9.4 and Section 9.8 of the Credit Agreement), the Required Banks hereby consent to the IPO Related Corporate Reorganization provided that the IPO Related Corporate Reorganization is consummated

substantially in accordance with Amendment No. 2 to Form S-1 of New Parent filed with the United States Securities and Exchange Commission on November 14, 2011, pursuant to a merger agreement and/or other documentation that has been provided to and approved by the Administrative Agent (such approval not to be unreasonably withheld or delayed).

Administrative Agent and the Required Banks further acknowledge and agree that, notwithstanding anything to the contrary contained in Section 8.1(o) of the Credit Agreement and Section 4.4 of the Security Agreement, Administrative Agent has received sufficient advance notice of the IPO Related Corporate Reorganization. The limited consent granted in this Section 3 is limited solely to the IPO Related Corporate Reorganization. Nothing contained herein shall be deemed a consent to, or waiver of, any other action or inaction of any Credit Party which constitutes (or would constitute) a violation of any provision of the Credit Agreement or any other Loan Paper. Neither the Banks nor Administrative Agent shall be obligated to grant any future waivers, consents or amendments with respect to any other provision of the Credit Agreement or any other Loan Paper.

Section 4. Conditions Precedent. The effectiveness of this Second Amendment is subject to the following:

4.1 Administrative Agent shall have received counterparts of this Second Amendment from the Obligors and the Required Banks.

4.2 Administrative Agent shall have received all fees and other amounts due and payable on or prior to the effective date of this Second Amendment.

4.3 Administrative Agent shall have received such other documents as Administrative Agent or special counsel to Administrative Agent may reasonably request.

4.4 New Parent shall have filed Amendment No. 3 to Form S-1 of New Parent with the United States Securities and Exchange Commission.

Administrative Agent shall notify Borrower and the Banks of the effectiveness of this Second Amendment, and such notice shall be conclusive and binding.

Section 5. Representations and Warranties; Etc. Each Obligor hereby affirms: (a) that as of the date hereof, all of the representations and warranties contained in each Loan Paper to which such Obligor is a party are true and correct in all material respects as though made on and as of the date hereof (unless made as of a specific earlier date, in which case, was true as of such date), (b) no Defaults exist under the Loan Papers or will, after giving effect to this Second Amendment, exist under the Loan Papers and (c) no Material Adverse Change has occurred.

Section 6. Miscellaneous.

6.1 Confirmation and Effect. The provisions of the Credit Agreement (as amended by this Second Amendment) shall remain in full force and effect in accordance with its terms following the effectiveness of this Second Amendment. Each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof’, “herein”, or words of like import shall mean and be a reference to the Credit Agreement as amended hereby, and each reference to the Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby.

6.2 Ratification and Affirmation of Obligors. Each of the Obligors hereby expressly (a) acknowledges the terms of this Second Amendment, (b) ratifies and affirms its obligations under the Facility Guaranty and the other Loan Papers to which it is a party, (c) acknowledges, renews and extends its continued liability under the Facility Guaranty and the other Loan Papers to which it is a party and (d) agrees that its guarantee under the Facility Guaranty and the other Loan Papers to which it is a party remains in full force and effect with respect to the Obligations as amended hereby.

6.3 Counterparts. This Second Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of this Second Amendment by facsimile or electronic (e.g. pdf) transmission shall be effective as delivery of a manually executed original counterpart hereof.

6.4 No Oral Agreement. THIS WRITTEN SECOND AMENDMENT, THE CREDIT AGREEMENT AND THE OTHER LOAN PAPERS EXECUTED IN CONNECTION HEREWITH AND THEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR UNWRITTEN ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES.

6.5 Governing Law. THIS SECOND AMENDMENT (INCLUDING, BUT NOT LIMITED TO, THE VALIDITY AND ENFORCEABILITY HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

6.6 Payment of Expenses. Borrower agrees to pay or reimburse Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with this Second Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel to Administrative Agent.

6.7 Severability. Any provision of this Second Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

6.8 Successors and Assigns. This Second Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

[*signature pages follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be duly executed effective as of the date first written above.

BORROWER:

LAREDO PETROLEUM, INC.

By: /s/ W. Mark Womble
W. Mark Womble
Senior Vice President, Chief Financial Officer and Secretary

GUARANTORS:

LAREDO PETROLEUM, LLC

By: /s/ W. Mark Womble
W. Mark Womble
Senior Vice President, Chief Financial Officer and Secretary

LAREDO PETROLEUM TEXAS, LLC

By: /s/ W. Mark Womble
W. Mark Womble
Senior Vice President, Chief Financial Officer and Secretary

LAREDO GAS SERVICES, LLC

By: /s/ W. Mark Womble
W. Mark Womble
Senior Vice President, Chief Financial Officer and Secretary

LAREDO PETROLEUM — DALLAS, INC.,
f/k/a Broad Oak Energy, Inc.

By: /s/ W. Mark Womble
W. Mark Womble
Senior Vice President, Chief Financial Officer and Secretary

WELLS FARGO BANK, N.A.,
as Administrative Agent and as a Bank

By: /s/ Tom K. Martin
Tom K. Martin
Director

BANK OF AMERICA, N.A., as a Bank

By: /s/ Stephen J. Hoffman
Name: Stephen J. Hoffman
Title: Managing Director

JPMORGAN CHASE BANK, N.A., as a Bank

By: /s/ Charles B. Vaughters
Name: Charles B. Vaughters
Title: Vice President

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SOCIETE GENERALE, as a Bank

By: /s/ David Bornstein
Name: David Bornstein
Title: Director

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UNION BANK, N.A., as a Bank

By: /s/ Josh Patterson
Name: Josh Patterson
Title: Vice President

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BMO HARRIS FINANCING, INC., as a Bank

By: /s/ Joe Bliss
Name: Joe Bliss
Title: Managing Director

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BNP PARIBAS, as a Bank

By: /s/ Polly Schott
Name: Polly Schott
Title: Director

By: /s/ Matthew A. Turner
Name: Matthew A. Turner
Title: Vice President

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BANK OF SCOTLAND plc, as a Bank

By: /s/ Julia R. Franklin
Name: Julia R. Franklin

Title: Vice President

THE BANK OF NOVA SCOTIA, as a Bank

By: /s/ John Frazell
Name: John Frazell
Title: Director

CAPITAL ONE, NATIONAL ASSOCIATION, as a Bank

By: /s/ Michael Higgins
Name: Michael Higgins
Title: Vice President

COMPASS BANK, as a Bank

By: /s/ Kathleen J. Bowen
Name: Kathleen J. Bowen
Title: Senior Vice President

BOKF, NA dba BANK OF OKLAHOMA,
as a Bank

By: /s/ Pam P. Schloeder
Name: Pam P. Schloeder
Title: Senior Vice President

BRANCH BANKING AND TRUST, as a Bank

By: /s/ Parul June
Name: Parul June
Title: Assistant Vice President

COMERICA BANK, as a Bank

By: /s/ John S. Lesikar
Name: John S. Lesikar
Title: Assistant Vice President

SIGNATURE PAGE TO LIMITED CONSENT AND SECOND AMENDMENT TO
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GOLDMAN SACHS BANK USA, as a Bank

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

SIGNATURE PAGE TO LIMITED CONSENT AND SECOND AMENDMENT TO
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Exhibit 10.4

EXECUTION VERSION

CONTRIBUTION AGREEMENT

BY AND AMONG

BROAD OAK ENERGY, INC.

AS THE COMPANY,

THE ENTITY AND INDIVIDUALS

LISTED ON THE SIGNATURE PAGES HERETO

AS CONTRIBUTORS

AND

LAREDO PETROLEUM, LLC

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CONTRIBUTION AGREEMENT

This Contribution Agreement (this "**Agreement**") is made and entered into this 15th day of June, 2011 by and among Broad Oak Energy, Inc., a Delaware corporation (the "**Company**"), Warburg Pincus Private Equity IX, L.P., a Delaware limited partnership ("**Warburg**"), the other Persons listed as Contributors on the signature pages hereto (together with Warburg, each, a "**Contributor**", and collectively, "**Contributors**") and Laredo Petroleum, LLC, a Delaware limited liability company ("**Laredo**"). The Company, Contributors and Laredo are sometimes referred to herein, collectively, as the "**Parties**" and, individually, as a "**Party**."

W I T N E S S E T H:

WHEREAS, Contributors are the owners of the issued and outstanding Series A Preferred Stock, Common Stock and Options of the Company as set forth on the schedules attached to Contributors' signature pages hereto (collectively, the "**Owned Company Stock**");

WHEREAS, at or prior to Closing, Laredo's First Amended and Restated Limited Liability Company Agreement dated as of October 15, 2008 (the "**LLC Agreement**") shall be amended and restated as set forth in this Agreement to allow for the issuance of a new series of Preferred Units designated as "BOE Preferred Units" (as such terms are defined in the Amended LLC Agreement) (the "**New Laredo Preferred Units**") on the terms set forth herein and in the Amended LLC Agreement;

WHEREAS, subject to the terms and conditions of this Agreement, at the Closing, each Contributor shall contribute such Contributor's Owned Company Stock to be contributed hereunder as set forth on the schedule attached to such Contributor's signature page hereto (the "**Contributed Company Stock**") to Laredo in exchange for a certain number of the issued and outstanding New Laredo Preferred Units, calculated as hereinafter set forth; and

WHEREAS, as of even date herewith, certain of Contributors and certain other Stockholders and Optionholders have entered into a Stock Purchase and Sale Agreement (the "**Purchase and Sale Agreement**") with Laredo Petroleum, Inc. ("**LPI**") to sell their Common Stock, Preferred Stock and/or vested Options to LPI in exchange for cash;

NOW, THEREFORE, in consideration of the premises and of the mutual promises, representations, warranties, covenants, conditions and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Party, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"**2010 Returns**" shall have the meaning given that term in Section 15.01(a).

"**Adjusted Equity Consideration**" shall mean the Equity Consideration as adjusted pursuant to Section 9.02.

"**AFEs**" shall mean authorizations for expenditures.

"**Affiliate**" shall mean any Person that, directly or indirectly, through one or more entities, controls, is controlled by or is under common control with the Person specified; *provided*, *however*, that in no event shall any Person controlled by or under common control with Warburg or any of its Affiliates (other than the Company) be deemed to be an "Affiliate" of the Company for purposes of this Agreement. For the purpose of the immediately preceding sentence, the term "control" and its syntactical variants mean the power, direct or indirect, to direct or cause the direction of the management of such Person, whether through the ownership of voting securities, by contract, agency or otherwise. For avoidance of doubt, prior to Closing, the Company shall be considered an Affiliate of Contributors and from and after Closing, the Company shall be considered an Affiliate of Laredo.

"**Aggregate Defect Threshold**" shall mean an amount equal to $50,000,000.

"**Agreement**" shall have the meaning given that term in the Preamble.

"**Allocated Value**" shall have the meaning given that term in Section 3.02.

"**Amended LLC Agreement**" shall mean the Second Amended and Restated LLC Agreement of Laredo to be effective as of the Closing Date, as more specifically set forth in Section 7.13.

"**Approval**" shall mean any approval, authorization, grant of authority, consent, order, qualification, permit, license, variance, exemption, franchise, concession, certificate, filing or registration, or any waiver of the foregoing, or any notice, statement or other communication required to be filed with or delivered to any Governmental Authority or any other Person.

"**Balance Sheet Date**" shall mean April 30, 2011.

"**Board of Directors**" shall have the meaning given that term in Section 6.02(a).

"**Board of Managers**" shall have the meaning given that term in Section 6.03(a).

"**Business Day**" shall mean any day other than a Saturday, a Sunday or a day on which banks in New York, New York are authorized or obligated by Law to close.

"**Capital Stock**" shall mean any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation and any and all ownership interest in a Person (other than a corporation), including membership interests, limited or general partnership interests, limited liability company interests, joint venture interests and beneficial interests, and any and all warrants, options or rights to purchase any of the foregoing.

"**CERCLA**" shall have the meaning given that term in the definition of "Environmental Law".

"**Certificate of Designations**" shall mean the Amended and Restated Certificate of Designations, Powers, Preferences and Relative, Participating, Optional or Other Special Rights and Relative Qualifications, Limitations or Restrictions of the Series A Convertible Participating Preferred Stock of the Company dated as of March 26, 2009.

"**Claim**" shall have the meaning given that term in Section 13.08(b).

"**Claim Notice**" shall have the meaning given that term in Section 13.08(b).

"**Closing**" shall have the meaning given that term in Section 9.01.

"**Closing Date**" shall have the meaning given that term in Section 9.01.

"**COBRA**" shall have the meaning given that term in Section 6.02(m)(vii).

"**Code**" shall mean the Internal Revenue Code of 1986, as amended and any successor statute thereto.

"**Common Stock**" shall mean the common stock of the Company, par value $0.001 per share.

"**Common Stockholders**" shall mean the holders of shares of Common Stock.

"**Company**" shall have the meaning given that term in the Preamble.

"**Company Access Rights**" shall have the meaning given that term in Section 2.01(e).

"**Company Affiliate Contracts**" shall have the meaning given that term in Section 6.02(w)(i)(L).

"**Company Approved Budget**" shall have the meaning given that term in Section 6.02(hh).

"**Company Assets**" shall have the meaning given that term in Section 2.01.

"**Company Auditor**" shall mean Grant Thornton LLP.

"**Company Credit Facility**" shall mean that certain Credit Agreement, dated as of April 11, 2008, by and among the Company, JP Morgan Chase Bank, and the lenders named therein, as amended.

"**Company Deep Rights**" shall have the meaning given that term in Section 2.01(b).

"**Company Employee Plans**" shall have the meaning given that term in Section 6.02(m)(i).

"**Company Employees**" shall have the meaning given that term in Section 6.02(l)(i).

"**Company Environmental Defect Amount**" shall mean, (a) the reasonably estimated costs and expenses to correct such Environmental Defect in the most cost effective manner reasonably available, consistent with Environmental Laws and the proposed use of the Company Property, Company Real Property or Company Facility or (b) the amount of Environmental Liabilities reasonably believed will be incurred or required to be paid by the Company with respect thereto.

"**Company Facilities**" shall have the meaning given that term in Section 2.01(d).

"**Company Files**" shall have the meaning given that term in Section 2.01(j).

"**Company Financial Statements**" shall have the meaning given that term in Section 6.02(i).

"**Company Indemnitees**" shall mean the Company and its shareholders and Affiliates, and the officers, board of directors, employees, agents and representatives of each of the foregoing Persons.

"**Company Leased Real Property**" shall mean all of the real property leased by the Company excluding the Company Leases.

"**Company Leases**" shall have the meaning given that term in Section 2.01(a).

"**Company Material Contract**" shall have the meaning given that term in Section 6.02(w)(i) and Section 6.02(w)(ii).

"**Company Owned Real Property**" shall mean those parcels of real property, other than the Company Properties, owned in fee and used or held for use by the Company, and all buildings, structures, improvements, and fixtures thereon, together with all rights of way, easements, privileges and appurtenances pertaining or belonging thereto, including any right, title and interest of the Company in and to any street or other property adjoining any portion of such property.

"**Company Properties**" shall have the meaning given that term in Section 2.01(c).

"**Company Real Property**" shall mean Company Leased Real Property and Company Owned Real Property.

"**Company Reserve Report**" shall mean the reserve report dated December 31, 2010 related to the Company Properties.

"**Company Title Defect Amount**" shall mean:

(a) any reduction in the Allocated Value of any Company Property arising from a Title Defect that has been agreed to by the Company and Laredo;

(b) in the event of a Title Defect that is undisputed and liquidated in amount, the amount required to be paid to remove such Title Defect from the affected Company Property; and

(c) in the event of a Title Defect which represents a discrepancy between (A) the actual Net Acreage for any Company Lease or the actual Net Revenue Interest for any other Company Property, as applicable, and (B) the represented Net Acreage stated on Exhibit A—Part 1 or the Net Revenue Interest stated on Exhibit A—Part 2, as applicable, then the Company Title Defect Amount shall be the product of the Allocated Value of such Company Lease or Company Property, multiplied by a fraction, the numerator of which is the Net Acreage decrease or Net Revenue Interest decrease, as applicable, and the denominator of which is the represented Net Acreage stated on Exhibit A—Part 1 or the Net Revenue Interest stated on Exhibit A—Part 2, as applicable; *provided* that if the Title Defect is not effective or does not affect a Company Lease or Company Property throughout the shorter of (i) the term of the applicable Company Lease or (ii) the productive life and abandonment of such Company Lease or Company Property, the Company Title Defect Amount determined under this subsection shall be reduced accordingly.

Notwithstanding anything to the contrary herein, (i) the aggregate Company Title Defect Amounts attributable to the effects of all Title Defects upon any given Company Lease or Company Property shall not exceed the Allocated Value of such Company Lease or Company Property; (ii) in the event that a Title Defect may reasonably be cured prior to Closing, the Company Title Defect Amount determined under subsections (c) or (i) above shall not be greater than the lesser of (A) the reasonable cost and expense of curing such Title Defect or (B) the share of such curative work cost and expense which is allocated to such Company Lease or Company Property pursuant to subsection (iii) below; and (iii) the Company Title Defect Amount with respect to a Company Lease or Company Property shall be determined without duplication of any costs or losses included in another Company Title Defect Amount hereunder. To

the extent that the cost to cure any Title Defect will result in the curing of all or a part of one or more other Title Defects, such cost of cure shall be allocated among the Company Leases or Company Properties so affected on a fair and reasonable basis.

"**Company Unaudited April 30, 2011 Balance Sheet**" shall mean the unaudited consolidated balance sheet of the Company as of April 30, 2011.

"**Company Unit Interests**" shall have the meaning given that term in Section 2.01(a).

"**Company Wells**" shall have the meaning given that term in Section 2.01(c).

"**Confidentiality Agreements**" shall have the meaning given that term in Section 7.01.

"**Continuation Period**" shall have the meaning given that term in Section 11.06(a).

"**Continuing Employee**" shall have the meaning given that term in Section 11.06(a).

"**Contract**" shall mean any agreement, contract, obligation, promise, understanding or undertaking (whether written or oral and whether express or implied) that is legally binding and (a) under which the Company, Laredo or any of its subsidiaries, as applicable, has or may

acquire any rights, (b) under which the Company, Laredo or any of its subsidiaries, as applicable, has or may become subject to any Liability, or (c) by which the Company, Laredo or any of its subsidiaries, as applicable, or any of the assets owned or used by the Company, Laredo or any of its subsidiaries, as applicable, is or may become bound.

"**Contributed Company Stock**" shall have the meaning given that term in the Recitals.

"**Contributor Indemnitees**" shall mean each Contributor and its members, partners, shareholders, Affiliates, successors and assigns, and the officers, board of directors and/or managers, employees, agents, and representatives of each of the foregoing Persons.

"**Contributor Representative**" shall have the meaning given that term in Section 10.01.

"**Contributors**" shall have the meaning given that term in the Preamble.

"**Defensible Title**" shall mean the record title and ownership to the Company Properties or Laredo Properties, as applicable, that:

(a) is free and clear of all Liens (except for Permitted Encumbrances);

(b) except as set forth on Exhibit A—Part 1 or Exhibit A—Part 2 or on Exhibit B—Part 1 or Exhibit B—Part 2, as applicable, entitles the Company or Laredo, as applicable, to receive throughout the shorter of: (i) the term of the applicable Company Lease or Laredo Lease, as applicable, or (ii) the productive life and abandonment of any Company Property or Laredo Property, as applicable, (after satisfaction of all royalties, overriding royalties, nonparticipating royalties, net profits interests or other similar burdens on or measured by production of oil and gas) not less than the interest set forth in Exhibit A—Part 1 or Exhibit A—Part 2 or in Exhibit B—Part 1 or Exhibit B—Part 2, as applicable, with respect to each Company Property or Laredo Property therein, as applicable, under the caption "Net Acreage" or "Net Revenue Interests" or "NA" or "NRI" of all Hydrocarbons produced, saved and marketed from the Company Properties or Laredo Properties, as applicable, except decreases resulting from operations where the Company or Laredo, as applicable, is a non-consenting party that do not reduce the after payout NA or NRI below that NA or NRI set forth in Exhibit A—Part 1 or Exhibit A—Part 2 or in Exhibit B—Part 1 or Exhibit B—Part 2, as applicable, decreases from product sales agreements that call for product splits, decreases required to allow other working interest owners to make up past underproduction or pipelines to make up past under deliveries and decreases resulting from yet to have expired nonproducing depths and nonproducing tracts of the Company Leases or Laredo Leases, as applicable, pursuant to the terms thereof; and

(c) except as set forth on Exhibit A—Part 1 or Exhibit A—Part 2 or on Exhibit B—Part 1 or Exhibit B—Part 2, as applicable, obligates the Company or Laredo, as applicable, to bear a percentage not greater than the interest set forth under the caption "Working Interest" or "WI" in Exhibit A—Part 1 or Exhibit A—Part 2 or in Exhibit B—Part 1 or Exhibit B—Part 2, as applicable, of costs and expenses associated with ownership, operation, maintenance, development and repair of each Company Property or Laredo Property, as applicable, without increase throughout the shorter of: (i) the term of the applicable Company Lease or Laredo Lease, as applicable, or (ii) the productive life and abandonment of any Company Property or Laredo Property, as applicable, unless there is a corresponding

proportionate increase in the associated Net Acreage or Net Revenue Interests, or such increase results from contribution requirements under applicable operating agreements with respect to defaulting co-owners for which the Company or Laredo, as applicable, shall receive a corresponding Net Acreage or Net Revenue Interest increase.

"**DOL**" shall have the meaning given that term in Section 6.02(m)(iii).

"**Enforceability Exceptions**" shall have the meaning given that term in Section 6.01(d).

"**Environmental Consultant**" shall have the meaning given to the term in Section 5.01.

"**Environmental Defect**" shall mean, with respect to any given Company Property, Company Real Property or Company Facility, or any given Laredo Property, Laredo Real Property or Laredo Facility, as applicable, (a) a violation of an Environmental Law in effect as of the Closing Date in the jurisdiction in which such Company Property, Company Real Property or Company Facility, or Laredo Property, Laredo Real Property or Laredo Facility, as applicable, is located; (b) an obligation under Environmental Laws to complete any corrective action at the Company Property, Company Real Property or

Company Facility, or Laredo Property, Laredo Real Property or Laredo Facility, as applicable; or (c) any Environmental Liability arising from or attributable to any condition, event, circumstance, activity, practice, incident, action, or omission existing or occurring prior to the expiration of the Examination Period, or from the use, release, storage, treatment, transportation, or disposal of Hazardous Materials prior to the expiration of the Examination Period (i) regarding which an Environmental Defect Notice has been timely and otherwise validly delivered, and (ii) that has a Company Environmental Defect Amount or Laredo Environmental Defect Amount, as applicable, attributable thereto in excess of $100,000.

"**Environmental Defect Notice**" shall have the meaning given that term in Section 5.03.

"**Environmental Information**" shall have the meaning given that term in Section 5.02.

"**Environmental Laws**" shall mean all Laws pertaining to protection of human health and the environment (including natural resources), the prevention of pollution, remediation of contamination and restoration of environmental quality, including the Clean Air Act, the Clean Water Act, the Comprehensive Environmental, Response, Compensation, and Liability Act of 1980 ("**CERCLA**"), the Superfund Amendments and Reauthorization Act of 1986, the Occupational Safety and Health Act of 1970, the Resource Conservation and Recovery Act of 1976 ("**RCRA**"), the Safe Drinking Water Act, the Toxic Substances Control Act, the Oil Pollution Act of 1990, the Emergency Planning and Community Right to Know Act, the Solid Waste Disposal Act, the Hazardous Materials Transportation Act and any comparable state Laws. The term "Environmental Laws" shall also include all amendments to any of the foregoing.

"**Environmental Liabilities**" shall mean any losses or liabilities (a) in connection with any violation of any Environmental Laws; (b) arising from any obligation under Environmental Laws to complete any investigative, remedial, or corrective action; or (c) otherwise in connection with the presence, use, manufacturing, refining, production, generation, handling, transportation, treatment, recycling, transfer, storage, disposal, distribution, importing, labeling, testing,

processing, discharge, release or threatened release, control, or other exposure, action or failure with respect to Hazardous Materials.

"**Environmental Review**" shall have the meaning given that term in Section 5.01.

"**Equity Consideration**" shall mean $1,000,000,000, payable in New Laredo Preferred Units.

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"**Examination Period**" shall have the meaning given that term in Section 4.01.

"**Excluded Assets**" shall have the meaning given that term in Section 2.02.

"**Existing Laredo Preferred Units**" shall have the meaning given that term in Section 6.03(h).

"**Filings**" shall have the meaning given that term in Section 7.05(a).

"**GAAP**" shall mean generally accepted accounting principles in the United States of America as in effect from time to time.

"**Governmental Authority**" shall mean any federal, state, local, tribal or foreign government or any court of competent jurisdiction, regulatory or administrative agency, commission or other governmental authority that exercises jurisdiction over any of the Company Assets or Laredo Assets, as applicable.

"**Hazardous Materials**" shall mean any material, chemical, compound, substance, mixture or by-product that is identified, defined, designated, listed, restricted or otherwise regulated under Environmental Laws as a "hazardous constituent," "hazardous substance," "hazardous material," "acutely hazardous material," "extremely hazardous material," "hazardous waste," "hazardous waste constituent," "acutely hazardous waste," "extremely hazardous waste," "solid waste," "infectious waste," "medical waste," "biomedical waste," "pollutant," "toxic pollutant," or "contaminant." The term "Hazardous Materials" shall include any "hazardous substances" as defined, listed, designated or regulated under CERCLA, any "hazardous wastes" or "solid wastes" as defined, listed, designated or regulated under RCRA, any asbestos or asbestos containing materials, any polychlorinated biphenyls, and any petroleum, Hydrocarbon or hydrocarbonic substance, fraction, distillate or by-product. Notwithstanding the above, "Hazardous Materials" shall not include carbon dioxide in any quantity to the extent referenced in any Environmental Laws or proposed legislation or actions of any Governmental Authority as a regulated or hazardous material.

"**Hydrocarbons**" shall mean oil, condensate, and natural gas, including casinghead gas, and other liquid or gaseous hydrocarbons produced or processed in association therewith.

"**Imbalance**" shall mean any imbalance at the wellhead between the amount of Hydrocarbons produced from a Company Well or Laredo Well, as applicable, and taken by and

allocated to the Company, Laredo or any of its subsidiaries, as applicable, and the amount of Hydrocarbons produced from a Company Well or Laredo Well, as applicable, and allocable to the interest therein of the Company, Laredo or any of its subsidiaries, as applicable.

"**Indebtedness**" shall mean, without duplication: (a) all obligations (including the principal amount thereof or, if applicable, the accreted amount thereof and the amount of accrued and unpaid interest thereon) of the Company, Laredo or any of its subsidiaries as applicable, for borrowed money, whether or not (i) represented by bonds, debentures, notes, or other securities (whether or not convertible into any other security) or (ii) owing to banks, financial institutions, on equipment leases or otherwise; (b) all deferred payment obligations of the Company, Laredo or any of its subsidiaries, as applicable, for the

purchase price of property or assets purchased (other than current accounts payable incurred in the Ordinary Course of Business); (c) all obligations of the Company, Laredo or any of its subsidiaries, as applicable, to pay rent or other payment amounts under a lease which is required to be classified as a capital lease or a Liability on the face of a balance sheet prepared in accordance with GAAP; (d) all outstanding reimbursement obligations of the Company or Laredo, as applicable, with respect to letters of credit, bankers' acceptances, or similar facilities issued for the account of the Company, Laredo or any of its subsidiaries, as applicable; (e) all obligations of the Company, Laredo or any of its subsidiaries, as applicable, with respect to any hedging, swap, spot market, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; (f) all obligations secured by any Lien, other than Permitted Encumbrances, existing on properties owned by the Company, Laredo or any of its subsidiaries, as applicable, whether or not Indebtedness secured thereby will have been assumed; (g) all guaranties, endorsements, assumptions, and other contingent obligations of the Company, Laredo or any of its subsidiaries, as applicable, in respect of, or to purchase, or to otherwise acquire, indebtedness of others; and (h) solely with respect to the Company Credit Facility, all premiums, penalties, fees, expenses, breakage costs, and change of control payments required to be paid or offered in respect of any of the foregoing on prepayment as a result of the consummation of the transactions contemplated by this Agreement or in connection with any lender consent.

"**Indemnitee**" shall have the meaning given that term in Section 13.08(a).

"**Indemnitor**" shall have the meaning given that term in Section 13.08(a).

"**IRS**" shall have the meaning given that term in Section 6.02(m)(iii).

"**Knowledge**" shall mean, (a) with respect to the Company, all information of which the Chief Executive Officer, President, Chief Financial Officer, Chief Operating Officer, Executive Vice President/Operations, Vice President/Land or Vice President/Reservoir Engineering, having supervisory authority over matters relating to the Company and/or the ownership, operation, maintenance and development of the Company Assets, Company Owned Real Property or other assets of the Company have, or should have, upon reasonable inquiry, actual knowledge and (b) with respect to Laredo, all information of which the Chief Executive Officer, President/Chief Operating Officer, Chief Financial Officer, Senior Vice President/Exploration and Land, Senior

Vice President/Reservoir Engineering or Vice President/Land, having supervisory authority over matters relating to Laredo and/or the ownership, operation, maintenance and development of the Laredo Assets, Laredo Owned Real Property or other assets of Laredo have, or should have, upon reasonable inquiry, actual knowledge.

"**Laredo**" shall have the meaning given that term in the Preamble.

"**Laredo Access Rights**" shall have the meaning given that term in the definition of "Laredo Assets".

"**Laredo Approved Budget**" shall have the meaning given that term in Section 6.03(ii).

"**Laredo Assets**" shall mean all of Laredo's and any of its subsidiaries' properties and assets, including its right, title and interest in and to:

(a) all oil and gas leases (including interests arising under forced pooling orders) of Laredo and any of its subsidiaries (Laredo's and any of its subsidiaries' interests in such leases, including all fee royalty, mineral interest and overriding royalty interests collectively, the "**Laredo Leases**"), including those as more particularly described in Exhibit B—Part 1, and (ii) the interests in any units or pooled or communitized lands arising on account of the Laredo Leases having been unitized or pooled into such units or with such lands (Laredo's and any of its subsidiaries' interests in such units and lands, the "**Laredo Unit Interests**");

(b) all interests of Laredo and any of its subsidiaries under any Laredo Leases and Contracts to "deep rights" or undeveloped zones, formations or common sources of supply (collectively, the "**Laredo Deep Rights**");

(c) all existing (on or after the date of this Agreement but prior to Closing) oil and gas wells located on lands covered by the Laredo Leases or Laredo Unit Interests (Laredo's interests in such wells, collectively and including the wells set forth on Exhibit B—Part 2, the "**Laredo Wells**," and the Laredo Leases, the Laredo Unit Interests, the Laredo Deep Rights and the Laredo Wells being collectively referred to hereinafter as the "**Laredo Properties**");

(d) all movable or personal property, improvements, fixtures, platforms, facilities (production, gathering or otherwise), structures, tubular goods, gathering lines, compressors, flow lines, injection lines, disposal wells, injection wells, pipelines, processing or separating systems and plants, tanks, pits, boilers, buildings, machinery, equipment (surface and downhole, well and production, owned or leased, or otherwise), inventory, utility lines, power lines, telephone lines, roads and all other personal property, fixtures and facilities to the extent appurtenant to or used or obtained for use in connection with the Laredo Properties, including in each case such assets set forth on Exhibit B—Part 3 (collectively, the "**Laredo Facilities**");

(e) all permits, licenses, servitudes, easements, rights-of-way, surface fee interests and other surface use agreements to the extent used in connection with the

ownership or operation of the Laredo Properties or the Laredo Facilities (collectively, the "**Laredo Access Rights**");

(f) the offices of Laredo and any of its subsidiaries, including the computers, furniture and other personal property located therein, and the lands and leases associated therewith;

(g) the Hydrocarbons produced from or attributable to the Laredo Properties;

(h) all Laredo Material Contracts;

(i) all Imbalances relating to the Laredo Properties;

(j) all of those records, files, contracts, orders, agreements, permits, licenses, easements, maps, data, interpretations, seismic data, geological and geographic information, schedules, reports and logs relating to Laredo, any of its subsidiaries or the other Laredo Assets;

(k) all vehicles of Laredo and any of its subsidiaries; and

(l) the Laredo Real Property.

"**Laredo Credit Facility**" shall mean that certain Second Amended and Restated Credit Agreement, dated as of July 7, 2010, among LPI, the lenders thereto and Bank of America, N.A., as amended.

"**Laredo Deep Rights**" shall have the meaning given that term in the definition of "Laredo Assets".

"**Laredo Employee**" shall have the meaning given that term in Section 6.03(m)(i).

"**Laredo Employee Plans**" shall have the meaning given that term in Section 6.03(n)(i).

"**Laredo Environmental Defect Amount**" shall mean, (a) the reasonably estimated costs and expenses to correct such Environmental Defect in the most cost effective manner reasonably available, consistent with Environmental Laws and the proposed use of the Laredo Property, Laredo Real Property or Laredo Facility or (b) the amount of Environmental Liabilities reasonably believed will be incurred or required to be paid by Laredo or any of its subsidiaries with respect thereto.

"**Laredo Facilities**" shall have the meaning given that term in the definition of "Laredo Assets".

"**Laredo Financial Statements**" shall have the meaning given that term in Section 6.03(j).

"**Laredo Indemnitees**" shall mean Laredo and its members, shareholders and Affiliates, and the officers, board of directors and/or managers, employees, agents and representatives of

each of the foregoing Persons. From and after the Closing, "Laredo Indemnitees" shall also include the Company and its shareholders and Affiliates, and the officers, board of directors and/or managers, employees, agents and representatives of each of the foregoing Persons, except to the extent of any such Person's capacity as a Contributor or an Affiliate of such Contributor as related to this Agreement.

"**Laredo Leased Real Property"** shall mean all of the real property leased by Laredo and any of its subsidiaries, except for the Laredo Leases.

"**Laredo Leases**" shall have the meaning given that term in the definition of "Laredo Assets".

"**Laredo Material Contract**" shall have the meaning given that term in Section 6.03(x)(i) and Section 6.03(x)(ii).

"**Laredo Owned Real Property**" shall mean those parcels of real property, other than the Laredo Properties, owned in fee and used or held for use by Laredo and any of its subsidiaries, and all buildings, structures, improvements, and fixtures thereon, together with all rights of way, easements, privileges and appurtenances pertaining or belonging thereto, including any right, title and interest of Laredo and any of its subsidiaries in and to any street or other property adjoining any portion of such property.

"**Laredo Properties**" shall have the meaning given that term in the definition of "Laredo Assets".

"**Laredo Real Property**" shall mean Laredo Leased Real Property and Laredo Owned Real Property.

"**Laredo Reserve Report**" shall mean the reserve report dated December 31, 2010 related to the Laredo Properties.

"**Laredo Restricted Units**" shall have the meaning given that term in Section 6.03(h).

"**Laredo Title Defect Amount**" shall mean:

(a) any reduction in the Allocated Value of any Laredo Property arising from a Title Defect that has been agreed to by the Company and Laredo;

(b) in the event of a Title Defect that is undisputed and liquidated in amount, the amount required to be paid to remove such Title Defect from the affected Laredo Property; and

(c) in the event of a Title Defect which represents a discrepancy between (A) the actual Net Acreage for any Laredo Lease or the actual Net Revenue Interest for any other Laredo Property, as applicable, and (B) the represented Net Acreage stated on Exhibit B—Part 1 or the Net Revenue Interest stated on Exhibit B—Part 2, as applicable, then the Laredo Title Defect Amount shall be the product of the Allocated Value of such Laredo Lease or Laredo Property, multiplied by a fraction, the numerator of which is the Net Acreage decrease or Net

Revenue Interest decrease, as applicable, and the denominator of which is the represented Net Acreage stated on Exhibit B—Part 1 or the Net Revenue Interest stated on Exhibit B—Part 2, as applicable; *provided* that if the Title Defect is not effective or does not affect a Laredo Lease or Laredo Property throughout the shorter of (i) the term of the applicable Laredo Lease or (ii) the productive life and abandonment of such Laredo Lease or Laredo Property, the Laredo Title Defect Amount determined under this subsection shall be reduced accordingly.

Notwithstanding anything to the contrary herein, (i) the aggregate Laredo Title Defect Amounts attributable to the effects of all Title Defects upon any given Laredo Lease or Laredo Property shall not exceed the Allocated Value of such Laredo Lease or Laredo Property; (ii) in the event that a Title Defect may reasonably be cured prior to Closing, the Laredo Title Defect Amount determined under subsections (c) or (i) above shall not be greater than the lesser of (A) the reasonable cost and expense of curing such Title Defect or (B) the share of such curative work cost and expense which is allocated to such Laredo Lease or Laredo Property pursuant to subsection (iii) below; and (iii) the Laredo Title Defect Amount with respect to a Laredo Lease or Laredo Property shall be determined without duplication of any costs or losses included in another Laredo Title Defect Amount hereunder. To the extent that the cost to cure any Title Defect will result in the curing of all or a part of one or more other Title Defects, such cost of cure shall be allocated among the Laredo Leases or Laredo Properties so affected on a fair and reasonable basis.

"**Laredo Unaudited April 30, 2011 Balance Sheet**" shall mean the unaudited consolidated balance sheet of Laredo and its subsidiaries as of April 30, 2011.

"**Laredo Unit Interests**" shall have the meaning given that term in the definition of "Laredo Assets".

"**Laredo Wells**" shall have the meaning given that term in the definition of "Laredo Assets".

"**Law**" shall mean any applicable statute, law, rule, regulation, ordinance, order, code, ruling, writ, injunction, decree or other official act of or by any Governmental Authority.

"**Liabilities**" shall mean any and all claims, causes of action, payments, charges, judgments, assessments, liabilities, obligations, losses, damages, penalties, fines or costs and expenses, including any attorneys' fees, legal or other expenses incurred in connection therewith and including liabilities, costs, losses and damages for personal injury or death or property damage.

"**Liens**" shall mean any mortgage, lien, pledge, security interest or other charge or encumbrance, any financing lease having substantially the same economic effect as any of the foregoing, any assignment of the right to receive income, or any other type of preferential arrangement.

"**LLC Agreement**" shall have the meaning given that term in the Recitals.

"**LPI**" shall have the meaning given that term in the Recitals.

"**Material Adverse Effect**" shall mean, with respect to Contributors, the Company or Laredo (which for the purpose of this definition shall mean Laredo and its subsidiaries), as applicable, (a) a material adverse change in or a material adverse effect on (i) the business, operations, prospects, assets and properties, Liabilities (actual or contingent), or condition (financial or otherwise) of the Company or Laredo, as applicable, taken as a whole, or (ii) the ability of any Contributor, the Company or Laredo, as applicable, to perform any of the obligations in connection with the consummation of the transactions contemplated by this Agreement and the other Transaction Documents, or (b) any event or circumstance that could reasonably be expected to result in a material adverse effect or material adverse change described in clause (a); *provided, however*, that no change, circumstance, effect, event or fact shall be deemed (individually or in the aggregate) to constitute, nor shall any of the foregoing be taken into account in determining whether there has been or may be, a Material Adverse Effect, to the extent that such change, circumstance, effect, event or fact results from, arises out of, or relates to (A) a general deterioration in the economy or changes in Hydrocarbon prices or other changes affecting the oil and gas industry generally; (B) war, the outbreak or escalation of hostilities, the declaration by the United States or any other country of a national emergency or war or the occurrence of any other calamity or crisis, including acts of terrorism; (C) the disclosure of the transactions set forth in this Agreement; (D) this Agreement or the transactions contemplated by this Agreement or the public announcement thereof; (E) any change in accounting or tax requirements or principles imposed by GAAP or any change in Applicable Laws, or the interpretation thereof; (F) changes in conditions in the capital or financial markets generally, including changes in interest or exchange rates; (G) actions taken by, at the request of, or with the approval of, the Party asserting such Material Adverse Effect; (H) compliance with the terms of, or the taking of any action required by, any Transaction Document; or (I) any other matter only to the extent specifically set forth in a disclosure schedule to this Agreement as of the date hereof.

"**Material Transaction**" shall have the meaning given that term in Section 7.10.

"**Multiemployer Plan**" shall have the meaning given that term in Section 6.02(m)(ii).

"**Net Acreage**" shall mean the net leasehold acres of the Company under any Company Lease or of Laredo under any Laredo Lease, as the same appear of record or as same are reflected on Exhibit A—Part 1 and Exhibit B—Part 1, as applicable.

"**Net Revenue Interest**" shall mean an interest (expressed as a percentage or decimal fraction) in and to all Hydrocarbons produced and saved from or attributable to a Company Property or Laredo Property, as applicable.

"**New Laredo Preferred Units**" shall have the meaning given that term in the Recitals.

"**Non-Transferred Excluded Asset**" shall have the meaning given that term in Section 11.05.

"**Optionholders**" shall mean the holders of Options.

"**Options**" shall mean the collective reference to all options to purchase shares of Common Stock issued pursuant to the Stock Option Plan and any and all other options to purchase shares of Common Stock.

"**Ordinary Course of Business**" shall mean, with respect to any action taken by a Person (which when used in context to Laredo, shall mean Laredo and its subsidiaries):

(a) such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person; and

(b) such action is similar in nature and magnitude to actions customarily taken in the ordinary course of the normal day-to-day operations of other Persons that are in the same line of business as such Person and consistent with prudent oilfield practices.

"**Organizational Documents**" shall mean, with respect to a particular Person (other than a natural person), the certificate or articles of incorporation, bylaws, partnership agreement, limited liability company agreement, trust agreement or similar organizational document or agreement, as applicable of such Person.

"**Outstanding Amount**" shall mean $247,900,000.

"**Owned Company Stock**" shall have the meaning given that term in the Recitals.

"**Parties**" shall have the meaning given that term in the Preamble.

"**Payoff Amount**" shall mean the amount required to fully discharge as of Closing the Indebtedness represented by the Company Credit Facility.

"**Permitted Encumbrances**" shall mean (a) Liens for Taxes not yet due and payable or being contested in good faith by appropriate proceedings; (b) mechanics', carriers', workers', repairers' and other similar Liens imposed by applicable Law arising or incurred in the Ordinary Course of Business for obligations that are not overdue or that are being contested in good faith by appropriate proceedings and that are not, individually or in the aggregate, significant; (c) Liens arising under an operating agreement, Company Lease or Laredo Lease, as applicable, or similar agreement for obligations that are not overdue or that are being contested in good faith by appropriate proceedings; (d) in the case of leases of vehicles, rolling stock and other personal property, encumbrances that do not materially impair the operation of the business at the location at which such leased equipment or other personal property is located; (e) easements, rights of way, servitudes, permits, surface leases and other rights in respect of surface operations; (f) deposits to secure the performance of bids, contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the Ordinary Course of Business; (g) zoning regulations and restrictive covenants and easements that do not detract in any material respect from the value of the Company Real Property or Laredo Real Property, as applicable, or the Company Assets or Laredo Assets, as applicable, do not materially and adversely affect, impair or interfere with the use of any property affected thereby and are not violated by the current use and operation of any property of the Company or Laredo, as applicable; (h) public utility easements of record, in customary form, to serve the Company Assets or Laredo Assets, as applicable; (i) Liens securing

all or any portion of the amounts outstanding under the Company Credit Facility or the Laredo Credit Facility, as applicable; (j) landlords' Liens arising by operation of Law in favor of landlords under the leases with respect to the Company Leased Real Property or Laredo Leased Property, as applicable, and respecting which the Company or Laredo, as applicable, is not in default; (k) mortgages, deeds of trust and other security instruments, and ground leases or underlying leases covering the title, interest or estate of such landlords with respect to the Company Leased Real Property or Laredo Leased Property, as applicable, and to which the leases with respect to the Company Leased Real Property or Laredo Leased Property, as applicable, are subordinate; (l) hedging contracts and other commodity or financial future or option contracts or similar derivative contracts to the extent, if at all, set forth in Schedule 6.02(j)(ii) or Schedule 6.03(k)(ii), as applicable; (m) preferential rights to purchase and consent to transfer requirements of any Person not triggered by the consummation of the transactions contemplated herein or with respect to applicable prior transactions, such consents have been obtained and the preferential purchase rights have been waived or expired without exercise; (n) preferential rights to purchase and required Third-Party consents to assignments and similar agreements with respect to which, prior to Closing, (1) waivers or consents are obtained from the appropriate parties, or (2) the appropriate time period for asserting such rights has expired without an exercise of such rights, or (3) arrangements can be made on terms satisfactory to Laredo or the Company, as applicable, in its sole discretion, to allow Laredo or the Company, as applicable, to receive substantially the same economic benefits as if all such waivers and consents had been obtained; and (o) Liens set forth on Schedule 6.02(j)(vi) or Schedule 6.03(k)(vi), as applicable.

"**Person**" shall mean an individual, corporation, partnership, association, trust, limited liability company or any other entity or organization, including government or political subdivisions or an agency, unit or instrumentality thereof.

"**Preferred Stock**" shall mean the preferred stock of the Company, par value $0.001 per share.

"**Purchase and Sale Agreement**" shall have the meaning given that term in the Recitals.

"**RCRA**" shall have the meaning given that term in the definition of "Environmental Law".

"**Review**" shall have the meaning given that term in Section 4.01.

"**SEC**" shall mean the Securities and Exchange Commission.

"**Securities Act**" shall mean the Securities Act of 1933, as amended.

"**Sellers**" shall have the meaning given that term in the Purchase and Sale Agreement.

"**Series A Preferred Stock**" shall mean Preferred Stock designated as Series A Convertible Participating Preferred Stock.

"**Series A Preferred Stock Purchase Agreement**" shall mean the Series A Preferred Stock Purchase Agreement dated as of March 26, 2009 by and among the Company and certain Series A Stockholders named therein.

"**Series A Preferred Stockholders**" shall mean the holders of the Series A Preferred Stock.

"**Series A-1 Units**" shall have the meaning given that term in the LLC Agreement.

"**Series A-2 Units**" shall have the meaning given that term in the LLC Agreement.

"**Series B Units**" shall have the meaning given that term in the LLC Agreement.

"**Series C Units**" shall have the meaning given that term in the LLC Agreement.

"**Series D Units**" shall have the meaning given that term in the LLC Agreement.

"**Series E Units**" shall have the meaning given that term in the LLC Agreement.

"**Short Period 2011 Returns**" shall have the meaning given that term in Section 15.01(a).

"**Stock Option Plan**" shall mean the 2006 Stock Incentive Plan of the Company, as amended.

"**Stockholders**" shall mean Common Stockholders and the Series A Preferred Stockholders.

"**Stockholders' Agreement**" shall mean the Stockholders' Agreement dated May 16, 2006, by and among the Company and certain Stockholders named therein, as amended by the Amendment Agreement to Stockholders' Agreement dated March 26, 2009.

"**Tax Liability**" shall mean any Liability related to Taxes.

"**Tax Returns**" shall mean any report, return, form, information statement, payee statement or other return information required to be provided to any Governmental Authority with respect to Taxes or any amendment thereof, including any return of an affiliated, combined or unitary group, and any and all work papers relating to any Tax Return.

"**Taxes**" shall mean any taxes, assessments, unclaimed property and escheat obligations and other governmental charges imposed by any Governmental Authority, including net income, gross income, profits, gross receipts, license, employment, stamp, occupation, premium, alternative or add-on minimum, ad valorem, real property, personal property, transfer, real property transfer, value added, sales, use, environmental (including taxes under Code Section 59A), customs, duties, capital stock, franchise, excise, withholding, social security (or similar), unemployment, disability, payroll, fuel, excess profits, windfall profit, severance, estimated or other tax, including any interest, penalty or addition thereto, whether disputed or not, including

any obligations to indemnify or otherwise assume or succeed to the Tax Liability of any other Person.

"**Third Party**" shall mean any Person other than a Party to this Agreement or an Affiliate of a Party to this Agreement.

"**Title IV Plan**" shall have the meaning given that term in Section 6.02(m)(ii).

"**Title Defect**" shall mean a Lien (other than a Permitted Encumbrance) or other failure or impairment of Defensible Title, other than a Permitted Encumbrance, identified by Laredo or the Company, as applicable, and disclosed in writing to the other Party prior to 5:00 p.m. CST on the expiration date of the Examination Period, the presence of which constitutes a breach in the Company's representations and warranties set forth in Section 6.02(v)(iii) or in Laredo's representations and warranties set forth in Section 6.03(w)(iii), as applicable, with regard to a Company Property or a Laredo Property, as applicable, that has not been cured or removed prior to the Closing, but only if the Company Title Defect Amount or Laredo Title Defect Amount, as applicable, attributable thereto is in excess of $100,000. Notwithstanding any other provision in this Agreement to the contrary, the following matters shall not constitute, and shall not be asserted as, a Title Defect: (A) defects or irregularities arising out of lack of corporate authorization; (B) defects or irregularities that have been cured or remedied by the applicable statutes of limitation; (C) defects or irregularities in the chain of title consisting of the failure to recite marital status in documents or immaterial irregularities or omissions of heirship proceedings; (D) minor defects or irregularities in title affecting producing Company Wells or producing Laredo Wells, as applicable, which for a period of the shorter of (i) three years or (ii) the life of such producing Company Well or producing Laredo Well, as applicable, (not to be less than one year) or more have not delayed or prevented the Company or Laredo and its subsidiaries, as applicable, from receiving an amount equal to at least its Net Revenue Interest share of the proceeds of production and have not caused the Company or Laredo and its subsidiaries, as applicable, to bear a share of expenses and costs greater than its Working Interest share from the applicable Company Well or Laredo Well; (E) defects or irregularities resulting from or related to probate proceedings or the lack thereof which defects or irregularities have been outstanding for the shorter of (i) three years or (ii) the life of such producing Company Well or producing Laredo Well, as applicable, (not to be less than one year) or more and (F) decreases resulting from yet to have expired nonproducing depths and nonproducing tracts of the Company Leases or Laredo Leases, as applicable, pursuant to the terms thereof; *provided, however*, matters covered by clauses (A), (C), (D) and (E) above shall constitute a Title Defect if Laredo or the Contributor Representative, as applicable, provides the Contributor Representative or Laredo, as applicable, with sufficiently clear evidence of an actual claim or the high probability of a claim of title made or being made by a Third Party based on such matter.

"**Title Defect Notice**" shall have the meaning given such term in Section 4.02.

"**Title Defect Property**" shall have the meaning given such term in Section 4.02.

"**Transaction Documents**" shall mean, collectively, this Agreement and any other agreement or document delivered pursuant to this Agreement.

"**Transfer Documents**" shall have the meaning given that term in Section 10.02.

"**Unitholders**" shall mean the holders of Units.

"**Units**" shall mean, collectively, the Existing Laredo Preferred Units and the Laredo Restricted Units.

"**Warburg**" shall have the meaning given that term in the Preamble.

"**WARN Act**" shall mean the Worker Adjustment and Retraining Notification Act, as amended.

"**Welfare Plan**" shall have the meaning given that term in Section 6.02(m)(vii).

Section 1.02 Interpretation. As used in this Agreement, unless the context otherwise requires, the term "includes" and its syntactical variants means "includes but is not limited to." The headings and captions contained in this Agreement have been inserted for convenience only and shall not be deemed in any manner to modify, explain, enlarge or restrict any of the provisions hereof. Preparation of this Agreement has been a joint effort of the Parties and the resulting document shall not be construed more severely against one of the Parties than against the other. All references herein to "Sections" and "Articles" in this Agreement shall refer to the corresponding section and article of this Agreement unless specific reference is made to such sections of another document or instrument. The words "hereof," "herein" and "hereunder" and words of similar import when used in any agreement or instrument shall refer to such agreement or instrument as a whole and not to any particular provision of such agreement or instrument.

ARTICLE II
COMPANY ASSETS

Section 2.01 Assets. Subject to Section 2.02, the term "**Company Assets**" shall mean, less and except the Excluded Assets, all of the Company's properties and assets, including its right, title and interest in and to:

(a) (i) all oil and gas leases (including interests arising under forced pooling orders) of the Company (the Company's interests in such leases, and including all fee royalty, mineral interest and overriding royalty interests, collectively, the "**Company Leases**"), including those as more particularly described in Exhibit A—Part 1, and (ii) the interests in any units or pooled or communitized lands arising on account of the Company Leases having been unitized or pooled into such units or with such lands (the Company's interests in such units and lands, the "**Company Unit Interests**");

(b) all interests of the Company under any Company Leases and Contracts to "deep rights" or undeveloped zones, formations or common sources of supply (collectively, the "**Company Deep Rights**");

(c) all existing (on or after the date of this Agreement but prior to Closing) oil and gas wells located on lands covered by the Company Leases or Company Unit Interests (the Company's interests in such wells, collectively and including the wells set forth on Exhibit A—

Part 2, the "**Company Wells**," and the Company Leases, the Company Unit Interests, the Company Deep Rights and the Company Wells being collectively referred to hereinafter as the "**Company Properties**");

(d) all movable or personal property, improvements, fixtures, platforms, facilities (production, gathering or otherwise), structures, tubular goods, gathering lines, compressors, flow lines, injection lines, disposal wells, injection wells, pipelines, processing or separating systems and plants, tanks, pits, boilers, buildings, machinery, equipment (surface and downhole, well and production, owned or leased, or otherwise), inventory, utility lines, power lines, telephone lines, roads and all other personal property, fixtures and facilities to the extent appurtenant to or used or obtained for use in connection with the Company Properties, including in each case such assets set forth on Exhibit A— Part 3 (collectively, the "**Company Facilities**");

(e) all permits, licenses, servitudes, easements, rights-of-way, surface fee interests and other surface use agreements to the extent used in connection with the ownership or operation of the Company Properties or the Company Facilities, including those described in Exhibit A—Part 4 (collectively, the "**Company Access Rights**");

(f) the offices described on Exhibit A—Part 5, including the computers, furniture and other personal property located therein, and the lands and leases associated therewith, including those described in Exhibit A—Part 5;

(g) the Hydrocarbons produced from or attributable to the Company Properties;

(h) all Contracts (including the Contracts listed in Exhibit A—Part 6);

(i) all Imbalances relating to the Company Properties;

(j) all of those records, files, contracts, orders, agreements, permits, licenses, easements, maps, data, interpretations, seismic data, geological and geographic information, schedules, reports and logs relating to the Company or the other Company Assets (collectively referred to as the "**Company Files**");

(k) all vehicles, including those described on Exhibit A—Part 7; and

(l) the Company Real Property.

Section 2.02 Excluded Assets. The Company Assets shall not include, and there is excepted, reserved and excluded from the purchase and sale contemplated hereby, the Excluded Assets. The "**Excluded Assets**" shall mean:

(a) the Stockholders' Agreement and Series A Preferred Stock Purchase Agreement; and

(b) the assets described in Exhibit C or otherwise expressly retained hereunder.

ARTICLE III
CONTRIBUTION

Section 3.01 Agreement to Contribute. Subject to the terms and conditions of this Agreement, at the Closing, Contributors agree to contribute the Contributed Company Stock to Laredo in exchange for the Equity Consideration, as adjusted pursuant to this Agreement. The percentages of the Equity Consideration to be received by each Contributor, as determined in accordance with the Company's Organizational Documents, are set forth on Annex A. In accordance with the Company's Organizational Documents and this Agreement, the Equity Consideration allocated to each Contributor shall be adjusted at Closing to reflect the Adjusted Equity Consideration. Laredo, the Company and the Contributor Representative shall cause any adjustment in the percentages of the Equity Consideration as set forth in Annex A to be determined not less than three Business Days before the Closing Date. The Adjusted Equity Consideration shall be paid by Laredo to Contributors at the Closing as set forth in Annex A as so adjusted.

Section 3.02 Allocated Values. Laredo and Contributors agree that the unadjusted Equity Consideration is allocated among the Company Properties in the amounts set forth in Exhibit A—Part 1 or Exhibit A—Part 2. The "**Allocated Value**" for any Company Property is the portion of the unadjusted Equity Consideration allocated to such Company Property on Exhibit A—Part 1 or Exhibit A—Part 2. The "**Allocated Value**" for any Laredo Property is the portion of the unadjusted Equity Consideration allocated to such Laredo Property on Exhibit B—Part 1 or Exhibit B—Part 2.

ARTICLE IV
TITLE MATTERS

Section 4.01 Title Examination Period. From the date of this Agreement until 5:00 p.m. (local time in Dallas, Texas) on June 24, 2011 (the "**Examination Period**"), the Company shall afford to Laredo, and Laredo shall afford to the Company, and their respective authorized representatives reasonable access during normal business hours to the office, personnel and books and records of the Company or Laredo and its subsidiaries, as applicable, in order for the other Party to conduct an examination as it may in its sole discretion choose to conduct with respect to the Company Properties or the Laredo Properties, as applicable (the "**Review**"); *provided*, *however*, that such investigation shall be upon reasonable notice and shall not unreasonably disrupt the personnel and operations of the Company or Laredo and its subsidiaries, as applicable. Such books and records shall include, without limitation, all abstracts of title, title opinions, title files, ownership maps, lease files, assignments, division orders, operating records and agreements, well files, financial and accounting records, geological, geophysical and engineering records, tax files, and any other files and records relating to the Company Properties or Laredo Properties, as applicable, in each case insofar as same may now be in existence and in the possession of the Company or Laredo and any of its subsidiaries, as applicable, excluding, however, any information that the Company or Laredo or any of its subsidiaries, as applicable, is prohibited from disclosing by bona fide, Third Party confidentiality restrictions; *provided*, that if requested by the other Party, the Company or Laredo, as applicable, shall use its commercially reasonable efforts, without the requirement to make any payment or provide any other consideration, to obtain a waiver of any such restrictions in favor of Laredo or

the Company, as applicable. The cost and expense of the Review, if any, shall be borne solely by the Party incurring such cost and expense. Laredo and the Company, as applicable, shall not, during the Examination Period, contact any of the customers or suppliers of the other Party, or the other Party's working interest co-owners, operators, lessors or surface interest owners, in connection with the transactions contemplated hereby, whether in person or by telephone, mail or other means of communication, without the specific prior written consent of the Company or Laredo, as applicable, which consent shall not be unreasonably withheld.

Section 4.02 Notice of Title Defects. If Laredo discovers any Title Defect affecting any of the Company Properties or if the Company discovers any Title Defect affecting the Laredo Properties prior to the expiration of the Examination Period, Laredo or the Company, as applicable, shall notify the other Party of such alleged Title Defect as promptly as reasonably practicable; *provided* that failure to give notice in such manner shall not diminish the right of the Party giving such notice pursuant to this Article IV. To be effective, any such notice (a "**Title Defect Notice**") must (a) be in writing, (b) be received by the Company or Laredo, as applicable, prior to the expiration of the Examination Period, (c) describe the Title Defect in reasonable detail, including the basis therefor (including any alleged variance in the Net Revenue Interest or Working Interest), (d) identify the specific property to which such Title Defect relates, and (e) include the Company Title Defect Amount or the Laredo Title Defect Amount, as applicable. Upon the Company's or Laredo's request, as applicable, the other Party will promptly deliver copies of any documents in such Party's possession concerning the alleged Title Defect, such as title opinions if any have been rendered. Any matters that may otherwise constitute Title Defects, but of which the Company or Laredo, as applicable, has not been notified by the other Party in accordance with the foregoing, shall be deemed to have been waived by the other Party for all purposes. The Company Properties or Laredo Properties, as applicable, affected by such uncured Title Defect shall be referred to herein as the "**Title Defect Property**".

Section 4.03 Title Defect Remedies. Upon the receipt of any Title Defect Notice from Laredo or the Company, as applicable, (a) if the sum of the Title Defects and Environmental Defects exceeds the Aggregate Defect Threshold, the other Party shall have the option, but not the obligation, to attempt to cure such Title Defect by no later than August 1, 2011 at its sole cost and expense, (b) if applicable under Section 9.02(a) or Section 9.02(b)(i), the Equity Consideration shall be adjusted, or (c) if applicable under Section 12.01(c) or (d), either Party may terminate this Agreement.

ARTICLE V
ENVIRONMENTAL MATTERS

Section 5.01 Environmental Examination Period. Laredo and the Company shall have the right, or the right to cause their respective environmental consultant(s) (the "**Environmental Consultant**"), to conduct an environmental review of the Company Real Property, Company Properties and Company Facilities or the Laredo Real Property, Laredo Properties and Laredo Facilities, as applicable, prior to the expiration of the Examination Period

(the "**Environmental Review**"); *provided, however*, that the environmental and physical examination, investigation and assessment of the Company Real Property, Company Properties and Company Facilities or the Laredo Real Property, Laredo Properties and Laredo Facilities, as applicable, may not, without the prior written consent of the Company or Laredo, as applicable, which may not be

unreasonably withheld, include any soil or water tests or borings or other invasive tests or examinations with respect to the Company Real Property, Company Properties and Company Facilities or the Laredo Real Property, Laredo Properties and Laredo Facilities, as applicable, unless the other Party's physical examination and assessment identifies any environmental condition, shows physical signs of contamination or evidences potential violations of Environmental Laws, in which case Laredo or the Company, as applicable, shall have the right to conduct such soil or water tests or borings as are reasonably recommended by the Environmental Consultant. The Company or Laredo, as applicable, shall make all of its records, employees, and physical assets available to the other Party and the Environmental Consultant for inspection and review, to allow the other Party to conduct a reasonable and appropriate environmental inquiry and due diligence investigation. The cost and expense of the Environmental Review, if any, shall be borne solely by the Party incurring such cost and expense. No Person, other than the Environmental Consultant and employees of Laredo or the Company, as applicable, may conduct the Environmental Review. The Company and Laredo shall have the right to have representatives thereof present to observe the Environmental Review conducted by the other Party. With respect to any samples taken in connection with the Environmental Review, the Company and Laredo shall be permitted to take split samples at their sole expense. Laredo and the Company agree to conduct their Environmental Review in a manner so as not to unduly interfere with the business operations of the other Party and in compliance with all applicable Laws, and Laredo and the Company shall exercise due care with respect to the properties of the other Party and their condition.

Section 5.02 Environmental Information. Prior to the Closing, unless otherwise required by applicable Law, Laredo and the Company shall (and shall take commercially reasonable efforts to ensure the Environmental Consultant will, if applicable) treat confidentially any matters revealed by the Environmental Review and any reports or data generated from such review (the "**Environmental Information**"), and Laredo and the Company shall not (and shall take commercially reasonable efforts to ensure the Environmental Consultant, if applicable, will not) disclose any Environmental Information to any Governmental Authority or other Third Party without the prior written consent of the other Party, unless disclosure is required by Environmental Law, court order or mandate of any Governmental Authority having jurisdiction. Prior to the Closing, unless otherwise required by applicable Law, Laredo and the Company may use the Environmental Information only in connection with the transactions contemplated by this Agreement. If Laredo, the Company, the Environmental Consultant, if applicable, or any Third Party to whom Laredo or any of its subsidiaries or the Company, as applicable, (pursuant to the terms of this Agreement) has provided any Environmental Information become legally compelled to disclose any of the Environmental Information, Laredo shall provide the Company, and the Company shall provide Laredo, as applicable, with prompt notice and the Company or Laredo, as applicable, at their expense, may file any protective order, or seek any other remedy, as it deems appropriate under the circumstances. If this Agreement is terminated prior to the Closing, Laredo and the Company shall (a) deliver the Environmental Information to the other Party, (b) destroy all copies thereof in Laredo's or the Company's possession, as applicable, (other than information in Laredo's or the Company's standard computer back-up archive provided such back-up copies shall not be accessed), except to the extent such destruction is prohibited by applicable Law and (c) not disclose such Environmental Information to any other Person, except for disclosures required by applicable Law. Upon the Company's written request to Laredo, or Laredo's written request to the Company, as applicable, Laredo or the Company, as

applicable, shall provide copies of the Environmental Information to the other Party without charge.

Section 5.03 Notice of Environmental Defects. If Laredo, the Company or the Environmental Consultant, if applicable, discovers any Environmental Defect prior to the expiration of the Examination Period, Laredo or the Company, as applicable, shall notify the other Party of such alleged Environmental Defect as promptly as reasonably practicable *provided* that failure to give notice in such manner shall not diminish the right of the Party giving such notice pursuant to this Article V. To be effective, such notice (an "**Environmental Defect Notice**") must (a) be in writing; (b) be received by the Company or Laredo, as applicable, prior to the expiration of the Examination Period; (c) describe the Environmental Defect in reasonable detail, including the specific Company Real Property, Company Property and Company Facilities or Laredo Real Property, Laredo Property and Laredo Facilities, as applicable, affected by or associated with such Environmental Defect, and if applicable, identify with reasonable specificity the Environmental Laws alleged to be violated; (d) describe the procedures recommended to correct, eliminate or pay the Environmental Defect; (e) set forth Laredo's or the Company's, as applicable, good faith estimate of the Company Environmental Defect Amount or Laredo Environmental Defect Amount, as applicable, including the basis for such estimate; and (f) if applicable, a request to exclude the Company Property pursuant to Section 5.04(c). Any matters that may otherwise constitute Environmental Defects, but of which the Company or Laredo, as applicable has not been specifically notified by the other Party in accordance with the foregoing, together with any environmental matter that does not constitute an Environmental Defect, shall be deemed to have been waived by the other Party for purposes of this Article V. With respect to Environmental Defect(s) alleged by Laredo or the Company, as applicable, upon the other Party's request, Laredo or the Company, as applicable, will promptly deliver to the other Party: (i) if applicable, a site plan showing the location of all sampling events, boring logs and other field notes generated by Laredo or the Company, as applicable, during the course of the Environmental Review, describing the sampling methods utilized and the field conditions observed, (ii) all related sampling results and other applicable data, (iii) the written conclusion of the Environmental Consultant, if applicable, that an Environmental Defect is believed to exist and any related recommendations from the Environmental Consultant, if applicable.

Section 5.04 Environmental Defect Remedies. Upon the receipt of any Environmental Defect Notice from Laredo or the Company, as applicable, (a) if the sum of the Environmental Defects and the Title Defects exceeds the Aggregate Defect Threshold, the other Party shall have the option, but not the obligation, to attempt to cure such Environmental Defect by no later than August 1, 2011 at its sole cost and expense, (b) if applicable under Section 9.02(a) or Section 9.02(b)(i), the Equity Consideration shall be adjusted, (c) the other Party may remove the affected Company Property from the transaction contemplated by this Agreement, in which event such Company Property will be treated as an Excluded Asset pursuant to Section 11.05 below and the Equity Consideration will be reduced by the Allocated Value therefor, or (d) if applicable under Section 12.01(c) or (d), either Party may terminate this Agreement.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES

Section 6.01 Representations and Warranties of Contributors. Each Contributor represents and warrants to Laredo severally as to itself and not as to the other Contributors as follows:

(a) Organization. If such Contributor is not a natural person, such Contributor is duly formed, validly existing and in good standing under the Laws of the jurisdiction of its formation, with full corporate or other applicable power and authority to enter into this Agreement and perform its obligations hereunder; and if such Contributor is a natural person, such Contributor has all requisite and legal capacity to enter into this Agreement and perform his or her obligations hereunder. If such Contributor is a natural person, the correct marital status for such Contributor is as set forth on the schedule attached to such Contributor's signature page hereto.

(b) Qualification. If such Contributor is not a natural person, such Contributor is duly qualified to do business and is in good standing in each jurisdiction in which the nature of its business as now conducted makes such qualification necessary, except where the failure to be so qualified or in good standing would not materially hinder or impede the consummation by such Contributor of the transactions contemplated by this Agreement.

(c) Authorization / Approvals.

(i) The execution and delivery by such Contributor of this Agreement and the performance of its, his or her obligations hereunder have been duly and validly authorized by all requisite action of such Contributor and no other actions on the part of such Contributor are necessary to authorize and approve this Agreement and the transactions contemplated hereby.

(ii) There are no Approvals required for such Contributor or any Affiliate of such Contributor (excluding the Company) from or to any Governmental Authority or any other Third Party, in each case, in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement.

(d) Enforceability. This Agreement has been duly executed and delivered by such Contributor and constitutes the valid and legally binding obligation of such Contributor, enforceable in accordance with its terms and conditions except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar Laws affecting the enforcement of creditors' rights generally and by general principles of equity (the "**Enforceability Exceptions**"). At Closing, all documents contemplated by this Agreement to be executed and delivered by such Contributor shall have been duly executed and delivered by such Contributor and all such documents executed and delivered by such Contributor shall constitute valid and binding obligations of such Contributor, enforceable in accordance with their terms and conditions except insofar as the enforceability thereof may be limited by the Enforceability Exceptions.

(e) Noncontravention. Neither the execution and the delivery of this Agreement by such Contributor, nor the consummation of the transactions contemplated hereby by such Contributor will conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, modification, revocation, cancellation or acceleration of any obligation or to the loss of a benefit under, give rise to a right of purchase as to the Owned Company Stock, or result in the creation of any Claim upon the Company or the Owned Company Stock under any provision of (A) any applicable Law, (B) if such Contributor is not a natural person, the Organizational Documents of such Contributor, or (C) any contract or instrument to which such Contributor is a party or by which he, she or it is bound.

(f) Litigation. There are no actions, suits or proceedings, arbitrations or disputes, claims, audits or investigations, whether administrative, judicial or otherwise that are pending or, to the knowledge of such Contributor, threatened by or against or with respect to such Contributor that are attributable to such Contributor's ownership of or relationship with the Company.

(g) Title to Owned Company Stock. Such Contributor is the record and beneficial owner of the applicable Owned Company Stock set forth on the schedule attached to such Contributor's signature pages hereto, free and clear of all Liens. Such Owned Company Stock constitutes all of the Series A Preferred Stock and Common Stock held by such Contributor. The numbers of Preferred Stock, Common Stock and Options set forth in each category of the schedule to such Contributor's signature page hereto are true and correct in all respects. Except for the vested shares of Common Stock and vested Options to be contributed hereunder or to be sold to LPI pursuant to the Purchase and Sale Agreement, there are no shares of Common Stock and Options owned by such Contributor that (i) are vested or (ii) will vest on account of the consummation of the transactions contemplated hereby and by the Purchase and Sale Agreement.

(h) Foreign Person. Such Contributor is not a "foreign person" within the meaning of Section 1445 of the Code.

(i) Investment Representation.

(i) The New Laredo Preferred Units to be issued pursuant to this Agreement will be acquired for investment for such Contributor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and such Contributor has no present intention of selling, granting any participation in, or otherwise distributing the same. Such Contributor does not have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any Third Party, with respect to any of the New Laredo Preferred Units to be issued hereunder.

(ii) Such Contributor understands that the issuance of the New Laredo Preferred Units in accordance with the terms of this Agreement has not been registered under the Securities Act on the ground that the offer and sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under

the Securities Act pursuant to Section 4(2) thereof and Rule 506 promulgated thereunder.

(iii) Such Contributor believes it has received all the information such Contributor considers necessary or appropriate for deciding whether to invest in the New Laredo Preferred Units to be issued hereunder. Such Contributor has had an opportunity to ask questions and receive answers from Laredo regarding the terms and conditions of the offering of the New Laredo Preferred Units to be issued hereunder and the business, properties, prospects and financial condition of Laredo.

(iv) Such Contributor confirms that he, she or it has such knowledge and experience in financial and business matters that such Contributor is capable of evaluating the merits and risks of an investment in the New Laredo Preferred Units to be issued hereunder and of making an informed investment decision and understands that (A) this investment is suitable only for an investor which is able to bear the economic consequences of losing its entire investment, (B) the exchange of Contributed Company Stock with the New Laredo Preferred Units to be issued hereunder is a speculative investment which involves a high degree of risk of loss of the entire investment, and (C) there are substantial restrictions on the transferability of, and there will be no public market for, the New Laredo Preferred Units to be issued hereunder, and accordingly, it may not be possible for such Contributor to liquidate its investment in case of emergency.

(v) Such Contributor is an "accredited investor," as such term is defined in Rule 501(e) under the Securities Act.

(vi) Such Contributor understands that none of the New Laredo Preferred Units to be issued hereunder may be sold, transferred, or otherwise disposed of without registration under the Securities Act or an exemption therefrom, and that in the absence of either an effective registration statement covering such sale or disposition or an available exemption from registration under the Securities Act, the New Laredo Preferred Units to be issued hereunder must be held indefinitely. In particular, such Contributor is aware that the New Laredo Preferred Units to be issued hereunder may not be sold pursuant to Rule 144 promulgated under the Securities Act unless all of the conditions of that Rule are met.

(j) Taxes. Such Contributor has reviewed with its, his or her own Tax advisors the federal, state, local and the other Tax consequences of the transactions contemplated by this Agreement. Such Contributor acknowledges and agrees that Laredo is not making any representation or warranty as to the federal, state, local or other Tax consequences to such Contributor as a result of the transactions contemplated by this Agreement. Such Contributor understands that it, he or she (and not the Company or Laredo) shall be responsible for such Contributor's own Tax Liability that may arise as a result of the transactions contemplated hereby, except as otherwise specifically provided herein.

(k) Brokers' Fees. Except as described on Schedule 6.01(k), such Contributor does not have any Liability to pay any fees or commissions to any broker, finder or agent with

respect to the transactions contemplated by this Agreement for which Laredo or the Company will be liable or obligated or which would otherwise burden the Company Assets.

(l) Compliance. Such Contributor is in compliance with all applicable Laws, except where failure to comply would not have, individually or in the aggregate, a Material Adverse Effect on such Contributor.

(m) Holding Company. If such Contributor is not a natural person, such Contributor has not, since the date of its formation, carried on any business or conducted any operations other than holding ownership of the shares of Capital Stock of the Company.

(n) Investment Company. If such Contributor is not a natural person, such Contributor is not required to be registered as an investment company under the Investment Company Act of 1940, as amended.

Section 6.02 Representations and Warranties Regarding the Company. The Company hereby represents and warrants to Laredo as follows:

(a) Organization. The Company is duly formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation, has all requisite power and authority to own, lease and operate the Company Properties and to carry on its business as now being conducted. True, correct and complete copies of the Company's Organizational Documents, each as amended and in effect on the date of this Agreement, have been furnished or made available to Laredo or its representatives. The Company is in compliance with all provisions of its Organizational Documents. The minute book of the Company accurately reflects actions taken by the Company's board of directors (the "**Board of Directors**"), committees of the Board of Directors, and the Stockholders. All such actions were properly taken with a quorum present and acting throughout each such meeting. The stock transfer book of the Company accurately reflects all issuances and transfers of shares of the Company's Capital Stock. The Company possesses its minute book and stock transfer book.

(b) Qualification. The Company is duly qualified to do business and is in good standing in each jurisdiction in which the nature of its business as now conducted, or the ownership, operation or leasing of the Company Assets makes such qualification necessary.

(c) Authorization / Approvals.

(i) The execution and delivery by the Company of this Agreement and the performance of its obligations hereunder have been duly and validly authorized by all requisite action of the Company and no other actions on the part of the Company are necessary to authorize and approve this Agreement and the transactions contemplated hereby.

(ii) Subject to compliance with the consent rights and preferential rights to purchase set forth on Schedule 6.02(x), and other than as set forth on Schedule 6.02(c), there are no Approvals required for the Company from or to any Governmental Authority or any other Third Party, in each case, in connection with the execution and

delivery of this Agreement and the consummation of the transactions contemplated by this Agreement.

(d) Enforceability. This Agreement has been duly executed and delivered by the Company and constitutes the valid and legally binding obligation of the Company, enforceable in accordance with its terms and conditions, except insofar as the enforceability thereof may be limited by the Enforceability Exceptions. At Closing, all documents contemplated by this Agreement to be executed and delivered by the Company shall have been duly executed and delivered by the Company and all such documents executed and delivered by the Company shall constitute valid and binding obligations of the Company, enforceable in accordance with their terms and conditions except insofar as the enforceability thereof may be limited by the Enforceability Exceptions.

(e) Noncontravention. Except as described on Schedule 6.02(e), assuming (i) compliance with all Approval requirements set forth on Schedule 6.02(c) and consent rights and preferential rights to purchase set forth on Schedule 6.02(x) and (ii) the release at the Closing of the mortgages and security interests upon the Company Assets securing the Company Credit Facility, neither the execution and the delivery of this Agreement by the Company, nor the consummation of the transactions contemplated hereby by the Company will conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, modification, revocation, cancellation or acceleration of any obligation or to the loss of a benefit under, give rise to a right of purchase as to the Owned Company Stock, or result in the creation of any Claim upon the Company or the Owned Company Stock under any provision of (A) any applicable Law, (B) the Organizational Documents of the Company or (C) any Company Material Contract.

(f) Litigation. There are no actions, suits or proceedings, arbitrations or disputes, claims, audits or investigations, whether administrative, judicial or otherwise that are pending or, to the Knowledge of the Company, threatened, by or against or with respect to any Company Assets or the Company.

(g) Capitalization; Options.

(i) As of the date of this Agreement, the authorized Capital Stock of the Company consists of 2,900,000 shares of Common Stock and 2,200,000 shares of Preferred Stock, all shares of which are designated as Series A Preferred Stock. As of the date of this Agreement, (A) 199,858.6 vested shares of Common Stock and 49,434.4 unvested shares of Common Stock are issued and outstanding; (B) except as set forth on Schedule 6.02(g)(i), no shares of Common Stock are held by the Company in treasury; (C) 1,597,000 shares of Series A Preferred Stock are issued and outstanding; and (D) 3,000 shares of Series A Preferred Stock are held by the Company in treasury. No bonds, debentures, notes or other instruments or evidence of Indebtedness having the right to vote (or convertible into, or exercisable or exchangeable for, securities having the right to vote) on any matters on which the Stockholders may vote are issued or outstanding. All outstanding shares of Common Stock and Series A Preferred Stock (x) are duly authorized, validly issued, fully paid and nonassessable and were not issued in violation of any preemptive or other similar rights or any federal or state securities law,

(y) were issued in conformity with the Company's Organizational Documents and (z) are free and clear of all Liens, other than applicable federal and state securities law restrictions. Schedule 6.02(g)(i) sets forth all Stockholders and the Capital Stock (including the number of shares of Common Stock, Series A Preferred Stock and/or Options) held by each Stockholder. Each Stockholder has good and valid title to the Capital Stock (including Common Stock, Series A Preferred Stock and/or Options) shown as owned by such Stockholder on Schedule 6.02(g)(i). Except as set forth above, as set forth on Schedule 6.02(g)(i) and as set forth on Schedule 6.02(g)(ii), as of the date of this Agreement, there are outstanding (1) no shares of Capital Stock or other voting securities of the Company; (2) no securities of the Company convertible into, or exchangeable or exercisable for, shares of Capital Stock or other voting securities of the Company; (3) no stock appreciation, phantom stock, profit participation or similar rights with respect to the Company; and (4) other than the Options, no options, warrants, calls, rights, commitments or agreements to which the Company is a party or by which it is bound, in any case obligating the Company to issue, deliver, sell, purchase, redeem or acquire, or cause to be issued, delivered, sold, purchased, redeemed or acquired, shares of Capital Stock or other voting securities of the Company, or obligating the Company to grant, extend or enter into any such option, warrant, call, right, commitment or agreement. There are no Claims asserted or held by any former Stockholder in such Person's capacity (or alleged capacity) as a securityholder of the Company relating to this Agreement or the transactions contemplated hereby. Except for the vested shares of Common Stock to be contributed by Contributors pursuant hereto or to be sold by Sellers pursuant to the Purchase and Sale Agreement, there are no shares of Common Stock issued and outstanding that (x) are vested or (y) will vest upon consummation of the transactions contemplated hereby and by the Purchase and Sale Agreement.

(ii) As of the date of this Agreement, (A) there are issued and outstanding Options to acquire an aggregate of 236,498 shares of Common Stock with each such Option having the per share exercise price of $100.00, and (B) there are issued and outstanding 197,299.6 vested Options and 39,198.4 unvested Options. Schedule 6.02(g)(ii) sets forth all Optionholders and the number of Options held by each such holder. Except for the vested Options to be contributed by Contributors pursuant hereto or to be sold by Sellers pursuant to the Purchase and Sale Agreement, there are no Options issued and outstanding that (A) are vested or (B) will vest upon consummation of the transactions contemplated hereby and by the Purchase and Sale Agreement.

(h) Other Equity Interests and Joint Ventures. Except as set forth on Schedule 6.02(h), the Company does not (i) own any equity ownership rights in a business entity, whether a corporation, company, joint stock company, limited liability company, general or limited partnership, joint venture, bank, association, trust company, land trust, business trust, sole proprietorship, arrangement treated as a partnership for federal income tax purposes or other business entity or organization, and whether in the form of Capital Stock or any other form of ownership or (ii) have any rights or interests in a joint venture or any similar business arrangement (except for joint operating agreements in the Ordinary Course of Business).

(i) Financial Statements. The Company has delivered to Laredo true and complete copies of (i) the audited financial statements of the Company for the year ended

December 31, 2008, (ii) the audited financial statements of the Company for the year ended December 31, 2009, (iii) the audited financial statements of the Company for the year ended December 31, 2010 and (iv) the unaudited financial statements for the four months ended April 30, 2011 (collectively, the "**Company Financial Statements**"). The Company Financial Statements have been prepared in accordance with GAAP and present fairly in all material respects the financial position, results of operations, cash flows and change in equity of the Company as of and for the periods presented.

(j) No Liabilities; Indebtedness.

(i) Except as disclosed on Schedule 6.02(j)(i), the Company has no Liabilities of any kind, whether accrued, absolute, fixed, contingent or otherwise, other than: (A) Liabilities included in the balances of the "liabilities" column of the balance sheet included in the Company Unaudited April 30, 2011 Balance Sheet; and (B) Liabilities incurred subsequent to the Balance Sheet Date outside the Ordinary Course of Business, which Liabilities referred to in clause (B) are in the aggregate in excess of $500,000. The Company is not, nor has ever been, a party to any "off balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K promulgated by the SEC).

(ii) Schedule 6.02(j)(ii) sets forth a complete and correct list of all Indebtedness of the Company in excess of $500,000 as of the date of this Agreement, identifying the creditor, including name and address, the type of instrument under which the Indebtedness is owed and the amount of the Indebtedness as of the close of business on a date no more than five Business Days prior to the date of this Agreement. With respect to each item of Indebtedness, the Company is not in default and no payments are past due, and no circumstance exists that, with notice, the passage of time or both, could constitute a default by the Company under any item of Indebtedness. The Company has not received any notice of a default, alleged failure to perform or any offset or counterclaim with respect to any item of Indebtedness that has not been fully remedied and withdrawn. The Company has not guaranteed or is responsible or liable for any Indebtedness of any other Person.

(iii) No event has occurred, and no circumstance or condition exists, that has resulted in, or that will or would reasonably be expected to result in, any claim for indemnification, reimbursement, contribution, or the advancement of expenses by any Company Employee (other than a claim for reimbursement by the Company, in the Ordinary Course of Business, of travel expenses or other out of pocket expenses of a routine nature incurred by a Company Employee in the course of performing such Company Employee's duties for the Company) pursuant to: (A) the terms of the Organizational Documents of the Company; (B) any indemnification agreement or other contract between the Company and any such Company Employee; or (C) any applicable Law.

(iv) No event has occurred, and no circumstance or condition exists, that has resulted in, or that will or would reasonably be expected to result in, any Liability of the Company to any current, former, or alleged Stockholder in such Person's capacity (or alleged capacity) as a Stockholder of the Company.

(v) Schedule 6.02(j)(v) sets forth a complete and correct list of all capital expenditures of the Company since the Balance Sheet Date and prior to the date hereof that are not included in the Company Approved Budget, identifying in reasonable detail the Company Property to which such capital expenditure applies. Except as set forth on Schedule 6.02(j)(v), the Company has not signed any Third Party AFEs or any internal AFEs that are not included in the Company Approved Budget exceeding $150,000 net to the Company's interest, elected to be a non-consent co-owner with respect to any Third Party AFE, any internal AFE that is not included in the Company Approved Budget or any applicable joint operating agreement or voluntary pooling agreement, or otherwise submitted to or been bound by a pooling order, in each case since the Balance Sheet Date.

(vi) Except as set forth on Schedule 6.02(j)(vi) and Permitted Encumbrances, there are no Liens on any of the Company Assets, the Owned Company Stock or otherwise upon the Company.

(k) Absence of Certain Changes and Events. Except as set forth in Schedule 6.02(k), since the Balance Sheet Date, the business of the Company has been conducted only in the Ordinary Course of Business and there has not been any:

(i) increase by the Company of any actual, potential or future bonuses, salaries or other compensation to any director, officer, Stockholder or other equity owner or Company Employee or entry into any employment, severance, change in control, retention, equity compensation or other employment Contract with any director, officer, Stockholder or other equity owner or Company Employee or consultant, except for increases in compensation payable or to become payable upon promotion to an office having greater responsibilities or otherwise in the Ordinary Course of Business;

(ii) adoption of, or increase in the payments to, or benefits under, or other amendment to any Company Employee Plan or any profit sharing, bonus, severance, retention, change in control, deferred compensation, savings, insurance, pension, retirement or other employee benefit plan for or with any Company Employees except as required by applicable Law;

(iii) distribution of any cash or other assets of the Company to its Stockholders or other equity owners as a dividend or other distribution;

(iv) amendment or modification of its Organizational Documents;

(v) discharge or satisfaction of any Lien, or payment of any Liabilities other than in the Ordinary Course of Business, or failure to pay or discharge when due any Liabilities the failure to pay or discharge of which has caused or may cause any material damage or risk of material loss;

(vi) subjection of any material portion of the Company Properties or Company Assets to any Lien, except for Permitted Encumbrances;

(vii) material damage, destruction or loss to the Company Assets or Company Properties;

(viii) sale (other than sales of Hydrocarbon production and inventory in the Ordinary Course of Business), lease, transfer, farm-out, or other disposition of any material Company Asset or Company Property;

(ix) borrowing from, or making any loans or advances (except in the Ordinary Course of Business) to, or guarantees for the benefit of, any Persons;

(x) cancellation or waiver of any claims or rights with a value to the Company in excess of $25,000;

(xi) change in the bookkeeping or accounting methods or principles or Tax reporting principles used by the Company;

(xii) election or rescission of any election relating to Taxes or settlement or compromise of any claim relating to Taxes of the Company;

(xiii) merger or consolidation of the Company with any other Person, or acquisition or disposition of any equity interests or business of any other Person;

(xiv) instituting or settlement of any material legal actions, suits or other legal proceedings;

(xv) Material Adverse Effect on the Company; or

(xvi) entry into any contract (other than this Agreement and any document delivered pursuant to or permitted under this Agreement) or agreement by the Company to do any of the foregoing.

(l) Employee Matters.

(i) The Company has delivered to Laredo a true and complete list of each individual employed by the Company as of the date hereof, including the name, salary, title and length of service, hereinafter referred to as the "**Company Employees**."

(ii) Except as set forth on Schedule 6.02(l)(ii), the Company is in material compliance, and has complied in all material respects, with all Laws relating to working conditions or the employment of labor, including provisions thereof related to wages, hours, equal opportunity, collective bargaining, layoffs, immigration compliance, workers' compensation, disabilities, and the collection and payment of social security and other withholding Taxes.

(iii) Except as set forth on Schedule 6.02(l)(iii), there are no administrative charges or court complaints pending or, to the Knowledge of the Company, threatened against the Company before the U.S. Equal Employment Opportunity Commission or any Governmental Authority concerning alleged

employment discrimination or any other matters relating to working terms or conditions or the employment of labor. There are no unfair labor practices charges or complaints pending, or to the Knowledge of the Company, threatened against the Company before the National Labor Relations Board or any Governmental Authority.

(iv) The Company has not experienced any "plant closing" or "mass layoff" as defined by the WARN Act in the last six months.

(v) The Company has not experienced any union organization attempts, material labor disputes or work stoppage or slowdowns due to labor disagreements. To the Knowledge of the Company, there is no labor strike, dispute, work stoppage or slowdown pending or threatened. Except as disclosed on Schedule 6.02(l)(v), there are no collective bargaining agreements or other labor union agreements to which the Company is a party or by which it is bound, nor is the Company the subject of any legal proceeding with any Governmental Authority asserting that the Company has committed an unfair labor practice or seeking to compel it to bargain with any labor organization as to wages or other terms or conditions of employment. The Company has not experienced any union organizing activities and, to the Knowledge of the Company, no such activities are underway or threatened. There is no request for representation pending with the National Labor Relations Board or any Governmental Authority and, to the Knowledge of the Company, no question concerning representation has been raised. There is no labor-related formal grievance or arbitration pending involving the Company.

(vi) Except as set forth on Schedule 6.02(l)(vi) or Schedule 6.02(m)(i) or as otherwise contained in this Agreement, there are no agreements or arrangements for the payment of any pensions, allowances, lump sums or other like benefits on retirement or on death or termination or during periods of disability for the benefit of any employee or former employee or consultant of the Company or for the benefit of the dependents of any such person in operation at the date hereof.

(vii) The Company is not a party to any agreement, contract, arrangement or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code §280G (or any corresponding provision of state, local or foreign Tax law) in connection with the transactions contemplated by this Agreement.

(m) Employee Benefit Plans.

(i) Except as set forth on Schedule 6.02(m)(i), the Company does not sponsor, maintain or contribute to or have any obligation to maintain or contribute to, or have any direct or indirect liability, whether contingent or otherwise, with respect to any plan, program, arrangement or agreement that is a pension, profit-sharing, savings, retirement, employment, consulting, severance pay, termination, executive compensation, incentive compensation, deferred compensation, bonus, stock purchase, stock option, phantom stock or other equity-based compensation, change-in-control, retention, salary continuation, vacation, sick leave, disability, death benefit, group

insurance, hospitalization, medical, dental, life (including all individual life insurance policies as to which the Company is the owner, the beneficiary, or both), Code Section 125 "cafeteria" or "flexible" benefit, employee loan, educational assistance or fringe benefit plan, program, arrangement or agreement, whether written or oral, including, without limitation, any (A) "employee benefit plan" within the meaning of Section 3(3) of ERISA or (B) other employee benefit plans, agreements, programs, policies, arrangements or payroll practices, whether or not subject to ERISA (including any funding mechanism therefor now in effect or required in the future as a result of the transaction contemplated by this Agreement or otherwise) under which any current or former officer, director, employee, leased employee, consultant or agent (or their respective beneficiaries) of the Company has any present or future right to benefits (individually, a "**Company Employee Plan**," and collectively the "**Company Employee Plans**"). All references to the "Company" in this Section 6.02(m) shall refer to the Company, its subsidiaries and Affiliates and any employer that would be considered a single employer with the Company under Sections 414(b), (c), (m) or (o) of the Code.

(ii) The Company does not maintain, contribute or have any liability, whether contingent or otherwise, with respect to, and has not within the preceding six years maintained, contributed or had any liability, whether contingent or otherwise, with respect to any Company Employee Plan (including, for such purpose, any "employee benefit plan," within the meaning of Section 3(3) of ERISA, which the Company previously maintained or contributed to within such preceding six years), that is, or has been, (A) subject to Title IV of ERISA (a "**Title IV Plan**") or Section 412 of the Code, (B) maintained by more than one employer within the meaning of Section 413(c) of the Code, (C) subject to Sections 4063 or 4064 of ERISA, (D) a "multiemployer plan," within the meaning of Section 4001(a)(3) of ERISA (a "**Multiemployer Plan**"), (E) a "multiple employer welfare arrangement" as defined in Section 3(40) of ERISA, or (F) an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA and that is not intended to be qualified under Section 401(a) of the Code.

(iii) (A) Each Company Employee Plan has been established and administered in all material respects in accordance with its terms and in compliance with the applicable provisions of ERISA, the Code and all other applicable Laws; (B) with respect to each Company Employee Plan, all reports, returns, notices and other documentation that are required to have been filed with or furnished to the Internal Revenue Service (the "**IRS**"), the United States Department of Labor ("**DOL**") or any other Governmental Authority, or to the participants or beneficiaries of such Company Employee Plan have been filed or furnished on a timely basis; (C) each Company Employee Plan that is intended to be qualified within the meaning of Section 401(a) of the Code is so qualified and has received a favorable determination letter or opinion letter from the IRS to the effect that the Company Employee Plan satisfies the requirements of Section 401(a) of the Code and that its related trust is exempt from taxation under Section 501(a) of the Code and, to the Knowledge of the Company, there are no facts or circumstances that could reasonably be expected to cause the loss of such qualification or the imposition of any material liability, penalty or tax under ERISA, the Code or any other applicable Laws; (D) other than routine claims for benefits, no Liens,

lawsuits or complaints to or by any person or Governmental Authority have been filed against any Company Employee Plan or the Company or, to the Knowledge of the Company, against any other person or party and, to the Knowledge of the Company, no such Liens, lawsuits or complaints are contemplated or threatened with respect to any Company Employee Plan; (E) no individual who has performed services for the Company has been improperly excluded from participation in any Company Employee Plan; and (F) there are no audits or proceedings initiated pursuant to the IRS Employee Plans Compliance Resolution System (currently set forth in Revenue Procedure 2008-50) or similar proceedings pending with the IRS or DOL with respect to any Company Employee Plan.

(iv) Neither the Company nor any organization to which the Company is a successor or parent corporation, within the meaning of Section 4069(b) of ERISA, has engaged in any transaction described in Sections 4069 or 4212(c) of ERISA.

(v) Neither the Company nor, to the Knowledge of the Company, any other "party in interest" or "disqualified person" with respect to any Company Employee Plan has engaged in a non-exempt "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code involving such Company Employee Plan which, individually or in the aggregate, could reasonably be expected to subject the Company to a tax or penalty imposed by Section 4975 of the Code or Sections 501, 502 or 510 of ERISA. To the Knowledge of the Company, no fiduciary has any liability for breach of fiduciary duty or any other failure to act or comply with the requirements of ERISA, the Code or any other applicable laws in connection with the administration or investment of the assets of any Company Employee Plan.

(vi) All liabilities or expenses of the Company in respect of any Company Employee Plan (including workers compensation) which have not been paid, have been properly accrued on the Company's most recent financial statements in compliance with GAAP. All contributions (including all employer contributions and employee salary reduction contributions) or premium payments required to have been made under the terms of any Company Employee Plan, or in accordance with applicable Law, as of the date hereof have been timely made or reflected on the Company Unaudited April 30, 2011 Balance Sheet in accordance with GAAP.

(vii) The Company has no obligation to provide or make available post-employment benefits under any Company Employee Plan which is a "welfare plan" (as defined in Section 3(1) of ERISA) ("**Welfare Plan**") for any current or former officer, director, employee, leased employee, consultant or agent (or their respective beneficiaries) of the Company, except as may be required under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (otherwise referred to as "**COBRA**"), and at the sole expense of such individual. There are no reserves, assets, surpluses or prepaid premiums with respect to any Company Employee Plan which is a Welfare Plan.

(viii) Except as set forth on Schedule 6.02(m)(viii), neither the execution and delivery of this Agreement nor the consummation of the transactions

contemplated hereby will (either alone or in combination with another event) (A) result in any payment becoming due, or increase the amount of any compensation due, to any current or former officer, director, employee, leased employee, consultant or agent (or their respective beneficiaries) of the Company; (B) increase any benefits otherwise payable under any Company Employee Plan; (C) result in the acceleration of the time of payment or vesting of any such compensation or benefits; or (D) result in a non-exempt "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code. No current or former officer, director, employee, leased employee, consultant or agent (or their respective beneficiaries) has or will obtain a right to receive a gross-up payment from the Company with respect to any excise taxes that may be imposed upon such individual pursuant to Section 409A of the Code, Section 4999 of the Code or otherwise.

(ix) The Company has made available to Laredo with respect to each Company Employee Plan, a true, correct and complete copy (or, to the extent no such copy exists or the Company Employee Plan is not in writing, an accurate written description) thereof and, to the extent applicable: (A) the most recent documents constituting the Company Employee Plan and all amendments thereto, (B) any related trust agreement or other funding instrument and all other material contracts currently in effect with respect to such Company Employee Plan (including, without limitation, all administrative agreements, group insurance contracts and group annuity contracts); (C) the most recent IRS determination letter or opinion letter; (D) the most recent summary plan description, summary of material modifications and any other written communication (or a written description of any oral communications) by the Company to its employees concerning the extent of the benefits provided under a Company Employee Plan; (E) the three most recent (1) Forms 5500 and attached schedules, and (2) audited financial statements; (F) for the last three years, all correspondence with the IRS, the DOL and any other Governmental Authority regarding the operation or the administration of any Company Employee Plan; (G) all discrimination tests for the most recent plan year; and (H) any other documents in respect of any Company Employee Plan reasonably requested by Laredo.

(x) The Company has no plan, contract or commitment, whether legally binding or not, to create any additional employee benefit or compensation plans, policies or arrangements or, except as may be required by Law, to modify any Company Employee Plan. The Company may amend or terminate any Company Employee Plan (other than an employment agreement or any similar agreement that cannot be terminated without the consent of the other party) at any time without incurring liability thereunder, other than in respect of accrued and vested obligations and medical or welfare claims incurred prior to such amendment or termination.

(xi) No Company Employee Plan covers any current or former officers, directors, employees, leased employees, consultants or agents (or their respective beneficiaries) of the Company who reside outside of the United States.

(n) Bank Accounts. The Company has provided to Laredo (i) the name of each financial institution in which the Company has borrowing or investment agreements,

deposit or checking accounts or safe deposit boxes and (ii) the types of those arrangements and accounts, including, as applicable, names in which accounts or boxes are held, the account or box numbers and the name of each Person authorized to draw thereon or have access thereto.

(o) Insurance. Schedule 6.02(o) sets forth a description of all policies of insurance to which the Company is a party or under which the Company is covered, including the types of Liabilities covered thereby, the limits of the coverage and the deductible for which the Company is responsible with respect to such insurance. None of such insurance coverage was obtained through the use of false or misleading information or the failure to provide the insurer with all information requested in order to evaluate the Liabilities and risks insured. All such insurance policies are in full force and effect. There is no material default with respect to any provision contained in any such policy or binder, and the Company has not failed to give any notice or present any claim under such policy or binder in due and timely fashion. There are no billed but unpaid premiums past due under any such policy or binder. Except as shown in Schedule 6.02(o): (i) there are no outstanding claims under any such policies or binders and, to the Knowledge of the Company, there has not occurred any event that might reasonably form the basis of any claim against or relating to the Company that is not covered by any such policies or binders and (ii) no notice of cancellation or non-renewal of any such policies or binders has been received.

(p) Taxes. Except as described on Schedule 6.02(p):

(i) all Tax Returns required to be filed by or with respect to the Company have been duly and timely filed with the appropriate Governmental Authorities taking into account valid extensions;

(ii) such Tax Returns are true and correct in all material respects;

(iii) all Taxes of the Company that have become due and payable have been duly paid;

(iv) there are no administrative proceedings or lawsuits pending or, to the Knowledge of the Company, threatened against the Company or the Company Assets by any Governmental Authority with respect to Taxes;

(v) there are no Liens (other than Permitted Encumbrances) on any of the Company Assets that arose in connection with the failure (or alleged failure) to pay any Tax;

(vi) the Company is not subject to any Liability for Taxes under Treasury Regulation §1.1502-6 (or any similar provision of state, local or foreign Law) or as an indemnitor, successor or transferee of any other Person, by contract or operation of Law;

(vii) all assets owned by the Company, other than intangible assets, have been properly listed and described on the property tax rolls for all periods prior to the Closing Date, and no portion of the assets owned by the Company constitutes omitted property for property tax purposes;

(viii) no jurisdiction in which the Company has not filed a specific Tax Return has asserted that the Company is required to file such Tax Return in such jurisdiction;

(ix) the Company has complied in all respects with all Laws relating to the payment and withholding of Taxes and has, within the time and in the manner prescribed by Law, withheld from Company Employee wages and paid over to the proper Governmental Authority all required amounts;

(x) the Company is not the beneficiary of any extension of time within which to file any Tax Return;

(xi) the Company has not waived any statute of limitations in respect of Taxes nor agreed to any extension of time with respect to a Tax assessment or deficiency;

(xii) the Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(A) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(B) "closing agreement" as described in Code §7121 (or any corresponding or similar provision of state, local or foreign income Tax law) executed on or prior to the Closing Date;

(C) installment sale or open transaction disposition made on or prior to the Closing Date; or

(D) election under Code §108(i); and

(xiii) the Company has not been a party to any "listed transaction," as defined in Code §6707A(c)(2) and Reg. §1.6011-4(b)(2).

(q) Certain Property.

(i) Schedule 6.02(q)(i) sets forth all the Company Owned Real Property. Except as set forth on Schedule 6.02(q)(i), the Company has title insurance insuring indefeasible, fee simple title in and to the Company Owned Real Property, free and clear of all Liens other than Permitted Encumbrances, except as specifically noted in such title insurance policies. True and complete copies of such policies together with all amendments, waivers or other changes thereto have been furnished to Laredo or its representative. The material improvements on each parcel of Company Owned Real Property have access to such sewer, water, gas, electric, telephone and other utilities as are necessary to allow the business of the Company operated thereon to be operated in the Ordinary Course of Business. Except as set forth on Schedule 6.02(q)(i), the material improvements located on each parcel of Company Owned Real Property are in

sufficiently good condition (except for ordinary wear and tear) to allow the business of the Company to be operated in the Ordinary Course of Business. The current use of the Company Owned Real Property by the Company does not violate in any material respect any restrictive covenants of record listed in the applicable title insurance policies as affecting any of the Company Owned Real Property.

(ii) Except for Company Leased Real Property obligations which are less than $100,000 annually, set forth on Schedule 6.02(q)(ii) is a list of all Company Leased Real Property. Each lease set forth on Schedule 6.02(q)(ii) is a valid and binding obligation of the Company and, subject to any of such leases being terminated in the Ordinary Course of Business and in accordance with the terms thereof, is in full force and effect. Except as set forth on Schedule 6.02(q)(ii), the Company is not in default in any material respect under any lease set forth on Schedule 6.02(q)(ii).

(r) Royalty Payments. Except as described on Schedule 6.02(r), all royalties on production, shut-in royalties, overriding royalties and other royalties or similar burdens on production with respect to the Company Properties that have become due and payable have been duly paid (other than royalties held in escrow or suspense accounts).

(s) Hydrocarbon Sales. Except as described on Schedule 6.02(s), (i) the Company is not obligated by virtue of: (A) a prepayment arrangement under any Contract for the sale of Hydrocarbons that contains a "take or pay" provision, (B) a production payment, or (C) any other arrangement, other than gas balancing arrangements, to deliver Hydrocarbons produced from the Company Assets at some future time without then or thereafter receiving payment for the production commensurate with the Company's ownership in and to the Company Properties, and (ii) the Company is not subject to any penalties or other payments under any gas transportation or other agreement as a result of the delivery of quantities of gas from the Company Properties in excess of the Contract requirements.

(t) Environmental Matters. Except as described on Schedule 6.02(t), (i) the Company has not received any notification of and there is no pending or, to the Knowledge of the Company, threatened investigation, claim, penalty or action by any Governmental Authority relating to the environmental condition of the Company Real Property, Company Properties or Company Facilities, (ii) the Company Real Property, Company Properties and Company Facilities, operations and activities of the Company are and have been in material compliance with all applicable Environmental Laws, (iii) the Company and the Company Real Property, Company Properties and Company Facilities, operations and activities are not subject to any existing, pending or, to the Knowledge of the Company, threatened action, suit or proceeding by any Third Party under any Environmental Law, (iv) all Approvals required to be obtained or filed by the Company under any Environmental Law in connection with the ownership and operation of the business of the Company have been obtained or filed (and all renewals thereof have been timely applied for) and are valid and currently in full force and effect and will not be adversely affected by this Agreement, (v) the Company has materially complied with and is in material compliance with all such Approvals, (vi) none of the following exists at any Company Real Property, Company Property or Company Facility currently or previously owned or operated by the Company: (A) under- or above-ground storage tanks, (B) asbestos containing material in any form or condition, (C) materials or equipment containing polychlorinated biphenyls, or (D)

landfills, surface impoundments or disposal areas, (vii) neither the Company nor any of its predecessors has treated, recycled, stored, disposed of, arranged for or permitted the disposal of, transported, handled, or released any substance, including any Hazardous Materials, or owned or operated any property or facility (and no such property or facility is contaminated by any such substance) in a manner that has given or would give rise to any damages, including any damages for response costs, corrective action costs, personal injury, property damage or natural resources damages, pursuant to Environmental Laws, (viii) the transaction will not result in any material Liabilities for site investigation or cleanup, or require the consent of any person, pursuant to any Environmental Laws, including any so-called "transaction-triggered" or "responsible property transfer" requirements, (ix) neither the Company nor any of its predecessors has, either expressly or by operation of Law, assumed or undertaken any material Liability, including any obligation for corrective or remedial action, of any other Person relating to Environmental Laws, and (x) no facts, events or conditions relating to the past or present Company Real Property, Company Property and Company Facilities, nor any of their respective predecessors, will prevent, hinder or limit continued compliance with Environmental Laws, or give rise to any damages or any other Liabilities under Environmental Laws. The Company has furnished to Laredo true and correct copies of all material environmental investigations, assessments, audits, analyses or other reports in its possession or control relating to the Company Real Property, Company Properties and Company Facilities owned or operated by the Company.

(u) Compliance with Laws; Approvals.

(i) Except as described on Schedule 6.02(u), the Company is in compliance in all material respects with all Laws to which the Company or its business, operations, agents, employees, assets or properties are subject (including, all record keeping and reporting requirements thereof). The Company has not received any written claim or notice that the Company is not in compliance in any material respect with any such Laws. The Company has not engaged in any transaction, maintained any bank account or used any corporate funds except for transactions, bank accounts and funds which have been and are reflected in the normally maintained books and records of the Company. To the Knowledge of the Company, neither the Company nor any of its directors, officers, agents or employees, has violated any applicable export control, money laundering or anti-terrorism Law, nor have any of them otherwise taken any action which would cause the Company to be in violation of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable Law of similar effect.

(ii) The Company has all Approvals from Governmental Authorities necessary to operate its businesses in all material respects as currently conducted. All Approvals are valid and in full force and effect, except where the failure to be in full force and effect would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company. The execution of this Agreement by the Company, Contributors and the consummation of the transactions contemplated hereby, and the compliance by Contributors and the Company with the terms hereof, will not cause or permit the imposition of any restrictions of such a nature as would limit any operations of the Company as historically conducted. No event has occurred which permits, or after the giving of notice or lapse of time or both would permit, the

revocation or termination of any Approval or the imposition of any restrictions of such a nature as may limit any of the operations of the Company as historically conducted.

(v) Assets.

(i) The Company Assets constitute all of the properties and assets used or held for use by the Company, except for the Excluded Assets. The Company Assets listed on Exhibit A or on the Company Unaudited April 30, 2011 Balance Sheet constitute all of the material Company Assets.

(ii) Exhibit A—Part 2 sets forth all of the oil and gas wells in which the Company has an interest.

(iii) Except as set forth on Exhibit A—Part 1 or Exhibit A—Part 2, the Company has Defensible Title for all Company Properties. Without limiting the generality of the foregoing, the Company owns and will at the Closing and throughout the life of the Company Leases and/or Hydrocarbon reserves own the Net Revenue Interest and related Working Interest, in each case as set forth on Exhibit A—Part 1 or Exhibit A—Part 2, as applicable, for each of the Company Properties.

(iv) To the Knowledge of the Company, the Company Leases are in full force and effect in accordance with their respective terms. The Company is not in breach of any of its material obligations under any such Company Lease, nor, to the Knowledge of the Company, is any other party to such Company Lease in breach of any of its material obligations thereunder. Specifically, the Company has received no lessor demands (A) for additional drilling arising from express or implied covenants of further development under the Company Leases, (B) to market production from shut-in wells due to the presence of offset wells in the vicinity of the Company Wells, (C) for late royalty payments, shut-in payments, rentals or other monetary obligations owed by the Company under the Company Leases, (D) for releases or partial releases of Company Leases under Pugh clauses, depth clauses or other provisions of the applicable Company Leases, or (E) for interest payments or liquidated damages accruing under the applicable Company Leases.

(v) The Company Facilities are in good working order and sufficient in all material respects to operate the Company Properties in the Ordinary Course of Business, ordinary wear and tear excepted.

(vi) The Company has furnished to Laredo estimates of the Company's proved oil and gas reserves attributable to the Company Properties as of the date set forth in the Company Reserve Report. All information (excluding assumptions and estimates but including the statement of the percentage of reserves from the Company Wells and other interests evaluated therein to which the Company is entitled and the percentage of the costs and expenses related to such Company Wells or interests to be borne by the Company) supplied to Haas Petroleum Engineering Services, Inc. relating to the Company interests referred to in the Company Reserve Report, by or on behalf of the Company, that was material to such firm's estimates of proved oil and gas

reserves attributable to the Company Properties in connection with the preparation of the Company Reserve Report was (at the time supplied or as modified or amended prior to the issuance of the Company Reserve Report) to the Knowledge of the Company, accurate in all material respects and the Company has no Knowledge of any material errors in such information that existed at the time of such issuance. Except for changes (including changes in Hydrocarbon commodity prices) generally affecting the oil and gas industry and normal depletion by production, there has been no change in respect of the matters addressed in the Company Reserve Report that would have, individually or in the aggregate, a Material Adverse Effect on the Company.

(vii) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Company, all Company Properties operated by the Company have been operated in accordance with reasonable, prudent oil and gas field practices and in compliance with the applicable Company Leases, Contracts and Law.

(viii) The Company Access Rights are sufficient in all material respects to permit access to the Company Properties and to operate the Company Properties in the Ordinary Course of Business.

(w) Contracts.

(i) Schedule 6.02(w)(i) sets forth a true and complete list of the following Contracts (excluding any Company Leases and Company Employee Plans) (each, together with the Contracts identified in Section 6.02(w)(ii) and on Schedules 6.02(j)(ii), 6.02(l)(v), 6.02(l)(vi), 6.02(o) and 6.02(x), a "**Company Material Contract**" and collectively, the "**Company Material Contracts**"):

(A) each Contract that involves performance of services or delivery of goods or materials by or to the Company of an amount or value in excess of $500,000 determined on an annual basis;

(B) each Contract that was not entered into in the Ordinary Course of Business and that involves expenditures or receipts of the Company in excess of $500,000 determined on an annual basis;

(C) personal property leases and installment and conditional sales agreements having a value per item or aggregate payments in excess of $500,000 determined on an annual basis;

(D) each Contract containing covenants that in any way purport to restrict the business activity of the Company or any Affiliate of the Company or limit the freedom of the Company or any Affiliate of the Company to engage in any line of business or to compete with any Person;

(E) all drilling, fracing and saltwater disposal Contracts and compressor leases that call for payments in excess of $500,000 over a period of 12 months;

(F) all Contracts that concern the purchase and sale, exchange, marketing, gathering, transportation, compression, processing or treating of Hydrocarbons or similar Contracts relating to or included in the Company Properties that are operated by the Company and that are (1) not terminable without penalty on 60 or less days' notice or (2) can be reasonably expected to result in aggregate monthly revenues to the Company of more than $500,000 (based solely on the terms thereof and without regard to any expected increase in volumes or revenues) during the current or any subsequent calendar year;

(G) all leases (other than a Company Lease) under which the Company is a lessor or lessee of real or personal property, which lease (1) cannot be terminated by the Company without penalty or payment upon sixty or fewer days notice or (2) involves an annual base rental of more than $500,000;

(H) all Contracts (other than the Organizational Documents of the Company) granting any Person registration, purchase or sale rights with respect to the Owned Company Stock or other equity securities of the Company;

(I) all bonds, letters of credit, guaranties and similar instruments issued by the Company, Contributors or their Affiliates and required by contract or applicable Law to be posted or otherwise tendered in order to own/and or operate any of the Company Assets;

(J) all written employment Contracts of the Company that cannot be terminated at will;

(K) any Contract or commitment to which the Company is a party or is bound containing a "right of first refusal," "right of first offer," "buy/sell right," "put or call right," "tag-along or drag-along" rights or other preferential purchase or sale right that is applicable to the transactions contemplated hereby;

(L) any Contract between a Contributor or an Affiliate of such Contributor (other than the Company) and the Company ("**Company Affiliate Contracts**"); and

(M) each amendment, supplement and modification (whether oral or written) in respect of any of the foregoing.

(ii) Although not listed for purposes of Section 6.02(w)(i), each of the following Contracts shall be included in the definition of "**Company Material Contracts**":

(A) each joint venture agreement, partnership agreement and other Contract (however titled) involving a sharing of profits, losses, costs or Liabilities by the Company with any other Person and Contracts providing for commissions based on sales or purchases of or by the Company;

(B) all area of mutual interest, farmout, farmin, joint operating, unit, pooling, communitization or development agreements or similar Contracts; and

(C) all Contracts that pertain to the acquisition of material property by the Company.

(iii) Each Company Material Contract is in full force and effect and is valid and enforceable in accordance with its terms, except as may be limited by the Enforceability Exceptions.

(iv) Except as set forth in Schedule 6.02(w)(iv):

(A) the Company and Contributors, if applicable, are in compliance in all material respects with all applicable terms and requirements of each Company Material Contract under which such Person has any Liability or by which such entity or any of the assets owned or used by such entity is bound;

(B) to the Knowledge of the Company, each other Person (other than Company and Contributors) that has any Liability under any Company Material Contract is in compliance with all applicable terms and requirements of such Company Material Contract;

(C) no event has occurred or circumstance exists that (with or without notice or lapse of time) contravenes, conflicts with or results in a violation or breach of, or gives the Company or other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any Company Material Contract; and

(D) the Company has not given to or, to the Knowledge of the Company, received from any Person any notice or other communication (whether oral or written) regarding any actual, alleged, possible, or potential violation or breach of, or default under, any Company Material Contract.

(v) There are no Contracts that could materially restrict the ability of Laredo to own, use and operate the business and Company Assets and the Company as historically owned, used and operated by the Company and Contributors.

(vi) True and complete copies (including all amendments thereto) of each Company Material Contract have been made available to Laredo.

(vii) The Company Material Contracts together with the other Company Assets are sufficient in all material respects to operate the Company Properties in the Ordinary Course of Business.

(viii) Except as set forth on Schedule 6.02(w)(viii), there are no Contracts by which the Company is bound by any future hedge, swap, collar, put, call, floor, cap, option or other contract that is intended to benefit from, relate to or reduce or

eliminate the risk of fluctuations in the price of commodities, including Hydrocarbons, interest rates, currencies or securities.

(x) Preferential Purchase Rights and Consents. Except as set forth on Schedule 6.02(x), there are no preferential rights to purchase, consents or similar rights that are applicable to the transactions contemplated hereby.

(y) Imbalances. Except as set forth on Schedule 6.02(y), there are no Imbalances existing as of the date of this Agreement or as of the Closing Date with respect to any of the Company Assets or the marketing of Hydrocarbons therefrom.

(z) Payout Balances. Schedule 6.02(z) contains a list of the estimated status of any "payout" balance (net to the interest of the Company), as of the dates shown in such Schedule, for each Company Property that is subject to a reversion or other adjustment at some level of cost recovery or payout.

(aa) Plugging and Abandonment. Except as shown on Schedule 6.02(aa), there are no Company Wells located on the Company Leases or Company Unit Interests with respect to which any Contributor or the Company has received a written order from any Governmental Authority requiring, or any written claim from any other Person requesting or demanding that such Company Wells be plugged and abandoned, where the work relating to such order or claim has not yet been completed. Those Company Wells located on the Company Leases or Company Unit Interests that have been plugged and abandoned have been plugged and abandoned in accordance with applicable contracts and Law in all material respects.

(bb) Payment of Expenses. All expenses, including all bills for labor, materials and supplies used or furnished for use in connection with the Company Assets, and all severance, production, ad valorem and other similar Taxes, relating to the ownership or operation by the Company of the Company Assets, have been, and are being, paid (timely, and before the same become delinquent) by the Company, except such expenses and Taxes as are disputed in good faith by the Company and for which an adequate accounting reserve has been established by the Company. The Company is not delinquent with respect to its obligations to bear costs and expenses relating to the development and operation of any Company Property.

(cc) Suspended Revenues. The Company has segregated all proceeds of production owed to Third Parties for the sale of Hydrocarbons and such suspense funds are not included as assets of the Company on the Company Financial Statements.

(dd) Affiliate Transactions.

(i) Except as set forth on Schedule 6.02(dd)(i), the Company has not made any exchanges, barter arrangements, loans or advances or otherwise extended credit to any directors, officers, agents, employees, consultants or equityholders of the Company, or any of their

respective Affiliates, since the Balance Sheet Date or that are otherwise outstanding, and any such exchanges, barter arrangements, loans, advances or extensions of credit will have been repaid as of Closing.

(ii) Except as set forth in Schedule 6.02(dd)(ii), there are no powers of attorney outstanding by the Company in favor of any other Person.

(iii) Except as set forth in Schedule 6.02(dd)(iii), since the Balance Sheet Date, there has not been paid or been committed to be paid to or for the benefit of any of the directors, officers, agents, employees, consultants or representatives of the Company anything other than fees (including directors' fees), wages, salaries, commissions and expense reimbursements, in each case in the Ordinary Course of Business.

(iv) Schedule 6.02(dd)(iv) sets forth all services and assets owned, licensed to or otherwise held by any Contributor or any Affiliate of such Contributor (other than the Company), that are or were made available or provided to or used by the Company within the one-year period prior to the date of this Agreement or which may be required to operate the business of the Company from and after the Closing Date consistent with past practices in the preceding year.

(v) Except as set forth in Schedule 6.02(dd)(v), (A) the Company is not obligated to pay currently or in the future any amounts to any Contributor or Affiliate of any Contributor for services rendered to the Company, and no Contributor or any Affiliate of any Contributor is obligated to pay currently or in the future any amounts to the Company and (B) since the Balance Sheet Date, the Company has not purchased, transferred or leased any real or personal property from or for the benefit of, paid any commission, salary or bonus to or for the benefit of, any Contributor or any Affiliate of such Contributor or any manager, director, officer, shareholder, member or partner thereof and the Company has not sold, transferred or leased any real or personal property to any Contributor or any Affiliate of any Contributor.

(ee) Intangible Property. There are no material trademarks, trade names, patents, service marks, brand names, computer programs, databases, industrial designs, copyrights or other intangible property that are necessary for the operation, or continued operation, of the business of the Company, or for the ownership and operation, or continued ownership and operation, of any Company Assets, for which the Company does not hold valid and continuing authority in connection with the use thereof.

(ff) Books and Records. All books, records and files of the Company (including those pertaining to the Company Assets, those pertaining to the production, gathering, transportation and sale of Hydrocarbons, and corporate, accounting, financial and employee records): (i) have been prepared, assembled and maintained in accordance with usual and customary policies and procedures; and (ii) fairly and accurately reflect the ownership, use, enjoyment and operation by the Company of the Company Assets.

(gg) Brokers' Fees. Except as described on Schedule 6.02(gg), the Company does not have any Liability to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Laredo or the Company will be liable or obligated after the Closing Date or which would otherwise burden the Company Assets.

(hh) Approved Budget. Schedule 6.02(hh) sets forth the budget of the Company for the year 2011, as approved by the Board of Directors (the "**Company Approved Budget**").

(ii) Internal Accounting Controls. The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded accurately and promptly and as necessary to permit preparation of financial statements in conformity with GAAP and to maintain Company Asset accountability, (iii) access to Company Assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing Company Assets at reasonable intervals and appropriate action is taken with respect to any differences.

(jj) Opinion of Financial Advisor. The Board of Directors has received the opinion of JP Morgan to the effect that, as of the date of such opinion, the Equity Consideration to be received by Contributors in the transactions contemplated hereby is fair, from a financial point of view, to Contributors.

(kk) Investment Company. The Company is not required to be registered as an investment company under the Investment Company Act of 1940, as amended.

Section 6.03 Representations and Warranties of Laredo. Laredo represents and warrants to the Company and Contributors as follows (for purposes of this Section 6.03, the term "Laredo" shall include Laredo and its subsidiaries unless otherwise specified):

(a) Organization. Laredo is duly formed, validly existing and in good standing under the Laws of the jurisdiction of its formation, has all requisite power and authority to own, lease and operate the Laredo Properties and to carry on its business as now being conducted. True, correct and complete copies of Laredo's Organizational Documents, each as amended and in effect on the date of this Agreement, have been furnished or been made available to Contributors, the Company or their respective representatives. Laredo is in compliance with all provisions of its Organizational Documents. The minute book of Laredo accurately reflects actions taken by Laredo's board of managers (the "**Board of Managers**"), committees of the Board of Managers and Unitholders. All such actions were properly taken with a quorum present and acting throughout each such meeting. The unit transfer book of Laredo accurately reflects all issuances and transfers of the Units. Laredo possesses its minute book and unit transfer book.

(b) Qualification. Laredo is duly qualified to do business and is in good standing in each jurisdiction in which the nature of its business as now conducted, or the operation, ownership or leasing of the Laredo Properties, makes such qualification necessary.

(c) Authorization / Approvals.

(i) The execution and delivery by Laredo of this Agreement and the performance of its obligations hereunder have been duly and validly authorized by all

requisite action of Laredo and no other actions on the part of Laredo are necessary to authorize and approve this Agreement and the transactions contemplated hereby.

(ii) Subject to compliance with the consent rights and preferential rights to purchase set forth on Schedule 6.03(y), and other than as set forth on Schedule 6.03(c), there are no Approvals required for Laredo from or to any Governmental Authority or any other Third Party, in each case, in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement.

(d) New Laredo Preferred Units. Upon execution of the Amended LLC Agreement and the receipt by Laredo of the consideration for the issuance of the New Laredo Preferred Units as set forth in this Agreement, each of the New Laredo Preferred Units to be issued hereunder will be duly authorized and be validly issued, will be issued in compliance with the Organizational Documents of Laredo, and will be fully paid and nonassessable (except as such nonassessability may be affected by the Amended LLC Agreement or Section 18-607 of the Delaware Limited Liability Company Act).

(e) Enforceability. This Agreement has been duly executed and delivered by Laredo and constitutes the valid and legally binding obligation of Laredo, enforceable in accordance with its terms and conditions, except insofar as the enforceability thereof may be limited by the Enforceability Exceptions. At Closing, all documents contemplated by this Agreement to be executed and delivered by Laredo shall have been duly executed and delivered by Laredo and all such documents executed and delivered by Laredo shall constitute valid and binding obligations of Laredo, enforceable in accordance with their terms and conditions except insofar as the enforceability thereof may be limited by the Enforceability Exceptions.

(f) Noncontravention. Except as described on Schedule 6.03(f) and assuming compliance with all Approval requirements set forth on Schedule 6.03(c) and consent rights and preferential rights to purchase set forth on Schedule 6.03(y), neither the execution and the delivery of this Agreement by Laredo, nor the consummation of the transactions contemplated hereby by Laredo will conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, modification, revocation, cancellation or acceleration of any obligation or to the loss of a benefit under any provision of (A) any applicable Law, (B) the Organizational Documents of Laredo, or (C) any Laredo Material Contract.

(g) Litigation. Except as described on Schedule 6.03(g), there are no actions, suits or proceedings, arbitrations or disputes, claims, audits or investigations, whether administrative, judicial or otherwise that are pending or, to the Knowledge of Laredo, threatened, by or against or with respect to any Laredo Assets or Laredo.

(h) Capitalization. As of the date of this Agreement, the authorized Capital Stock of Laredo (as to Laredo only) consists of (A) 60,000,000 Series A-1 Preferred Units and 48,000,000 Series A-2 Preferred Units (collectively, the "**Existing Laredo Preferred Units**") and (B) 16,923,077 Series B Units, 8,791,209 Series C Units, 13,538,462 Series D Units and 7,032,967 Series E Units (collectively, the "**Laredo Restricted Units**"). As of the date of this

Agreement, (A) 59,890,000 Series A-1 Preferred Units are issued and outstanding, 39,980,004 Series A-2 Preferred Units are issued and outstanding, 5,518,800 Series B-1 Units and 2,364,200 Series B-2 Units are issued and outstanding, 7,170,000 Series C Units are issued and outstanding, 11,346,100 Series D Units are issued and outstanding and 6,547,000 Series E Units are issued and outstanding; and (B) except as set forth on Schedule 6.03(h), no Units are held by Laredo in treasury. Upon execution of the Amended LLC Agreement and at the Closing, the authorized Capital Stock of Laredo (as to Laredo only) will be as set forth in the preceding sentence, except as set forth in the Amended LLC Agreement. No bonds, debentures, notes or other instruments or evidence of Indebtedness having the right to vote (or convertible into, or exercisable or exchangeable for, securities having the right to vote) on any matters on which the Unitholders may vote are issued or outstanding. All outstanding Units (x) are duly authorized, validly issued, fully paid and nonassessable (except as such nonassessability may be affected by the Amended LLC Agreement or Section 18-607 of the Delaware Limited Liability Company Act) and were not issued in violation of any preemptive or other similar rights or any federal or state securities law, (y) were issued in conformity with the LLC Agreement and (z) are free and clear of all Liens, other than applicable federal and state securities law restrictions. Schedule 6.03(h) sets forth all Unitholders and the Units (including the number of Existing Laredo Preferred Units and Laredo Restricted Units) held by each Unitholder. Except as set forth above and as set forth on Schedule 6.03(h), as of the date of this Agreement, there are outstanding (1) no Units or other voting securities of Laredo; (2) no securities of Laredo convertible into, or exchangeable or exercisable for, Units or other voting securities of Laredo; (3) no stock appreciation, phantom stock, profit participation or similar rights with respect to the Laredo; and (4) no options, warrants, calls, rights, commitments or agreements to which Laredo is a party or by which it is bound, in any case obligating Laredo to issue, deliver, sell, purchase, redeem or acquire, or cause to be issued, delivered, sold, purchased, redeemed or acquired, Units or other voting securities of Laredo, or obligating Laredo to grant, extend or enter into any such option, warrant, call, right, commitment or agreement.

(i) Other Equity Interests and Joint Ventures. Except as set forth on Schedule 6.03(i), Laredo does not (i) own any equity ownership rights in a business entity, whether a corporation, company, joint stock company, limited liability company, general or limited partnership, joint venture, bank, association, trust company, land trust, business trust, sole proprietorship, arrangement treated as a partnership for federal income tax purposes or other business entity or organization, and whether in the form of Capital Stock or any other form of ownership or (ii) have any rights or interests in a joint venture or any similar business arrangement (except for joint operating agreements in the Ordinary Course of Business).

(j) Financial Statements. Laredo has delivered to the Company true and complete copies of (i) the audited financial statements of Laredo for the year ended December 31, 2008, (ii) the audited financial statements of Laredo for the year ended December 31, 2009, (iii) the audited financial statements of Laredo for the year ended December 31, 2010 and (iv) the unaudited financial statements of Laredo for the four months ended April 30, 2011 (collectively, the "**Laredo Financial Statements**"). The Laredo Financial Statements have been prepared in accordance with GAAP and present fairly in all material respects the financial position, results of operations, cash flows and change in equity of Laredo as of and for the periods presented.

(k) No Liabilities; Indebtedness.

(i) Except as disclosed on Schedule 6.03(k)(i), Laredo has no Liabilities of any kind, whether accrued, absolute, fixed, contingent or otherwise, other than: (A) Liabilities included in the balances of the "liabilities" column of the balance sheet included in the Laredo Unaudited April 30, 2011 Balance Sheet; and (B) Liabilities incurred subsequent to the Balance Sheet Date outside the Ordinary Course of Business, which Liabilities referred to in clause (B) are in the aggregate in excess of $500,000. Laredo is not, nor has ever been, a party to any "off balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K promulgated by the SEC).

(ii) Schedule 6.03(k)(ii) sets forth a complete and correct list of all Indebtedness of Laredo in excess of $500,000 as of the date of this Agreement, identifying the creditor, including name and address, the type of instrument under which the Indebtedness is owed and the amount of the Indebtedness as of the close of business on a date no more than five Business Days prior to the date of this Agreement. With respect to each item of Indebtedness, Laredo is not in default and no payments are past due, and no circumstance exists that, with notice, the passage of time or both, could constitute a default by Laredo under any item of Indebtedness. Laredo has not received any notice of a default, alleged failure to perform or any offset or counterclaim with respect to any item of Indebtedness that has not been fully remedied and withdrawn. Except as set forth on Schedule 6.03(k)(ii), Laredo has not guaranteed or is responsible or liable for any Indebtedness of any other Person.

(iii) No event has occurred, and no circumstance or condition exists, that has resulted in, or that will or would reasonably be expected to result in, any claim for indemnification, reimbursement, contribution, or the advancement of expenses by any Laredo Employee (other than a claim for reimbursement by Laredo, in the Ordinary Course of Business, of travel expenses or other out of pocket expenses of a routine nature incurred by a Laredo Employee in the course of performing such Laredo Employee's duties for Laredo) pursuant to: (A) the terms of the Organizational Documents of Laredo; (B) any indemnification agreement or other contract between Laredo and any such Laredo Employee; or (C) any applicable Law.

(iv) No event has occurred, and no circumstance or condition exists, that has resulted in, or that will or would reasonably be expected to result in, any Liability of Laredo to any current, former, or alleged Unitholder in such Person's capacity (or alleged capacity) as a Unitholder of Laredo.

(v) Schedule 6.03(k)(v) sets forth a complete and correct list of all capital expenditures of Laredo since the Balance Sheet Date and prior to the date hereof that are not included in the Laredo Approved Budget, identifying in reasonable detail the Laredo Property to which such capital expenditure applies. Except as set forth on Schedule 6.03(k)(v), Laredo has not signed any Third Party AFEs exceeding $150,000 net to Laredo's interest, elected to be a non-consent co-owner with respect to any Third Party AFE or any applicable joint operating agreement or voluntary pooling agreement,

or otherwise submitted to or been bound by a pooling order, in each case since the Balance Sheet Date.

(vi) Except as set forth on Schedule 6.03(k)(vi) and Permitted Encumbrances, there are no Liens on any of the Laredo Assets, the Existing Laredo Preferred Units or otherwise upon Laredo.

(l) Absence of Certain Changes and Events. Except as set forth on Schedule 6.03(l), since the Balance Sheet Date, the business of Laredo has been conducted only in the Ordinary Course of Business and there has not been any:

(i) increase by Laredo of any actual, potential or future bonuses, salaries or other compensation to any director, officer, Unitholder or other equity owner or Laredo Employee or entry into any employment, severance, change in control, retention, equity compensation or other employment Contract with any director, officer, Unitholder or other equity owner or Laredo Employee or consultant, except for increases in compensation payable or to become payable upon promotion to an office having greater responsibilities or otherwise in the Ordinary Course of Business;

(ii) adoption of, or increase in the payments to, or benefits under, or other amendment to any Laredo Employee Plan or any profit sharing, bonus, severance, retention, change in control, deferred compensation, savings, insurance, pension, retirement or other employee benefit plan for or with any Laredo Employees except as required by applicable Law;

(iii) distribution of any cash or other assets of Laredo to its Unitholders or other equity owners as a dividend or other distribution;

(iv) amendment or modification of its Organizational Documents;

(v) discharge or satisfaction of any Lien, or payment of any Liabilities other than in the Ordinary Course of Business, or failure to pay or discharge when due any Liabilities the failure to pay or discharge of which has caused or may cause any material damage or risk of material loss;

(vi) subjection of any material portion of the Laredo Properties or Laredo Assets to any Lien, except for Permitted Encumbrances;

(vii) material damage, destruction or loss to the Laredo Assets or Laredo Properties;

(viii) sale (other than sales of Hydrocarbon production and inventory in the Ordinary Course of Business), lease, transfer, farm-out, or other disposition of any material Laredo Asset or Laredo Property;

(ix) borrowing from, or making any loans or advances (except in the Ordinary Course of Business) to, or guarantees for the benefit of, any Persons;

(x) cancellation or waiver of any claims or rights with a value to Laredo in excess of $25,000;

(xi) change in the bookkeeping or accounting methods or principles or Tax reporting principles used by Laredo;

(xii) election or rescission of any election relating to Taxes or settlement or compromise of any claim relating to Taxes of Laredo or any of its subsidiaries;

(xiii) merger or consolidation of Laredo with any other Person, or acquisition or disposition of any equity interests or business of any other Person;

(xiv) instituting or settlement of any material legal actions, suits or other legal proceedings;

(xv) Material Adverse Effect on Laredo; or

(xvi) entry into any contract (other than this Agreement and any document delivered pursuant to or permitted under this Agreement) or agreement by Laredo to do any of the foregoing.

(m) Employee Matters.

(i) Laredo has delivered to the Company a true and complete list of each individual employed by Laredo as of the date hereof, including the name, title and length of service, hereinafter referred to as the "**Laredo Employees**."

(ii) Except as set forth on Schedule 6.03(m)(ii), Laredo is in material compliance, and has complied in all material respects, with all Laws relating to working conditions or the employment of labor, including provisions thereof related to wages, hours, equal opportunity, collective bargaining, layoffs, immigration compliance, workers' compensation, disabilities, and the collection and payment of social security and other withholding Taxes.

(iii) Except as set forth on Schedule 6.03(m)(iii), there are no administrative charges or court complaints pending or, to the Knowledge of Laredo, threatened against Laredo before the U.S. Equal Employment Opportunity Commission or any Governmental Authority concerning alleged employment discrimination or any other matters relating to working conditions or the employment of labor. There are no unfair labor practices charges or complaints pending, or to the Knowledge of Laredo, threatened against Laredo before the National Labor Relations Board or any Governmental Authority.

(iv) Laredo has not experienced any "plant closing" or "mass layoff" as defined by the WARN Act in the last six months.

(v) Laredo has not experienced any union organization attempts, material labor disputes or work stoppage or slowdowns due to labor disagreements. To the Knowledge of Laredo, there is no labor strike, dispute, work stoppage or slowdown pending or threatened. Except as disclosed on Schedule 6.03(m)(v), there are no collective bargaining agreements or other labor union agreements to which Laredo is a party or by which it is bound, nor is Laredo the subject of any legal proceeding with any Governmental Authority asserting that Laredo has committed an unfair labor practice or seeking to compel it to bargain with any labor organization as to wages or other terms or conditions of employment. Laredo has not experienced any union organizing activities and, to the Knowledge of Laredo, no such activities are underway or threatened. There is no request for representation pending with the National Labor Relations Board or any Governmental Authority and, to the Knowledge of Laredo, no question concerning representation has been raised. There is no labor-related formal grievance or arbitration pending involving Laredo.

(vi) Except as set forth on Schedule 6.03(m)(vi) or Schedule 6.03(n)(i) or as otherwise contained in this Agreement, there are no agreements or arrangements for the payment of any pensions, allowances, lump sums or other like benefits on retirement or on death or termination or during periods of disability for the benefit of any employee or former employee or consultant of Laredo or for the benefit of the dependents of any such person in operation at the date hereof.

(vii) Laredo is not a party to any agreement, contract, arrangement or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code §280G (or any corresponding provision of state, local or foreign Tax law) in connection with the transactions contemplated by this Agreement.

(n) Employee Benefit Plans.

(i) Except as set forth on Schedule 6.03(n)(i), Laredo does not sponsor, maintain or contribute to or have any obligation to maintain or contribute to, or have any direct or indirect liability, whether contingent or otherwise, with respect to any plan, program, arrangement or agreement that is a pension, profit-sharing, savings, retirement, employment, consulting, severance pay, termination, executive compensation, incentive compensation, deferred compensation, bonus, stock purchase, stock option, phantom stock or other equity-based compensation, change-in-control, retention, salary continuation, vacation, sick leave, disability, death benefit, group insurance, hospitalization, medical, dental, life (including all individual life insurance policies as to which Laredo is the owner, the beneficiary, or both), Code Section 125 "cafeteria" or "flexible" benefit, employee loan, educational assistance or fringe benefit plan, program, arrangement or agreement, whether written or oral, including, without limitation, any (A) "employee benefit plan" within the meaning of Section 3(3) of ERISA or (B) other employee benefit plans, agreements, programs, policies, arrangements or payroll practices, whether or not subject to ERISA (including any funding mechanism therefor now in effect or required in the future as a result of the transaction contemplated by this Agreement or otherwise) under which any current or former officer, director, employee,

leased employee, consultant or agent (or their respective beneficiaries) of Laredo has any present or future right to benefits (individually, a "**Laredo Employee Plan**," and collectively the "**Laredo Employee Plans**"). All references to "Laredo" in this Section 6.03(n) shall refer to Laredo, its subsidiaries and Affiliates and any employer that would be considered a single employer with Laredo under Sections 414(b), (c), (m) or (o) of the Code.

(ii) Laredo does not maintain, contribute or have any liability, whether contingent or otherwise, with respect to, and has not within the preceding six years maintained, contributed or had any liability, whether contingent or otherwise, with respect to any Laredo Employee Plan (including, for such purpose, any "employee benefit plan," within the meaning of Section 3(3) of ERISA, which Laredo previously maintained or contributed to within such preceding six years), that is, or has been, (A) subject to a Title IV Plan or Section 412 of the Code, (B) maintained by more than one employer within the meaning of Section 413(c) of the Code, (C) subject to Sections 4063 or 4064 of ERISA, (D) a Multiemployer Plan, (E) a "multiple employer welfare arrangement" as defined in Section 3(40) of ERISA, or (F) an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA and that is not intended to be qualified under Section 401(a) of the Code.

(iii) (A) Each Laredo Employee Plan has been established and administered in all material respects in accordance with its terms and in compliance with the applicable provisions of ERISA, the Code and all other applicable Laws; (B) with respect to each Laredo Employee Plan, all reports, returns, notices and other documentation that are required to have been filed with or furnished to the IRS, DOL or any other Governmental Authority, or to the participants or beneficiaries of such Laredo Employee Plan have been filed or furnished on a timely basis; (C) each Laredo Employee Plan that is intended to be qualified within the meaning of Section 401(a) of the Code is so qualified and has received a favorable determination letter or opinion letter from the IRS to the effect that the Laredo Employee Plan satisfies the requirements of Section 401(a) of the Code and that its related trust is exempt from taxation under Section 501(a) of the Code and, to the Knowledge of Laredo, there are no facts or circumstances that could reasonably be expected to cause the loss of such qualification or the imposition of any material liability, penalty or tax under ERISA, the Code or any other applicable Laws; (D) other than routine claims for benefits, no Liens, lawsuits or complaints to or by any person or Governmental Authority have been filed against any Laredo Employee Plan or Laredo or, to the Knowledge of Laredo, against any other person or party and, to the Knowledge of Laredo, no such Liens, lawsuits or complaints are contemplated or threatened with respect to any Laredo Employee Plan; (E) no individual who has performed services for Laredo has been improperly excluded from participation in any Laredo Employee Plan; and (F) there are no audits or proceedings initiated pursuant to the IRS Employee Plans Compliance Resolution System (currently set forth in Revenue Procedure 2008-50) or similar proceedings pending with the IRS or DOL with respect to any Laredo Employee Plan.

(iv) Neither Laredo nor any organization to which Laredo is a successor or parent corporation, within the meaning of Section 4069(b) of ERISA, has engaged in any transaction described in Sections 4069 or 4212(c) of ERISA.

(v) Neither Laredo nor, to the Knowledge of Laredo, any other "party in interest" or "disqualified person" with respect to any Laredo Employee Plan has engaged in a non-exempt "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code involving such Laredo Employee Plan which, individually or in the aggregate, could reasonably be expected to subject Laredo to a tax or penalty imposed by Section 4975 of the Code or Sections 501, 502 or 510 of ERISA. To the Knowledge of Laredo, no fiduciary has any liability for breach of fiduciary duty or any other failure to act or comply with the requirements of ERISA, the Code or any other applicable laws in connection with the administration or investment of the assets of any Laredo Employee Plan.

(vi) All liabilities or expenses of Laredo in respect of any Laredo Employee Plan (including workers compensation) which have not been paid, have been properly accrued on Laredo's most recent financial statements in compliance with GAAP. All contributions (including all employer contributions and employee salary reduction contributions) or premium payments required to have been made under the terms of any Laredo Employee Plan, or in accordance with applicable Law, as of the date hereof have been timely made or reflected on the Laredo Unaudited April 30, 2011 Balance Sheet in accordance with GAAP.

(vii) Laredo has no obligation to provide or make available post-employment benefits under any Welfare Plan for any current or former officer, director, employee, leased employee, consultant or agent (or their respective beneficiaries) of Laredo, except as may be required under the COBRA, and at the sole expense of such individual. There are no reserves, assets, surpluses or prepaid premiums with respect to any Laredo Employee Plan which is a Welfare Plan.

(viii) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in combination with another event) (A) result in any payment becoming due, or increase the amount of any compensation due, to any current or former officer, director, employee, leased employee, consultant or agent (or their respective beneficiaries) of Laredo; (B) increase any benefits otherwise payable under any Laredo Employee Plan; (C) result in the acceleration of the time of payment or vesting of any such compensation or benefits; or (D) result in a non-exempt "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Code. No current or former officer, director, employee, leased employee, consultant or agent (or their respective beneficiaries) has or will obtain a right to receive a gross-up payment from Laredo with respect to any excise taxes that may be imposed upon such individual pursuant to Section 409A of the Code, Section 4999 of the Code or otherwise.

(ix) Laredo has made available to Contributors, the Company or their representatives with respect to each Laredo Employee Plan, a true, correct and complete

copy (or, to the extent no such copy exists or the Laredo Employee Plan is not in writing, an accurate written description) thereof and, to the extent applicable: (A) the most recent documents constituting the Laredo Employee Plan and all amendments thereto, (B) any related trust agreement or

other funding instrument and all other material contracts currently in effect with respect to such Laredo Employee Plan (including, without limitation, all administrative agreements, group insurance contracts and group annuity contracts); (C) the most recent IRS determination letter or opinion letter; (D) the most recent summary plan description, summary of material modifications and any other written communication (or a written description of any oral communications) by Laredo to its employees concerning the extent of the benefits provided under a Laredo Employee Plan; (E) the three most recent (1) Forms 5500 and attached schedules, and (2) audited financial statements; (F) for the last three years, all correspondence with the IRS, the DOL and any other Governmental Authority regarding the operation or the administration of any Laredo Employee Plan; (G) all discrimination tests for the most recent plan year; and (H) any other documents in respect of any Laredo Employee Plan reasonably requested by Contributors or the Company.

(x) Laredo has no plan, contract or commitment, whether legally binding or not, to create any additional employee benefit or compensation plans, policies or arrangements or, except as may be required by Law, to modify any Laredo Employee Plan. Laredo may amend or terminate any Laredo Employee Plan (other than an employment agreement or any similar agreement that cannot be terminated without the consent of the other party) at any time without incurring liability thereunder, other than in respect of accrued and vested obligations and medical or welfare claims incurred prior to such amendment or termination.

(xi) No Laredo Employee Plan covers any current or former officers, directors, employees, leased employees, consultants or agents (or their respective beneficiaries) of Laredo who reside outside of the United States.

(o) Bank Accounts. Laredo has provided to the Company the name of each financial institution in which Laredo has borrowing or investment agreements, deposit or checking accounts or safe deposit boxes.

(p) Insurance. Schedule 6.03(p) sets forth a description of all policies of insurance to which Laredo is a party or under which Laredo is covered, including the types of Liabilities covered thereby, the limits of the coverage and the deductible for which Laredo is responsible with respect to such insurance. None of such insurance coverage was obtained through the use of false or misleading information or the failure to provide the insurer with all information requested in order to evaluate the Liabilities and risks insured. All such insurance policies are in full force and effect. There is no material default with respect to any provision contained in any such policy or binder, and Laredo has not failed to give any notice or present any claim under such policy or binder in due and timely fashion. There are no billed but unpaid premiums past due under any such policy or binder. Except as shown in Schedule 6.03(p): (i) there are no outstanding claims under any such policies or binders and, to the Knowledge of Laredo, there has not occurred any event that might reasonably form the basis of any claim

against or relating to Laredo that is not covered by any such policies or binders and (ii) no notice of cancellation or non-renewal of any such policies or binders has been received.

(q) Taxes. Except as described on Schedule 6.03(q):

(i) all Tax Returns required to be filed by or with respect Laredo have been duly and timely filed with the appropriate Governmental Authorities taking into account valid extensions;

(ii) such Tax Returns are true and correct in all material respects;

(iii) all Taxes of Laredo that have become due and payable have been duly paid;

(iv) there are no administrative proceedings or lawsuits pending or, to the Knowledge of Laredo, threatened against Laredo or the Laredo Assets by any Governmental Authority with respect to Taxes;

(v) there are no Liens (other than Permitted Encumbrances) on any of the Laredo Assets that arose in connection with the failure (or alleged failure) to pay any Tax;

(vi) Laredo is not subject to any Liability for Taxes under Treasury Regulation §1.1502-6 (or any similar provision of state, local or foreign Law) or as an indemnitor, successor or transferee of any other Person, by contract or operation of Law;

(vii) all assets owned by Laredo, other than intangible assets, have been properly listed and described on the property tax rolls for all periods prior to the Closing Date, and no portion of the assets owned by Laredo constitutes omitted property for property tax purposes;

(viii) no jurisdiction in which Laredo has not filed a specific Tax Return has asserted that Laredo is required to file such Tax Return in such jurisdiction;

(ix) Laredo has complied in all respects with all Laws relating to the payment and withholding of Taxes and has, within the time and in the manner prescribed by Law, withheld from Laredo Employee wages and paid over to the proper Governmental Authority all required amounts;

(x) Laredo is not the beneficiary of any extension of time within which to file any Tax Return;

(xi) Laredo has not waived any statute of limitations in respect of Taxes nor agreed to any extension of time with respect to a Tax assessment or deficiency;

(xii) Laredo will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(A) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(B) "closing agreement" as described in Code §7121 (or any corresponding or similar provision of state, local or foreign income Tax law) executed on or prior to the Closing Date;

(C) installment sale or open transaction disposition made on or prior to the Closing Date; or

(D) election under Code §108(i); and

(xiii) Laredo has not been a party to any "listed transaction," as defined in Code §6707A(c)(2) and Reg. §1.6011-4(b)(2).

(r) Certain Property.

(i) Schedule 6.03(r)(i) sets forth all the Laredo Owned Real Property. Except as set forth on Schedule 6.03(r)(i), Laredo has title insurance insuring indefeasible, fee simple title in and to the Laredo Owned Real Property, free and clear of all Liens other than Permitted Encumbrances, except as specifically noted in such title insurance policies. True and complete copies of such policies together with all amendments, waivers or other changes thereto have been furnished to the Company or its representative. The material improvements on each parcel of Laredo Owned Real Property have access to such sewer, water, gas, electric, telephone and other utilities as are necessary to allow the business of Laredo operated thereon to be operated in the Ordinary Course of Business. Except as set forth on Schedule 6.03(r)(i), the material improvements located on each parcel of Laredo Owned Real Property are in sufficiently good condition (except for ordinary wear and tear) to allow the business of Laredo to be operated in the Ordinary Course of Business. The current use of the Laredo Owned Real Property by Laredo does not violate in any material respect any restrictive covenants of record listed in the applicable title insurance policies as affecting any of the Laredo Owned Real Property.

(ii) Except for Laredo Leased Real Property obligations which are less than $100,000 annually, set forth on Schedule 6.03(r)(ii) is a list of all Laredo Leased Real Property. Each lease set forth on Schedule 6.03(r)(ii) is a valid and binding obligation of Laredo and, subject to any of such leases being terminated in the Ordinary Course of Business and in accordance with the terms thereof, is in full force and effect. Except as set forth on Schedule 6.03(r)(ii), Laredo is not in default in any material respect under any lease set forth on Schedule 6.03(r)(ii).

(s) Royalty Payments. Except as described on Schedule 6.03(s), all royalties on production, shut-in royalties, overriding royalties and other royalties or similar burdens on

production with respect to the Laredo Properties that have become due and payable have been duly paid (other than royalties held in escrow or suspense accounts).

(t) Hydrocarbon Sales. Except as described on Schedule 6.03(t), (i) Laredo is not obligated by virtue of: (A) a prepayment arrangement under any Contract for the sale of Hydrocarbons that contains a "take or pay" provision, (B) a production payment, or (C) any other arrangement, other than gas balancing arrangements, to deliver Hydrocarbons produced from the Laredo Assets at some future time without then or thereafter receiving payment for the production commensurate with Laredo's ownership in and to the Laredo Properties, and (ii) Laredo is not subject to any penalties or other payments under any gas transportation or other agreement as a result of the delivery of quantities of gas from the Laredo Properties in excess of the Contract requirements.

(u) Environmental Matters. Except as described on Schedule 6.03(u), (i) Laredo has not received any notification of and there is no pending or, to the Knowledge of Laredo, threatened investigation, claim, penalty or action by any Governmental Authority relating to the environmental condition of the Laredo Real Property, Laredo Properties or Laredo Facilities, (ii) the Laredo Real Property, Laredo Properties or Laredo Facilities, operations and activities of Laredo are and have been in material compliance with all applicable Environmental Laws, (iii) Laredo and the Laredo Real Property, Laredo Properties or Laredo Facilities, operations and activities are not subject to any existing, pending or, to the Knowledge of Laredo, threatened action, suit or proceeding by any Third Party under any Environmental Law, (iv) all Approvals required to be obtained or filed by Laredo under any Environmental Law in connection with the ownership and operation of the business of Laredo have been obtained or filed (and all renewals thereof have been timely applied for) and are valid and currently in full force and effect and will not be adversely affected by this Agreement, (v) Laredo has materially complied with and is in material compliance with all such Approvals, (vi) none of the following exists at any Laredo Real Property, Laredo Properties or Laredo Facilities currently or previously owned or operated by Laredo: (A) under- or above-ground storage tanks, (B) asbestos containing material in any form or condition, (C) materials or equipment containing polychlorinated biphenyls, or (D) landfills, surface impoundments or disposal areas, (vii) neither Laredo nor any of its predecessors has treated, recycled, stored, disposed of, arranged for or permitted the disposal of, transported, handled, or released any substance, including any Hazardous Materials, or owned or operated any property or facility (and no such property or facility is contaminated by any such substance) in a manner that has given or would give rise to any damages, including any damages for response costs, corrective action costs, personal injury, property damage or natural resources damages, pursuant to Environmental Laws, (viii) the transaction will not result in any material Liabilities for site investigation or cleanup, or require the consent of any person, pursuant to any Environmental Laws, including any so-called "transaction-triggered" or "responsible property transfer" requirements, (ix) neither Laredo nor any of its predecessors has, either expressly or by operation of Law, assumed or undertaken any material Liability, including any obligation for corrective or remedial action, of any other Person relating to Environmental Laws, and (x) no facts, events or conditions relating to the past or present Laredo Real Property, Laredo Property and Laredo Facilities, nor any of their respective predecessors, will prevent, hinder or limit continued compliance with Environmental Laws, or give rise to any damages or any other Liabilities under Environmental Laws. Laredo has furnished to the Company true and correct copies of all material environmental investigations, assessments, audits, analyses or other

reports in its possession or control relating to the Laredo Real Property, Laredo Properties and Laredo Facilities owned or operated by Laredo.

(v) Compliance with Laws; Approvals.

(i) Except as described on Schedule 6.03(v), Laredo is in compliance in all material respects with all Laws to which Laredo or its business, operations, agents, employees, assets or properties are subject (including, all record keeping and reporting requirements thereof). Laredo has not received any written claim or notice that Laredo is not in compliance in any material respect with any such Laws. Laredo has not engaged in any transaction, maintained any bank account or used any corporate funds except for transactions, bank accounts and funds which have been and are reflected in the normally maintained books and records of Laredo. To the Knowledge of Laredo, neither Laredo nor any of its directors, officers, agents or employees, has violated any applicable export control, money laundering or anti-terrorism Law, nor have any of them otherwise taken any action which would cause Laredo to be in violation of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable Law of similar effect.

(ii) Laredo has all Approvals from Governmental Authorities necessary to operate its businesses in all material respects as currently conducted. All Approvals are valid and in full force and effect, except where the failure to be in full force and effect would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Laredo. The execution of this Agreement by Laredo and the consummation of the transactions contemplated hereby, and the compliance by Laredo with the terms hereof, will not cause or permit the imposition of any restrictions of such a nature as would limit any operations of Laredo as historically conducted. No event has occurred which permits, or after the giving of notice or lapse of time or both would permit, the revocation or termination of any Approval or the imposition of any restrictions of such a nature as may limit any of the operations Laredo as historically conducted.

(w) Assets.

(i) The Laredo Assets constitute all of the properties and assets used or held for use by Laredo. The Laredo Assets listed on Exhibit B or on the Laredo Unaudited April 30, 2011 Balance Sheet constitute all of the material assets of Laredo.

(ii) Exhibit B—Part 2 sets forth all of the oil and gas wells in which Laredo has an interest.

(iii) Except as set forth on Exhibit B—Part 1 or Exhibit B—Part 2, Laredo has Defensible Title for all Laredo Properties. Without limiting the generality of the foregoing, Laredo owns and will at the Closing and throughout the life of the Laredo Leases and/or Hydrocarbon reserves own the Net Revenue Interest and related Working Interest, in each case as set forth on Exhibit B—Part 1 or Exhibit B—Part 2, as applicable, for each of the Laredo Properties.

(iv) To the Knowledge of Laredo, the Laredo Leases are in full force and effect in accordance with their respective terms. Laredo is not in breach of any of its material obligations under any such Laredo Lease, nor, to the Knowledge of Laredo, is any other party to such Laredo Lease in breach of any of its material obligations thereunder. Specifically, Laredo has received no lessor demands (A) for additional drilling arising from express or implied covenants of further development under the Laredo Leases, (B) to market production from shut-in wells due to the presence of offset wells in the vicinity of the Laredo Wells, (C) for late royalty payments, shut-in payments, rentals or other monetary obligations owed by Laredo under the Laredo Leases, (D) for releases or partial releases of Laredo Leases under Pugh clauses, depth clauses or other provisions of the applicable Laredo Leases, or (E) for interest payments or liquidated damages accruing under the applicable Laredo Leases.

(v) The Laredo Facilities are in good working order and sufficient in all material respects to operate the Laredo Properties in the Ordinary Course of Business, ordinary wear and tear excepted.

(vi) Laredo has furnished to the Company estimates of Laredo's proved oil and gas reserves attributable to the Laredo Properties as of the date set forth in the Laredo Reserve Report. All information (excluding assumptions and estimates but including the statement of the percentage of reserves from the Laredo Wells and other interests evaluated therein to which Laredo is entitled and the percentage of the costs and expenses related to such Laredo Wells or interests to be borne by Laredo) supplied to Ryder Scott Company, L.P. relating to the Laredo interests referred to in the Laredo Reserve Report, by or on behalf of Laredo, that was material to such firm's estimates of proved oil and gas reserves attributable to the Laredo Properties in connection with the preparation of the Laredo Reserve Report was (at the time supplied or as modified or amended prior to the issuance of the Laredo Reserve Report) to the Knowledge of Laredo, accurate in all material respects and Laredo has no Knowledge of any material errors in such information that existed at the time of such issuance. Except for changes (including changes in Hydrocarbon commodity prices) generally affecting the oil and gas industry and normal depletion by production, there has been no change in respect of the matters addressed in the Laredo Reserve Report that would have, individually or in the aggregate, a Material Adverse Effect on Laredo.

(vii) Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Laredo, all Laredo Properties operated by Laredo have been operated in accordance with reasonable, prudent oil and gas field practices and in compliance with the applicable Laredo Leases, Contracts and Law.

(viii) The Laredo Access Rights are sufficient in all material respects to permit access to the Laredo Properties and to operate the Laredo Properties in the Ordinary Course of Business.

(x) Contracts.

(i) Schedule 6.03(x)(i) sets forth a true and complete list of the following Contracts (excluding any Laredo Leases and Laredo Employee Plans) (each, together with the Contracts identified in Section 6.03(x)(ii) and on Schedules 6.03(k)(ii), 6.03(m)(v), 6.03(m)(vi), 6.03(p) and 6.03(y), a "**Laredo Material Contract**" and collectively, the "**Laredo Material Contracts**"):

(A) each Contract that involves performance of services or delivery of goods or materials by or to Laredo of an amount or value in excess of $500,000 determined on an annual basis;

(B) each Contract that was not entered into in the Ordinary Course of Business and that involves expenditures or receipts of Laredo in excess of $500,000 determined on an annual basis;

(C) personal property leases and installment and conditional sales agreements having a value per item or aggregate payments in excess of $500,000 determined on an annual basis;

(D) each Contract containing covenants that in any way purport to restrict the business activity of Laredo or any Affiliate of Laredo or limit the freedom of Laredo or any Affiliate of Laredo to engage in any line of business or to compete with any Person;

(E) all drilling, fracing and saltwater disposal Contracts and compressor leases that call for payments in excess of $500,000 over a period of 12 months;

(F) all Contracts that concern the purchase and sale, exchange, marketing, gathering, transportation, compression, processing or treating of Hydrocarbons or similar Contracts relating to or included in the Laredo Properties that are operated by Laredo and that are (1) not terminable without penalty on 60 or less days' notice or (2) can be reasonably expected to result in aggregate monthly revenues to Laredo of more than $500,000 (based solely on the terms thereof and without regard to any expected increase in volumes or revenues) during the current or any subsequent calendar year;

(G) all leases (other than a Laredo Lease) under which Laredo is a lessor or lessee of real or personal property, which lease (1) cannot be terminated by Laredo without penalty or payment upon sixty or fewer days notice or (2) involves an annual base rental of more than $500,000;

(H) all Contracts (other than the Organizational Documents of Laredo) granting any Person registration, purchase or sale rights with respect to the Units or other equity securities Laredo;

(I) all bonds, letters of credit, guaranties and similar instruments issued by Laredo or its Affiliates and required by contract or

applicable Law to be posted or otherwise tendered in order to own/and or operate any of the Laredo Assets;

(J) any Contract or commitment to which Laredo is a party or is bound containing a "right of first refusal," "right of first offer," "buy/sell right," "put or call right," "tag-along or drag-along" rights or other preferential purchase or sale right that is applicable to the transactions contemplated hereby;

(K) any Contract between a Unitholder or an Affiliate of such Unitholder and Laredo; and

(L) each amendment, supplement and modification (whether oral or written) in respect of any of the foregoing.

(ii) Although not listed for purposes of Section 6.03(x)(i), each of the following Contracts shall be included in the definition of "**Laredo Material Contracts**":

(A) each joint venture agreement, partnership agreement and other Contract (however titled) involving a sharing of profits, losses, costs or Liabilities by Laredo with any other Person and Contracts providing for commissions based on sales or purchases of or by Laredo;

(B) all area of mutual interest, farmout, farmin, joint operating, unit, pooling, communitization or development agreements or similar Contracts; and

(C) all Contracts that pertain to the acquisition of material property by Laredo.

(iii) Each Laredo Material Contract is in full force and effect and is valid and enforceable in accordance with its terms, except as may be limited by the Enforceability Exceptions.

(iv) Except as set forth in Schedule 6.03(x)(iv):

(A) Laredo is in compliance in all material respects with all applicable terms and requirements of each Laredo Material Contract under which Laredo has any Liability or by which such entity or any of the assets owned or used by such entity is bound;

(B) to the Knowledge of Laredo, each other that has any Liability under any Laredo Material Contract is in compliance with all applicable terms and requirements of such Laredo Material Contract;

(C) no event has occurred or circumstance exists that (with or without notice or lapse of time) contravenes, conflicts with or results in a violation or breach of, or gives Laredo or other Person the right to declare a

default or exercise any remedy under, or to accelerate the maturity or performance of, or to cancel, terminate or modify, any Laredo Material Contract; and

(D) Laredo has not given to or, to the Knowledge of Laredo, received from any Person any notice or other communication (whether oral or written) regarding any actual, alleged, possible, or potential violation or breach of, or default under, any Laredo Material Contract.

(v) True and complete copies (including all amendments thereto) of each Laredo Material Contract have been made available to the Company.

(vi) The Laredo Material Contracts together with the other Laredo Assets are sufficient in all material respects to operate the Laredo Properties in the Ordinary Course of Business.

(vii) Except as set forth on Schedule 6.03(x)(vii), there are no Contracts by which Laredo is bound by any future hedge, swap, collar, put, call, floor, cap, option or other contract that is intended to benefit from, relate to or reduce or eliminate the risk of fluctuations in the price of commodities, including Hydrocarbons, interest rates, currencies or securities.

(y) Preferential Purchase Rights and Consents. Except as set forth on Schedule 6.03(y), there are no preferential rights to purchase, consents or similar rights that are applicable to the transactions contemplated hereby.

(z) Imbalances. Except as set forth on Schedule 6.03(z), there are no Imbalances existing as of the date of this Agreement or as of the Closing Date with respect to any of the Laredo Assets or the marketing of Hydrocarbons therefrom.

(aa) Payout Balances. Schedule 6.03(aa) contains a list of the estimated status of any "payout" balance (net to the interest of Laredo), as of the dates shown in such Schedule, for each Laredo Property that is subject to a reversion or other adjustment at some level of cost recovery or payout.

(bb) Plugging and Abandonment. Except as shown on Schedule 6.03(bb), there are no Laredo Wells located on the Laredo Leases or Laredo Unit Interests with respect to which Laredo has received a written order from any Governmental Authority requiring, or any written claim from any other Person requesting or demanding that, such Laredo Wells be plugged and abandoned, where the work relating to such order or claim has not yet been completed. Those Laredo Wells located on the Laredo Leases or Laredo Unit Interests that have been plugged and abandoned have been plugged and abandoned in accordance with applicable contracts and Law in all material respects.

(cc) Payment of Expenses. All expenses, including all bills for labor, materials and supplies used or furnished for use in connection with the Laredo Assets, and all severance, production, ad valorem and other similar Taxes, relating to the ownership or operation by Laredo of the Laredo Assets, have been, and are being, paid (timely, and before the same become delinquent) by Laredo, except such expenses and Taxes as are disputed in good faith by Laredo

and for which an adequate accounting reserve has been established by Laredo. Laredo is not delinquent with respect to its obligations to bear costs and expenses relating to the development and operation of any Laredo Property.

(dd) Suspended Revenues. Laredo has segregated all proceeds of production owed to Third Parties for the sale of Hydrocarbons and such suspense funds are not included as assets of Laredo on the Laredo Financial Statements.

(ee) Affiliate Transactions.

(i) Except as set forth on Schedule 6.03(ee)(i), Laredo has not made any exchanges, barter arrangements, loans or advances or otherwise extended credit to any directors, officers, agents, employees, consultants or equityholders of Laredo, or any of their respective Affiliates, since the Balance Sheet Date or that are otherwise outstanding.

(ii) Except as set forth in Schedule 6.03(ee)(ii), there are no powers of attorney outstanding by Laredo in favor of any other Person.

(iii) Except as set forth in Schedule 6.03(ee)(iii), since the Balance Sheet Date, there has not been paid or been committed to be paid to or for the benefit of any of the directors, officers, agents, employees, consultants or representatives of Laredo anything other than fees (including directors' fees), wages, salaries, commissions and expense reimbursements, in each case in the Ordinary Course of Business.

(iv) Schedule 6.03(ee)(iv) sets forth all services and assets owned, licensed to or otherwise held by any Unitholder or any Affiliate of such Unitholder (other than Laredo), that are or were made available or provided to or used by Laredo within the one-year period prior to the date of this Agreement or which may be required to operate the business of Laredo from and after the Closing Date consistent with past practices in the preceding year.

(v) Except as set forth in Schedule 6.03(ee)(v), (A) Laredo is not obligated to pay currently or in the future any amounts to any Unitholder or Affiliate of any Unitholder for services rendered to Laredo, and no Unitholder or any Affiliate of any Unitholder is obligated to pay currently or in the future any amounts to Laredo and (B) since the Balance Sheet Date, Laredo has not purchased, transferred or leased any real or personal property from or for the benefit of, paid any commission, salary or bonus to or for the benefit of, any Unitholder or any Affiliate of such Unitholder or any manager, director, officer, shareholder, member or partner thereof and Laredo has not sold, transferred or leased any real or personal property to any Unitholder or any Affiliate of any Unitholder.

(ff) Intangible Property. There are no material trademarks, trade names, patents, service marks, brand names, computer programs, databases, industrial designs, copyrights or other intangible property that are necessary for the operation, or continued operation, of the business of Laredo, or for the ownership and operation, or continued ownership

and operation, of any Laredo Assets, for which Laredo does not hold valid and continuing authority in connection with the use thereof.

(gg) Books and Records. All books, records and files of Laredo (including those pertaining to the Laredo Assets, those pertaining to the production, gathering, transportation and sale of Hydrocarbons, and corporate, accounting, financial and employee records): (i) have been prepared, assembled and maintained in accordance with usual and customary policies and procedures; and (ii) fairly and accurately reflect the ownership, use, enjoyment and operation by Laredo of the Laredo Assets.

(hh) Brokers' Fees. Laredo has no Liability to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Contributors will be liable or obligated.

(ii) Approved Budget. Schedule 6.03(ii) sets forth the budget of Laredo for the year 2011, as approved by the Board of Managers (the "**Laredo Approved Budget**").

(jj) Internal Accounting Controls. Laredo maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded accurately and promptly and as necessary to permit preparation of financial statements in conformity with GAAP and to maintain Laredo Asset accountability, (iii) access to Laredo Assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing Laredo Assets at reasonable intervals and appropriate action is taken with respect to any differences.

(kk) Opinion of Financial Advisor. The Board of Managers has received the opinion of Tudor, Pickering, Holt & Co., LLC to the effect that, as of the date of such opinion, the Equity Consideration to be paid by Laredo in the transactions contemplated hereby is fair, from a financial point of view, to Laredo.

(ll) Investment Company. Laredo is not required to be registered as an investment company under the Investment Company Act of 1940, as amended.

ARTICLE VII
CERTAIN COVENANTS

Section 7.01 Access. During the Examination Period, the Company and Laredo (which for the purposes of this Article VII will include all of its subsidiaries) will, during normal business hours, (a) subject to obtaining any consents required with respect to Company Properties not operated by the Company (which the Company shall use commercially reasonable efforts to obtain) or the Laredo Properties not operated by Laredo (which Laredo shall use commercially reasonable efforts to obtain), as applicable, give the other Party and its authorized representatives reasonable access to the Company Assets or Laredo Assets, as applicable, and all offices of the Company or Laredo, as applicable, (b) give the other Party the opportunity to discuss the business of the Company or Laredo, as applicable, with such officers, directors, accountants, consultants and counsel of the Company or Laredo, as applicable, as the other Party deems reasonably necessary or appropriate for the purpose of familiarizing itself with the

Company and Company Assets or Laredo and Laredo Assets, as applicable, and (c) cause its employees to furnish the other party with such corporate information, financial and operating data (including internal reserve reports as of March 31, 2011 and related background support) and other information with respect to the business and Company Assets or Laredo Assets, as applicable, as the other Party may from time to time reasonably request; *provided*, *however,* that any such investigation shall be conducted in such a manner as not to interfere unreasonably with the operation of the business of the Company or Laredo, as applicable. Laredo and the Company have executed separate Confidentiality Agreements and First Amendments to Confidentiality Agreements dated effective August 17, 2010 (collectively, the "**Confidentiality Agreements**"). The Confidentiality Agreements shall continue in full force and effect in accordance with their terms, amendments, and as such may be modified by the terms of any definitive agreements executed in connection with the transactions contemplated herein, until the Closing Date. All information provided by the Parties pursuant to this Agreement or in connection with the transactions contemplated herein, including any information provided pursuant to Section 7.02, shall be treated as confidential information and be subject to the provisions of the Confidentiality Agreements.

Section 7.02 Conduct of Business of the Company. On and after the date hereof and prior to the Closing Date, and except as contemplated by this Agreement or as otherwise consented to by Laredo in writing (in Laredo's sole discretion):

(a) the Company shall, and each Contributor shall cause the Company to, use commercially reasonable efforts to:

(i) conduct its business in the Ordinary Course of Business and in accordance with the Company Approved Budget, including drilling-related activity and creating, incurring or assuming any Indebtedness as set forth in the Company Approved Budget;

(ii) operate, maintain and otherwise deal with the Company Properties and all of its other Company Assets in accordance with past practices and in accordance with applicable Company Leases and other Contracts and applicable Laws and Approvals;

(iii) preserve intact its present business organization, keep available the services of its current officers and employees until Closing at their current rates of compensation, commissions and benefits and retained employees thereafter and endeavor to preserve its relationships with customers, suppliers and others having business dealings with it to the end that its goodwill and ongoing business shall not be impaired in any material respect at the Closing;

(iv) keep and maintain accurate books, records and accounts;

(v) maintain in full force and effect existing insurance policies and binders of the Company subject only to variations required by the Ordinary Course of Business, or else will obtain, prior to the lapse of any such policy or binder, substantially similar coverage with insurers of recognized standing;

(vi) pay all Taxes imposed upon any of the Company Assets or with respect to its franchises, business, income or assets before any penalty or interest accrues thereon;

(vii) pay all claims and expenses (including claims and expenses for labor, services, materials and supplies) when they become due and payable in accordance with their terms;

(viii) pay all wages and other compensation accrued by all employees of the Company through the Closing Date when they become due and payable in accordance with the obligations of the Company under any applicable Law, labor or employment practices and policies, or any collective bargaining agreement or other labor contract or individual agreement to which the Company is a party, or by which the Company may be bound;

(ix) comply in all material respects with the requirements of applicable Laws and Approvals of any Governmental Authority and comply with and enforce the provisions of the Company Material Contracts, including paying when due all Indebtedness, payables, rentals, royalties, expenses and other Liabilities relating to its business or the Company Assets;

(x) promptly notify Laredo of the receipt of any written notice or claim, or any threat of a notice or claim, of which the Company, Contributors or any of their respective Affiliates become aware after such date, relating to any default or breach by the Company or any of its Affiliates under, or any termination or cancellation of, any Company Material Contract or Company Lease (or in the case of any production sales contract, any written notice of intent to exercise any price renegotiation or other option available to the purchasers thereunder, to terminate such contract, to alter pricing, delivery, or other material provisions thereof, or to contest or dishonor any material provisions thereof);

(xi) at all times preserve and keep in full force and effect its corporate or other legal existence and rights and franchises material to the performance by the Company of its obligations under this Agreement; and

(xii) take or omit to take any action that is intended or could reasonably be expected to, individually or in the aggregate, result in any of the representations or warranties contained herein becoming untrue or inaccurate in any material respect; and

(b) without limiting the generality of the foregoing, other than in accordance with the Company Approved Budget, the Company shall not, and Contributors will not permit the Company to:

(i) declare, set aside or pay any dividend or distribution, whether in cash, Capital Stock or property (or any combination thereof); issue, sell, purchase, redeem or otherwise acquire any Capital Stock or other equity interests of the Company or issue any option, warrant or right relating to its Capital Stock or other equity interests

or any securities convertible into or exchangeable for any Capital Stock or other equity interests; liquidate, dissolve, merge, consolidate, restructure, recapitalize or otherwise reorganize the Company or make any other change in the capitalization of the Company; split, combine or reclassify any of its Capital Stock or other outstanding equity interests; or enter into, or otherwise become a party to, any Contract relating to the voting, registration or transfer of any shares of Capital Stock or other equity interests of the Company;

(ii) (A) increase the rate or terms of compensation payable or to become payable by the Company to its directors, officers or employees, except as required by applicable Law or pursuant to any Company Employee Plans as of the date hereof; or (B) increase the rate or terms (including vesting status) of any bonus, insurance, pension or other employee benefit plan or arrangement made to, for or with any such directors, officers or employees, except as required by applicable Law or pursuant to any Company Employee Plans as of the date hereof;

(iii) (A) amend its Organizational Documents or the Certificate of Designations, (B) amend in any material respects or terminate any Company Lease or Company Material Contract or (C) assign any Company Lease or Company Material Contract to any Person;

(iv) make an equity investment in any other Person or acquire by merger or consolidation or purchase of equity interests any corporation, partnership, association or any other business organization or division thereof;

(v) engage in any line of business in which it is not engaged as of the date hereof;

(vi) make any change in any method of accounting or accounting principles;

(vii) enter into any settlement of any material issue with respect to any assessment or audit or other administrative or judicial proceeding with respect to Taxes for which the Company or Laredo may have Liability;

(viii) terminate or voluntarily relinquish any Approval from any Governmental Authority or Person necessary for the conduct of the business of the Company or any Company Asset, except in the Ordinary Course of Business;

(ix) establish, amend or terminate a Company Employee Plan or any other employee benefit plan except for amendments and terminations required by applicable Law or in accordance with the applicable Company Employee Plan in existence as of the date hereof; or enter into, amend or terminate any consulting, employment, severance, change of control, bonus, termination or similar Contract with any Person;

(x) make any loan to or enter into any transaction with any Company Employee, officer, director or Affiliate of the Company, except for the payment of

salaries, commissions and benefits to which all similarly situated employees are generally entitled; or make any loan to any consultant of the Company;

(xi) resign, transfer or otherwise voluntarily relinquish any control, possession or right it has as of the date of this Agreement, (including as operator of any Property), or take any action intended to cause any Third Party to seek removal of the Company as operator of any Company Property, under the applicable operating agreement or otherwise;

(xii) sell, lease or sublease, transfer, farm out or otherwise dispose of or mortgage, pledge or otherwise encumber any Company Asset (except for Permitted Encumbrances and sales of Hydrocarbons in the Ordinary Course of Business) that have a value at the time of such disposition of $500,000;

(xiii) acquire any oil and gas interests or any other assets that have a value at the time of such acquisition of $2,000,000 or more;

(xiv) enter into any hedging or derivative Contracts (financial, commodity or otherwise);

(xv) agree with any Person to limit or otherwise restrict in any manner the ability of the Company to compete or otherwise conduct its business;

(xvi) assume, endorse, guarantee or otherwise become liable or responsible (whether directly, contingently or otherwise) for the Liabilities of any other Person other than in the Ordinary Course of Business;

(xvii) execute any joint operating agreement or voluntary pooling agreement other than in the Ordinary Course of Business;

(xviii) elect to be a non-consent co-owner with respect to any Third Party AFE, joint operating agreement or any applicable pooling agreement; or

(xix) enter into any contract that would constitute a Company Material Contract;

(xx) change or make any Tax elections with respect to the Company or its assets;

(xxi) reduce or terminate (or cause to be reduced or terminated) any insurance coverage now held in connection with the Company Assets; or

(xxii) resolve or enter into or adopt any plan or agreement with respect to any of the foregoing.

Section 7.03 Conduct of Business of Laredo. On and after the date hereof and prior to the Closing Date, and except as contemplated by or necessary to effect this Agreement or as otherwise consented to by Contributors in writing (in Contributors' sole discretion):

(a) Laredo shall, and shall cause its subsidiaries to, use commercially reasonable efforts to:

(i) conduct its business in the Ordinary Course of Business; and

(ii) take or omit to take any action that is intended or could reasonably be expected to, individually or in the aggregate, result in any of the representations or warranties contained herein becoming untrue or inaccurate in any material respect; and

(b) without limiting the generality of the foregoing, Laredo shall not, and shall not permit its subsidiaries to:

(i) liquidate, dissolve, merge, consolidate, restructure, recapitalize or otherwise reorganize Laredo, other than necessary to effectuate the transactions contemplated hereby;

(ii) amend its Organizational Documents, except for amending the LLC Agreement to effectuate the transactions contemplated hereby; and

(iii) resolve or enter into or adopt any plan or agreement with respect to any of the foregoing.

Section 7.04 Intercompany Accounts and Affiliate Transactions.

(a) At or prior to the Closing, the Company and Contributors shall cause to be settled, repaid or canceled all intercompany accounts that are unpaid as of the Closing Date between the Company, on the one hand, and Contributors or any of their Affiliates (other than the Company), on the other hand, in each case at no cost to the Company.

(b) At or prior to the Closing, the Company and Contributors shall have caused to be terminated at no cost to the Company all Company Affiliate Contracts.

Section 7.05 Cooperation in Connection with Regulatory Filings.

(a) Contributors shall, and shall cause their respective Affiliates, advisors and representatives and, prior to the Closing, the Company and their Affiliates, advisors, representatives, officers, directors, managers and employees to, provide reasonable cooperation, at Laredo's expense, to Laredo, its Affiliates and their officers, directors, auditors and other representatives in connection with any filings that may be required to be made by Laredo or any of its Affiliates as a result of the transactions contemplated by this Agreement with any Governmental Authority (collectively, the "**Filings**"). Without

limiting the generality of the foregoing, upon execution of this Agreement, Laredo shall have the right to utilize the Company Auditor to assist in and facilitate the preparation of the pro forma combined financial statements and the Company shall make available any information that Laredo reasonably determines is required to prepare such pro forma combined financial statements.

(b) Without limiting the generality of Section 7.05(a), after the Closing, Contributors listed on Schedule 7.05(b) shall, and shall cause their respective Affiliates, advisors and representatives to, cooperate with Laredo, its Affiliates and their officers, directors, auditors and other representatives in connection with the following actions to the extent reasonably necessary and at the sole expense of Laredo to cover out-of-pocket expenses of Contributors:

(i) the preparation by Laredo of financial statements of the Company in such forms and covering such periods as may be required by the Securities Act to be filed with the SEC by Laredo;

(ii) the conduct of customary due diligence by Laredo or any of its advisors or representatives with respect to the financial statements of the Company in connection with any exchange or offering of securities by Laredo, or to enable an accounting firm to prepare and deliver a customary comfort letter with respect to financial information relating to the Company; and

(iii) the satisfaction by Laredo of its financial reporting obligations with respect to internal controls and financial controls of the Company.

(c) The obligations of Contributors under this Section 7.05 shall in no event survive after the first anniversary of the Closing Date.

Section 7.06 Preferential Purchase Rights; Consent from Third Parties.

(a) With respect to each preferential purchase right that becomes exercisable with respect to a Company Property on the account of the transactions contemplated hereby, the Company, within three days of the date hereof, shall send to the holder of each such right a notice, in material compliance with the contractual provisions applicable to such right.

(b) Each Contributor and the Company will use their respective commercially reasonable efforts to acquire the written consent from all Third Parties to Contracts with respect to which the consummation of the transactions contemplated hereby or the compliance with this Agreement, could reasonably be expected to result in, or cause a default, or constitute an event of default (or an event which the giving of notice or the passage of time could cause a default or event of default), or otherwise cause the Company to be in breach of, or unable to perform under, such Contracts, or grant any other party thereto the right to modify or terminate such Contract or the performance of the Company thereunder; *provided*, *however*, that, without Laredo's prior written consent, none of Contributors or the Company shall pay any Third Party for such consent or agree to any concessions, restrictions or other amendments to the applicable Contract to obtain such consent. Each Contributor and the Company shall cooperate with Laredo, and vice versa, in the execution and filing of all notices, forms and agreements as may be necessary to obtain any Approval of any Governmental Authority that may be necessary or appropriate to effectuate the transactions contemplated hereby, including any Approval held by the Company or required for the operation of the Company Assets. Laredo agrees to use commercially reasonable efforts to assist Contributors to obtain any such consents to the extent reasonably requested by Contributors or Company.

Section 7.07 Further Assurances. Subject to the terms and conditions of this Agreement, each of the Parties will use all commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things reasonably necessary, proper or advisable, under applicable Laws and regulations to fulfill its obligations under this Agreement and to consummate and make effective the transactions contemplated hereby.

Section 7.08 Notification of Certain Matters; Amendment of Schedules.

(a) Contributors, the Company and Laredo shall each give prompt written notice to the other of (a) the occurrence, or failure to occur, of and shall provide accurate and complete copies of any and all information relating to, any event of which it becomes aware that has caused or that would be likely to cause any representation or warranty of such Party contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date hereof to the Closing, and (b) the failure of such Party, or any officer, director, manager, employee, or agent of such Party, to comply with or satisfy in any material respect any covenant, condition, or agreement to be complied with or satisfied by it hereunder. A notifying Party under this Section 7.08 shall use all commercially reasonable efforts to cure or remedy, before the Closing, any occurrence of (a) or (b) in the preceding sentence.

(b) Each Party agrees that, with respect to the representations and warranties of such Party contained in this Agreement, such Party shall have the continuing obligation to use its reasonable efforts after reasonable inquiry until the Closing to supplement or amend promptly the Schedules hereto with respect to any matter hereafter arising or discovered which, if existing or known at the date of this Agreement, would have been required to be set forth or described in a Schedule hereto (including any additional Schedules that may be necessary for an exception to any representation or warranty herein). For all purposes of this Agreement, including without limitation for purposes of determining whether the conditions to Closing have been fulfilled, the Schedules hereto shall be deemed to include the information set forth in any supplement or amendment thereto; *provided*, *however*, that if the supplemental or additional information materially changes an existing Schedule or adds a new Schedule, each other Party shall have the right to terminate this Agreement upon notice to the other Parties before the earlier to occur of (i) the expiration of five Business Days following the delivery of such modified or new Schedule or (ii) the Closing Date; if none of the other Parties delivers a notice of termination prior to such date, then all matters disclosed pursuant to any such supplement or amendment other than with respect to Schedule 6.02(g) shall be deemed to be an amendment to this Agreement and waived, and no Party shall be entitled to make a claim thereon pursuant to the terms of this Agreement except with respect to Schedule 6.02(g) or as provided under Section 12.02 for a knowing and intentional action.

Section 7.09 Releases and Resignations. On or prior to the Closing Date, (a) Contributors shall (i) cause those officers and directors of the Company as set forth on Schedule 9.03(c)(i) to duly execute and deliver their respective resignations from the Company and (ii) cause the Company and each of the officers, directors and employees of the Company set forth on Schedule 9.03(c)(ii) to duly execute and deliver mutual releases of Liability in the form of Exhibit D-1 and Exhibit D-2, as applicable, (b) Warburg shall execute and deliver a mutual release of Liability, in the form of Exhibit E and (c) Laredo shall execute and deliver mutual releases of Liability in the form of Exhibit D-1, Exhibit D-2 and Exhibit E.

Section 7.10 No Solicitation of Transactions. During the period from the date of this Agreement through the Closing Date or the earlier termination of this Agreement pursuant to Section 12.01, Contributors shall not, and shall cause the Company not to, directly or indirectly, through any of their respective officers, directors, managers, employees, Affiliates, investment bankers, attorneys, agents or other representatives or otherwise, initiate, solicit or encourage (including by way of furnishing any information or assistance), or enter into or participate in negotiations or discussions of any type, directly or indirectly, or enter into a confidentiality agreement, letter of intent or purchase agreement, merger agreement or other similar agreement with any Person (other than Laredo and its representatives) with respect to: (a) the acquisition of any Capital Stock or other voting securities, or a sale of all or any material asset or any substantial portion of the assets of the Company, (b) a merger, consolidation, business combination, sale of any portion of the Capital Stock of the Company, (c) the liquidation, dissolution, reorganization or similar extraordinary transaction with respect to the Company or (d) any other transaction the entry thereto or consummation of which could reasonably be expected to impede, interfere with, prevent or materially delay the close of the transaction contemplated by this Agreement or that could reasonably be expected to dilute materially the benefits to Laredo of the transaction contemplated by this Agreement (each a "**Material Transaction**"). Contributors shall, and shall cause the Company to, cease and cause to be terminated immediately all existing discussions or negotiations with any Persons conducted heretofore with respect to a Material Transaction. Contributors will notify Laredo immediately if any Person makes a proposal, offer, inquiry or contact with respect to the foregoing.

Section 7.11 Non-Competition. During the period commencing with the Closing Date and ending on the first anniversary thereof, the individuals listed on Schedule 7.11 shall not (a) directly or indirectly engage in, have any equity interest in, or manage or operate any firm, corporation, partnership, limited liability company, other entity or business (whether as director, officer, employee, agent, representative, partner, security holder, consultant or otherwise) that engages in any business which competes with any portion of Laredo's or any of its subsidiaries' business in Reagan or Glasscock counties, in the State of Texas and (b) disclose to any Third Party any confidential information related to such counties.

Section 7.12 Director and Officer Indemnification and Insurance.

(a) The Company agrees that all rights to indemnification, advancement of expenses and exculpation by the Company now existing in favor of each Person who is now, or has been at any time prior to the date hereof or who becomes prior to the Closing Date, an officer or director of the Company, as provided in the Governing Documents of the Company, in each case as in effect on the date of this Agreement, or pursuant to any other agreements in effect on the date hereof, shall survive the Closing Date and shall continue in full force and effect in accordance with their respective terms.

(b) The Company shall, and Laredo shall cause the Company to (i) maintain in effect for a period of six years after the Closing Date, if available, the current policies of directors' and officers' liability and excess directors' and officers' coverage insurance maintained by the Company immediately prior to the Closing Date (*provided* that the Company may substitute therefor policies, of at least the same coverage and amounts and containing terms and conditions that are not less advantageous to the directors and officers of the Company when

compared to the insurance maintained by the Companies as of the date hereof), or (ii) obtain as of the Closing Date "tail" insurance policies with a claims period of six years from the Closing Date with at least the same coverage and amounts, and containing terms and conditions that are not less advantageous to the directors and officers of the Company, in each case with respect to claims arising out of or relating to events which occurred on or prior to the Closing Date (including in connection with the transactions contemplated hereby); *provided* that in no event shall the Company expend an amount pursuant to this Section 7.12(b) in excess of 150% of the current annual premium paid by the Company for its existing coverage in the aggregate.

(c) The obligations of Laredo and the Company under this Section 7.12 shall not be terminated or modified in such a manner as to adversely affect any director or officer to whom this Section 7.12 applies without the consent of such affected director or officer (it being expressly agreed that the directors and officers to whom this Section 7.12 applies shall be third-party beneficiaries of this Section 7.12, each of whom may enforce the provisions of this Section 7.12).

(d) In the event Laredo, the Company or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving entity in such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in either such case, proper provision shall be made so that the successors and assigns of Laredo or the Company, as the case may be, shall assume all of the obligations set forth in this Section 7.12.

Section 7.13 Amended LLC Agreement. On or prior to the Closing Date, the Parties shall execute and deliver the Amended LLC Agreement in the form attached hereto as Exhibit H with only those changes (i) set forth in this Section 7.13 to reflect the final calculation of the BOE Allocation (as such term is defined in the Amended LLC Agreement) and the number of issued and authorized New Laredo Preferred Units and (ii) to insert the authorized number of Profits Units (as such term is defined in the Amended LLC Agreement) to be issued in accordance with the provisions of the Amended LLC Agreement. The Parties agree that the BOE Allocation will be a percentage equal to (a) the Equity Consideration amount as adjusted and determined pursuant to Section 9.02 on or before the Closing divided by (b)(A) the quotient obtained by dividing (i) the Equity Consideration minus the Outstanding Amount by (ii) 50%, minus (B) the net amount of all adjustments to the Equity Consideration under Section 9.02 other than the Outstanding Amount. Further, the Parties shall determine the final number of New Laredo Preferred Units to be authorized, issued and outstanding and set forth in the Amended LLC Agreement as an amount equal to (i) (A) the aggregate amount of Series A-1 Units and Series A-2 Units outstanding as of the Closing divided by (B) the LP Allocation (as such term is defined in the Amended LLC Agreement) times (ii) the BOE Allocation. At the Closing, each of the Parties hereto shall execute and deliver, or shall use their reasonable efforts to cause such other Persons who are required to consent to an amendment of the LLC Agreement to execute and deliver, their respective signature pages to the Amended LLC Agreement to make such Agreement binding and enforceable at the Closing.

Section 7.14 Execution of Agreement and Completion of Signature Page Schedules. Contributor Representative shall use his reasonable efforts to cause (a) each Stockholder and Optionholder who will contribute its, his or her Owned Company Stock or a portion thereof

pursuant hereto and who has not executed this Agreement as of the date hereof to execute this Agreement on or prior to June 24, 2011, upon which execution such holder shall become a "Contributor" hereunder and (b) each Contributor to complete the schedule attached to such Contributor's signature page hereto on or prior to June 24, 2011.

ARTICLE VIII
CONDITIONS TO CLOSING

Section 8.01 Conditions to the Company's and Contributors' Obligations. The obligations of the Company and Contributors to consummate the transactions provided for herein are subject, at the option of the Company and Contributors, to the fulfillment on or prior to the Closing Date of each of the following conditions:

(a) Representations. The representations and warranties of Laredo contained in this Agreement shall be true and correct in all material respects (*provided* that any such representation or warranty of Laredo that is qualified by a materiality standard shall be true and correct in all respects) as of the date of this Agreement and as of the Closing, as though made at and as of the Closing, except for representations or warranties made as of a specific date, which shall be true and correct in all material respects as of such date.

(b) Performance. Laredo shall have performed or complied in all material respects with all obligations, agreements and covenants contained in this Agreement as to which performance or compliance by Laredo is required prior to or at the Closing Date.

(c) Pending Matters. No injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby or granting damages in connection therewith, shall have been issued and remain in force, and no suit, action or other proceeding (instituted by a Person other than any Contributor or its Affiliates) shall be pending before any Governmental Authority or threatened that seeks to restrain, enjoin or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover damages from Contributors resulting therefrom.

(d) Consents. All Approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Authority necessary for the consummation of the transactions contemplated hereby shall have been filed, occurred, or been obtained.

(e) Execution and Delivery of Closing Documents. Laredo shall have executed and acknowledged, as appropriate, and shall be ready, willing and able to deliver to Contributors all of the deliverables described in Section 9.04.

(f) Purchase and Sale Agreement. Immediately prior to the Closing, the sale and purchase of the Preferred Stock pursuant to the Purchase and Sale Agreement shall have been consummated. Concurrently with and as part of the transactions under this Agreement (and immediately after the consummation of the sale and purchase of the Preferred Stock), the Closing and the sale and purchase of the vested Common Stock and Options pursuant to the Purchase and Sale Agreement shall be consummated.

(g) Amended LLC Agreement. The Contributors shall have received the signature pages to the Amended LLC Agreement from all holders of Existing Laredo Preferred Units, Contributors and each other Person whose consent and signature is required to amend the LLC Agreement.

(h) Execution of Agreement and Completion of Signature Page Schedules. Each Stockholder and Optionholder shall have executed an delivered its, his or her signature page(s) to this Agreement or the Purchase and Sale Agreement or both such agreements, such that all issued and outstanding shares of Series A Preferred Stock, vested Common Stock and vested Options will be contributed to Laredo hereunder and/or sold to LPI under the Purchase and Sale Agreement at Closing. Each Contributor shall have completed the schedule attached to such Contributor's signature page hereto.

Section 8.02 Conditions to Laredo's Obligations. The obligations of Laredo to consummate the transactions provided for herein are subject, at the option of Laredo, to the fulfillment on or prior to the Closing Date of each of the following conditions:

(a) Representations. (i) The representations and warranties of the Company and each Contributor contained in this Agreement or in any certificate delivered pursuant to the provisions of this Agreement (other than Sections 6.01(g) and 6.02(g)) shall be true and correct in all material respects (*provided* that any such representation or warranty of a Contributor that is qualified by a materiality standard shall be true and correct in all respects) as of the date of this Agreement and as of the Closing, as though made at and as of the Closing, except for representations or warranties made as of a specific date, which shall be true and correct in all material respects as of such date, and (ii) the representations and warranties contained in Sections 6.01(g) and 6.02(g) shall be true and correct in all respects as of the date of this Agreement and as of the Closing, as though made at and as of the Closing, except for such representations or warranties made as of a specific date, which shall be true and correct in all respects as of such date.

(b) Performance. Contributors and the Company shall have performed or complied in all material respects with all obligations, agreements and covenants contained in this Agreement as to which performance or compliance by Contributors or the Company is required prior to or at the Closing Date.

(c) No Material Adverse Effect. No event or circumstance has happened that has resulted in or could reasonably be expected to result in a Material Adverse Effect on the Company or any Contributor.

(d) Pending Matters. No injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby or granting damages in connection therewith, shall have been issued and remain in force, and no suit, action or other proceeding (instituted by a Person other than Laredo or its Affiliates) shall be pending before any Governmental Authority or threatened that seeks to restrain, enjoin or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover damages from Laredo or the Company resulting therefrom.

(e) Consents. (i) All Approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Authority or Third Person necessary for the consummation of the transactions contemplated hereby shall have been filed, occurred, or been obtained and (ii) Laredo shall have been furnished with evidence reasonably satisfactory to it of the consent or approval of each Person that is a party to a Company Material Contract and whose consent or approval shall be required in order to permit, or prevent a breach of such Contract or the creation of a right to terminate such Contract upon, the consummation of the transactions contemplated hereby and such consent or approval shall be in the form and substance reasonably satisfactory to Laredo.

(f) Execution and Delivery of Closing Documents. The Company and Contributors shall have executed and acknowledged, as appropriate, and shall be ready, willing and able to deliver to Laredo all of the deliverables described in Section 9.03.

(g) Termination of Affiliate Contracts. All Company Affiliate Contracts shall have been terminated without cost to Laredo.

(h) Assumption of Liabilities of Excluded Assets. Contributors shall have assumed all Liabilities with respect to the Excluded Assets (including any Non-Transferred Excluded Assets, if applicable) from and after the Closing Date to Laredo's reasonable satisfaction.

(i) Termination of Equity-Based Compensation Plans. The Company shall take all actions necessary and appropriate to terminate the Company equity-based compensation plans set forth on Schedule 8.02(i) or amend such plans to freeze the benefits and the granting of additional awards thereunder.

(j) Purchase and Sale Agreement. Immediately prior to the Closing, the sale and purchase of the Preferred Stock pursuant to the Purchase and Sale Agreement shall have been consummated. Concurrently with and as part of the transactions under this Agreement (and immediately after the consummation of the sale and purchase of the Preferred Stock), the Closing and the sale and purchase of the vested Common Stock and Options pursuant to the Purchase and Sale Agreement shall be consummated.

(k) Amended LLC Agreement. Laredo shall have received the signature pages to the Amended LLC Agreement from all holders of Existing Laredo Preferred Units, Contributors and each other Person whose consent and signature is required to amend the LLC Agreement.

(l) Execution of Agreement and Completion of Signature Page Schedules. Each Stockholder and Optionholder shall have executed and delivered its, his or her signature pages(s) to this Agreement or the Purchase and Sale Agreement or both such agreements, such that all issued and outstanding shares of Series A Preferred Stock, vested Common Stock and vested Options will be contributed to Laredo hereunder and/or sold to LPI under the Purchase and Sale Agreement at Closing. Each Contributor shall have completed the schedule attached to such Contributor's signature page hereto.

ARTICLE IX
CLOSING

Section 9.01 Time and Place of Closing. If the conditions referred to in Article VIII have been satisfied or waived in writing, the contribution by Contributors and the purchase by Laredo of the Contributed Company Stock pursuant to this Agreement (the "**Closing**") shall take place at the offices of Akin Gump Strauss Hauer and Feld LLP located at 1111 Louisiana Street, 44th Floor, Houston, Texas 77002, at 10:00 a.m., Houston time, on July 1, 2011 (the "**Closing Date**") or such earlier or later date as is mutually agreed by the Parties; *provided* that such date shall be extended to the extent necessary to permit the cure of a Title Defect or Environmental Defect pursuant to Section 4.03(a) or Section 5.04(a), as applicable.

Section 9.02 Adjustments to Equity Consideration at Closing.

(a) At the Closing, the Equity Consideration shall be increased by the sum of all Laredo Title Defect Amounts and all Laredo Environmental Defect Amounts; *provided* that there shall be no increase in the Equity Consideration due to Title Defects or Environmental Defects until and unless the sum of all Laredo Title Defect Amounts and all Laredo Environmental Defect Amounts shall have exceeded the Aggregate Defect Threshold, at which time the Equity Consideration will be increased by the sum of all Laredo Title Defect Amounts and Laredo Environmental Defect Amounts.

(b) At the Closing, the Equity Consideration shall be decreased by the following amounts:

(i) the sum of all Company Title Defect Amounts and all Company Environmental Defect Amounts; *provided* that there shall be no decrease in the Equity Consideration due to Title Defects or Environmental Defects until and unless the sum of all Company Title Defect Amounts and all Company Environmental Defect Amounts shall have exceeded the Aggregate Defect Threshold, at which time the Equity Consideration will be decreased by the sum of all Company Title Defect Amounts and Company Environmental Defect Amounts;

(ii) the amount paid or to be paid by LPI as cash consideration pursuant to the Purchase and Sale Agreement, which amount shall not exceed $100,000,000 in the aggregate; and

(iii) the Outstanding Amount.

Section 9.03 Actions of the Company and Contributors at Closing. At the Closing, the Company, Warburg, the Contributor Representative or Contributors, as applicable, shall deliver to Laredo:

(a) the Transfer Documents;

(b) a certificate from (i) each Contributor or an authorized officer of the applicable Contributor and (ii) an authorized officer of the Company in his capacity as an officer

of the Company certifying that the conditions set forth in Section 8.02(a), (b) and (c) have been satisfied;

(c) duly executed resignations from those officers and directors of the Company as set forth on Schedule 9.03(c)(i) and mutual releases of Liability in the form of Exhibit D-1, Exhibit D-2 and Exhibit E, as applicable, duly executed by Warburg, the Company and each of the officers, directors and employees of the Company set forth on Schedule 9.03(c)(ii), as applicable;

(d) a certificate from each Contributor in form and substance reasonably satisfactory to Laredo to the effect that such Contributor is not a "foreign person" within the meaning of Section 1445 of the Code and the Treasury Regulations thereunder;

(e) releases of all mortgages and terminations of security interests (in each case) with respect to the Company Credit Facility to be effective immediately after Closing;

(f) signature pages to the Amended LLC Agreement, duly executed by each Contributor;

(g) evidence of termination of all Company Affiliate Contracts;

(h) evidence of termination of or amendment to freeze the Company equity-based compensation plans set forth on Schedule 8.02(i) by the Company;

(i) evidence that all equity-based compensation awards have been terminated and cancelled pursuant to the Purchase and Sale Agreement;

(j) duly executed signature pages to this Agreement of each Stockholder and Optionholder who will sell its, his or her Owned Company Stock or a portion thereof pursuant hereto and who has not executed this Agreement as of the date hereof;

(k) completed schedules attached to such Contributor's signature page hereto from each Contributor to the extent not completed and delivered to Laredo on the date hereof; and

(l) any other agreements or instruments that are provided for herein or are necessary or desirable to effectuate the transactions contemplated hereby.

Section 9.04 Actions of Laredo at Closing. At the Closing, Laredo shall:

(a) deliver to each Contributor such Contributor's pro rata share (as set forth on Annex A) of the Adjusted Equity Consideration, in the form of a number of New Laredo Preferred Units determined in a manner consistent with Annex A;

(b) deliver to Warburg and the Contributor Representative and the Company a certificate from an authorized officer of Laredo in his capacity as an officer of Laredo certifying that the conditions set forth in Section 8.01(a) and (b) have been satisfied.

(c) deliver to the Company, Warburg and the Contributor Representative mutual releases of Liability in the form of Exhibit D-1, Exhibit D-2 and Exhibit E, as applicable, duly executed by Laredo;

(d) deliver the Payoff Amount to the lenders in accordance with the Company Credit Facility; and

(e) execute, acknowledge and deliver any other agreements or instruments provided for herein or necessary or desirable to effectuate the transactions contemplated hereby.

ARTICLE X
CONTRIBUTOR REPRESENTATIVE

Section 10.01 Appointment of Contributor Representative. Each Contributor (excluding Warburg) hereby constitutes and appoints David Braddock (or an entity that he controls) and any successor approved by Laredo in its sole discretion (the "**Contributor Representative**") as such Contributor's true and lawful agent and attorney-in-fact, to act in the name and on behalf of such Contributor as follows from the date hereof until the first anniversary of the Closing Date:

(a) to hold from the date hereof and deliver to Laredo at the Closing all releases, assignments, stock powers, and other agreements and deliverables to be delivered by such Contributor pursuant to this Agreement;

(b) to grant such waivers and consents on behalf of such Contributor under this Agreement as the Contributor Representative in his sole discretion shall deem advisable;

(c) to receive and give receipt for all notices and other communications required or permitted to be given to such Contributor under this Agreement;

(d) to exercise any and all of such Contributor's rights under or in connection with this Agreement, exclusively, other than defense of an action by Laredo alleging the violation by such Contributor of Section 6.01 which such Contributor shall be permitted to defend; *provided* that the Company shall be permitted to receive any payment of liquidated damages pursuant to Section 12.02;

(e) to amend this Agreement except to the extent such amendment would decrease the Equity Consideration, change or modify equity structure or adversely and disproportionately affect such Contributor whose consent has not been obtained, unless otherwise contemplated by this Agreement or the transactions contemplated hereby; and

(f) to take any other action authorized or required to be taken by the Contributor Representative on behalf of such Contributor pursuant to the terms of this Agreement.

Each Contributor (excluding Warburg) acknowledges that the powers and authority granted in this Section 10.01 are coupled with an interest sufficient in Law to support an irrevocable power of attorney and, unless this Agreement is terminated pursuant to Article XII, shall be irrevocable to the fullest extent permitted by Law. Each Contributor (excluding Warburg) agrees to

indemnify Laredo for any Claims that arise against Laredo as a result of reliance on this power of attorney. Each Contributor agrees that the arrangements in this Section 10.01 do not create any special relationship between such Contributor and the Contributor Representative, that the Contributor Representative is not a fiduciary to such Contributor and, to the extent permitted under applicable Law, that such Contributor will not bring any Claim against the Contributor Representative which relates to or results from his performance of the duties of the Contributor Representative as set forth in this Section 10.01.

Section 10.02 Escrow of Closing Deliverables. Contemporaneously with the execution of this Agreement by each Contributor, such Contributor (other than Warburg) hereby deposits with the Contributor Representative: (a) an executed assignment in the form of Exhibit F, which shall contain stock powers duly executed in blank representing the Contributed Company Stock owned by such Contributor and a spousal consent in the form of Exhibit G, if applicable (collectively, the "**Transfer Documents**"); (b) an executed Amended LLC Agreement, subject to any changes approved by the Contributor Representative and Laredo after the date of this Agreement and through the Closing; (c) duly executed resignations from those officers and directors of the Company as set forth on Schedule 9.03(c)(i); (d) mutual releases of Liability in the form of Exhibit D-1 and Exhibit D-2, duly executed by the Company and each of the officers, directors and employees of the Company set forth on Schedule 9.03(c)(ii); and (e) a certificate in form and substance reasonably satisfactory to Laredo that such Contributor is not a "foreign person" within the meaning of Section 1445 of the Code and the Treasury Regulations thereunder. The Parties agree that such escrowed items shall remain in the possession of the Contributor Representative until the Closing at which time each Contributor hereby irrevocably authorizes the Contributor Representative to deliver them to Laredo in accordance with the other terms of this Agreement.

ARTICLE XI
CERTAIN POST-CLOSING OBLIGATIONS

Section 11.01 Files. To the extent that any Contributor has custody of any of the Company Files, Contributors shall make such Company Files available for pickup by Laredo within 10 days after the Closing and Laredo shall pick up such Company Files on such date or within 10 days thereafter.

Section 11.02 Further Cooperation. After the Closing, and subject to the terms and conditions of this Agreement, each Party, at the request of any other Party and without additional consideration, shall execute and deliver, or shall cause to be executed and delivered from time to time, such further instruments of conveyance and transfer and shall take such other action as the other Party may reasonably request to convey and deliver the Contributed Company Stock to Laredo in the manner contemplated by this Agreement and to otherwise effectuate the transactions contemplated by this Agreement.

Section 11.03 Document Retention.

(a) Inspection. Subject to the provisions of Section 11.03(b) and Section 15.01(b), Laredo agrees, and will cause the Company to agree, that the Company Files shall be open for inspection by representatives of Contributors at reasonable times and upon reasonable

notice during regular business hours for a period of three years following the Closing Date and that Contributors may, during such period and at their expense, make such copies thereof as they may reasonably request.

(b) Destruction. During the period set forth in Section 11.03(a), the Company shall be permitted to destroy or give up possession of any of the Company Files; *provided* that the Company have first offered Contributors the opportunity, at Contributors' expense, to obtain such Company Files.

Section 11.04 Suspense Accounts. At Closing, with no adjustment to the Equity Consideration, the Company shall transfer to Laredo all funds held by the Company in suspense related to proceeds of production and attributable to Third Parties' interests in the Properties or Hydrocarbon production from the Properties, including funds suspended awaiting minimum disbursement requirements, funds suspended under division orders and funds suspended for title and other defects. Laredo agrees to administer, or cause the Company to administer, all such accounts and assume all payment obligations relating to such funds in accordance with all applicable Laws and shall be liable for the payment thereof to the proper parties.

Section 11.05 Treatment of Excluded Assets. The Company shall, at or prior to the Closing, distribute, transfer and assign each Excluded Asset to Contributors or their designee and obtain any consents required in connection therewith. Laredo acknowledges that the inability of the Company to distribute, transfer or assign the Excluded Assets for any reason shall not delay Closing and any Excluded Asset that the Company is unable to so distribute, transfer or assign by the Closing shall be referred to as a "**Non-Transferred Excluded Asset**." Regardless whether any Excluded Asset is a Non-Transferred Excluded Asset, Contributors hereby assume all Liabilities related to all Excluded Assets. From and after the Closing with respect to each Non-Transferred Excluded Asset, Laredo shall cause the Company to permit Contributors to exclusively direct and manage the Company's participation in (and Laredo shall grant to Contributors or Contributors' designee a power of attorney granting Contributors or such designee a full power of attorney with respect to) all negotiations, arbitrations, litigation, claims, and/or bankruptcy or other proceedings involving such Non-Transferred Excluded Asset, whether existing at the Closing or arising thereafter. Laredo shall also permit Contributors to settle or compromise on behalf of the Company any Non-Transferred Excluded Asset in Contributors' sole discretion, and shall promptly pay to Contributors any proceeds or recoveries received in connection with any Non-Transferred Excluded Asset.

Section 11.06 Employee Matters.

(a) For a period of one year after the Closing Date (the "**Continuation Period**"), Laredo shall, or shall cause the Company to, provide the Company Employees who remain employed by the Company, or who become employed by Laredo or its Affiliate, following the Closing Date (the "**Continuing Employees**") with compensation and benefits substantially comparable in the aggregate (without regard to equity-based compensation) to their compensation and benefits (without regard to equity-based compensation) with the Company immediately prior to the Closing Date; *provided*, *however*, that Laredo reserves the right to amend, terminate, merge or suspend any Company Employee Plan or Laredo Employee Plan in its sole discretion.

(b) Nothing contained in this Agreement is intended to confer upon (i) any Continuing Employee or (ii) any Company Employee any right to continued employment by Laredo, LPI or the Company, as applicable, at any time after the Closing Date.

(c) Notwithstanding anything to the contrary in this Agreement, the individuals listed on Schedule 11.06(c) will not become Continuing Employees and their employment with the Company shall be terminated via their resignations without any severance on the Closing Date.

ARTICLE XII
TERMINATION

Section 12.01 Right of Termination. This Agreement and the transactions contemplated hereby may be completely terminated at any time at or prior to the Closing:

(a) by mutual written consent of the Parties;

(b) by the Company, Contributor Representative or Laredo, by written notice to the other, if the Closing shall not have occurred on or before July 1, 2011; *provided*, *however*, that (i) neither Party can so terminate this Agreement if such Party is at such time in intentional and knowing breach of any material provision of this Agreement that is within such Party's reasonable control; and (ii) such date shall be extended to the extent necessary to permit the cure of a Title Defect or Environmental Defect pursuant to Section 4.03(a) or Section 5.04(a), as applicable, to up to August 1, 2011;

(c) by the Company, Contributor Representative or Laredo, by written notice to the other, if the sum of the Company Title Defect Amount and the Company Environmental Defect Amount as properly submitted to the Company in accordance with Articles IV and V, respectively, exceeds the Aggregate Defect Threshold; *provided* that the termination right under this Section 12.01(c) shall not be applicable if the other Party exercised its right to cure a Title Defect or Environmental Defect with respect to the Company Properties pursuant to Section 4.03(a) or Section 5.04(a), as applicable, such Title Defect or Environmental Defect is so cured on or prior to August 1, 2011 and such cure results in the sum of the Title Defects and Environmental Defects with respect to the Company Properties not exceeding the Aggregate Defect Threshold;

(d) by the Company, Contributor Representative or Laredo, if the sum of all Laredo Title Defect Amounts and all Laredo Environmental Defect Amounts, as properly submitted to Laredo in accordance with Articles IV and V, respectively, exceeds the Aggregate Defect Threshold; *provided* that the termination right under this Section 12.01(d) shall not be applicable if Laredo exercised its right to cure a Title Defect or Environmental Defect with respect to the Laredo Properties pursuant to Section 4.03(a) or Section 5.04(a), as applicable, such Title Defect or Environmental Defect is so cured on or prior to August 1, 2011 and such cure results in the sum of the Title Defects and Environmental Defects with respect to the Laredo Properties not exceeding the Aggregate Defect Threshold; or

(e) by the Company, Contributor Representative or Laredo, pursuant to Section 7.08(b).

Section 12.02 Effect of Termination. In the event that the Closing does not occur as a result of a Party exercising its right to terminate pursuant to Section 12.01, then, except for the provisions of Section 1.01, Section 1.02, this Section 12.02, Section 13.03, Section 13.06, Section 14.01 and Article XV (other than Section 15.01 and Section 15.02), this Agreement shall thereafter be null and void and no Party shall have any rights or obligations under this Agreement, except that nothing herein shall relieve any Party from Liability for any knowing and intentional breach of its material covenants or agreements hereunder. In the event of a termination of this Agreement as a result of a knowing and intentional breach by Laredo that is within Laredo's reasonable control, in addition to other remedies available to Contributors at law or in equity, Laredo shall be liable to the Company and Contributors for all expenses incurred by such parties in connection with pursuing the transactions contemplated by this Agreement. In the event of a termination of this Agreement as a result of a knowing and intentional breach by a Contributor or the Company that is in the Contributor's or the Company's reasonable control, as applicable, in addition to other remedies available to Laredo at law or in equity, the Company and Contributors shall be liable to Laredo for all expenses incurred by Laredo in connection with pursuing the transactions contemplated by this Agreement. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE ENTITLED TO RECEIVE ANY SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES, WHETHER BASED ON CONTRACT, TORT, STRICT LIABILITY, OTHER LAW OR OTHERWISE AND WHETHER OR NOT ARISING FROM THE OTHER PARTY'S SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT, EXCEPT SUCH DAMAGES THAT ARE PAYABLE TO A THIRD PARTY WITH RESPECT TO A THIRD PARTY CLAIM FOR WHICH ANY PERSON IS SEEKING INDEMNIFICATION HEREUNDER.

ARTICLE XIII
INDEMNIFICATION

Section 13.01 Indemnification by Contributors and Laredo. Subject to the other provisions of Article XIII, from and after Closing:

(a) each Contributor severally and not jointly will defend, release, indemnify and hold harmless each of the Laredo Indemnitees (including, from and after the Closing, the Company and its officers, directors and/or managers, employees, agents and representatives) from and against any and all Liabilities caused by, arising from or attributable to (i) the breach by such Contributor of its representations or warranties contained in Section 6.01(g) as of the date of this Agreement and as of the Closing, as though made at and as of the Closing and (ii) the breach by the Company of its representations or warranties contained in Section 6.02(g) as of the date of this Agreement and as of the Closing, as though made at and as of the Closing; and

(b) Laredo will defend, release, indemnify and hold harmless each of the Contributors and Company Indemnitees from and against any and all Liabilities caused by, arising from or attributable to the breach by Laredo of its representations or warranties contained in Section 6.03(d) and Section 6.03(h) as of the date of this Agreement and as of the Closing, as though made at and as of the Closing.

Section 13.02 Limitations. Contributors shall not incur, and shall have no obligation to Laredo Indemnitees under this Agreement or in connection with the transactions contemplated hereby with respect to, any Liability unless written notice of such Liability is provided to Warburg and the Contributor Representative within 12 months after Closing. Further, each Contributor's Liability with regard to its, his or her indemnification obligation under Section 13.01(b) shall be limited to such Contributor's pro rata share of such Liability determined by taking the amount of the obligation under such section and multiplying it by a percentage determined by dividing the amount of Equity Consideration received by such Contributor under this Agreement by the aggregate amount of Equity Consideration received by all Contributors under this Agreement. Laredo shall not incur, and shall have no obligation to Company Indemnitees under this Agreement or in connection with the transactions contemplated hereby with respect to, any Liability unless written notice of such Liability is provided to Laredo within 12 months after Closing.

Section 13.03 Remedies. Notwithstanding anything to the contrary in this Agreement, (a) Laredo shall be entitled to all remedies at law or in equity against any Contributor for such Contributor's breach of the representations and warranties contained in Sections 6.01(g) and 6.02(g) and (b) Contributors and the Company shall be entitled to all remedies at law or in equity against Laredo for its breach of the representations and warranties contained in Section 6.03(d) and Section 6.03(h).

Section 13.04 Negligence and Fault. THE DEFENSE, RELEASE, INDEMNIFICATION AND HOLD HARMLESS OBLIGATIONS SET FORTH IN THIS AGREEMENT (INCLUDING SECTION 13.01) SHALL ENTITLE THE INDEMNITEE TO SUCH DEFENSE, RELEASE, INDEMNIFICATION AND HOLD HARMLESS HEREUNDER IN ACCORDANCE WITH THE TERMS HEREOF, REGARDLESS OF WHETHER THE CLAIM GIVING RISE TO SUCH OBLIGATION IS THE RESULT OF: (A) STRICT LIABILITY, (B) THE VIOLATION OF ANY LAW BY SUCH INDEMNITEE OR BREACH OF DUTY (STATUTORY OR OTHERWISE), (C) THE SOLE, CONCURRENT OR COMPARATIVE NEGLIGENCE OF SUCH INDEMNITEE, OR (D) OTHER FAULT OF SUCH INDEMNITEE.

Section 13.05 Exclusive Remedy. Except to the extent expressly set forth in any Transaction Document (other than this Agreement) delivered herewith, from and after Closing, each of the Parties acknowledges and agrees that its sole and exclusive remedy with respect to any and all Liabilities pursuant to or in connection with this Agreement, the contribution of the Contributed Company Stock by Contributors in exchange for the Equity Consideration or otherwise in connection with the transactions contemplated hereby shall be limited to the indemnification provisions set forth in this Agreement.

Section 13.06 Expenses. Notwithstanding anything herein to the contrary, the foregoing defense, release, indemnity and hold harmless obligations shall not apply to, and, except as otherwise set forth in Section 12.02, each of Laredo and the Company shall be solely responsible for, all expenses, including due diligence expenses, incurred by it to enter into, and consummate the transactions contemplated by, this Agreement and the Purchase and Sale Agreement; the Parties understand and agree that the expenses of Thompson & Knight LLP, who has been engaged by the Company to negotiate this Agreement and the Purchase and Sale Agreement, and the transactions contemplated therein, shall be the expenses of the Company.

Section 13.07 Survival.

(a) The representations and warranties of Contributors in Sections 6.01(g) and 6.02(g) and Laredo in Sections 6.03(d) and 6.03(h) shall survive the Closing for a period of 12 months. All other representations and warranties contained herein and in any certificate or other writing delivered pursuant hereto shall not survive the Closing. This Section 13.07(a) shall not limit any covenant or agreement of the parties to this Agreement which, by its terms, contemplates performance after the Closing Date.

(b) The indemnities in Section 13.01 shall terminate as of the termination date of each respective representation, warranty, covenant or agreement that is subject to indemnification, except in each case as to matters for which a specific written claim for indemnity has been delivered to Contributors or Laredo, as applicable, on or before such termination date.

Section 13.08 Indemnification Actions. All claims for indemnification under this Article XIII shall be asserted and resolved as follows:

(a) For purposes of this Agreement, the term "**Indemnitor**" when used in connection with particular damages shall mean the Person having an obligation to indemnify another Person or Persons with respect to such damages pursuant to this Agreement, and the term "**Indemnitee**" when used in connection with particular damages shall mean a Person having the right to be indemnified with respect to such damages pursuant to this Agreement.

(b) To make a claim for indemnification under this Article XIII, an Indemnitee shall notify the Indemnitor of its claim, including the specific details of and specific basis under this Agreement for its claim (the "**Claim Notice**"). In the event that the claim for indemnification is based upon a claim by a Third Party against the Indemnitee (a "**Claim**"), the Indemnitee shall provide its Claim Notice promptly after the Indemnitee has actual knowledge of the Claim and shall enclose a copy of all papers (if any) served with respect to the Claim; *provided* that the failure of any Indemnitee to give notice of a Claim as provided in this Section 13.08 shall not relieve the Indemnitor of its obligations under this Article XIII except to the extent (and only to the extent of such incremental damages incurred) such failure results in insufficient time being available to permit the Indemnitor to effectively defend against the Claim or otherwise prejudices the Indemnitor's ability to defend against the Claim. In the event that the claim for indemnification is based upon an inaccuracy or breach of a representation, warranty, covenant or agreement, the Claim Notice shall specify the representation, warranty, covenant or agreement that was inaccurate or breached.

(c) In the case of a claim for indemnification based upon a Claim, the Indemnitor shall have 30 days from its receipt of the Claim Notice to notify the Indemnitee whether or not it agrees to indemnify and defend the Indemnitee against such Claim under this Article XIII. The Indemnitee is authorized, prior to and during such 30 day period, to file any motion, answer or other pleading that it shall deem necessary or appropriate to protect its interests or those of the Indemnitor and that is not prejudicial to the Indemnitor.

(d) If the Indemnitor agrees to indemnify the Indemnitee, it shall have the right and obligation to diligently defend, at its sole cost and expense, the Claim. The Indemnitor shall have full control of such defense and proceedings, including any compromise or settlement thereof. If requested by the Indemnitor, the Indemnitee agrees to cooperate in contesting any Claim which the Indemnitor elects to contest (*provided*, *however,* that the Indemnitee shall not be required to bring any counterclaim or cross-complaint against any Person). The Indemnitee may participate in, but not control, at its sole cost and expense, any defense or settlement of any Claim controlled by the Indemnitor pursuant to this Section 13.08. An Indemnitor shall not, without the written consent of the Indemnitee, in the Indemnitee's sole discretion, settle any Claim or consent to the entry of any judgment with respect thereto that (i) does not result in a final resolution of the Indemnitee's Liability with respect to the Claim (including, in the case of a settlement, an unconditional written release of the Indemnitee from all Liabilities in respect of such Claim), (ii) may materially and adversely affect the Indemnitee (other than as a result of money damages covered by the indemnity) or (iii) includes any non-monetary remedy.

(e) If the Indemnitor does not agree to indemnify the Indemnitee within the 30 day period specified in Section 13.08(c) or fails to give notice to the Indemnitee within such 30 day period regarding its election or if the Indemnitor agrees to indemnify, but fails to diligently defend or settle the Claim, then the Indemnitee shall have the right to defend against the Claim (at the sole cost and expense of the Indemnitor, if the Indemnitee is entitled to indemnification hereunder), with counsel of the Indemnitee's choosing; *provided*, *however,* that the Indemnitee shall make no settlement, compromise, admission or acknowledgment that would give rise to Liability on the part of any Indemnitor without the prior written consent of such Indemnitor, which consent shall not be unreasonably withheld, conditioned or delayed.

(f) In the case of a claim for indemnification not based upon a Claim, the Indemnitor shall have 30 days from its receipt of the Claim Notice to (i) cure the damages complained of, (ii) agree to indemnify the Indemnitee for such Liabilities, or (iii) dispute the claim for such damages. If such Indemnitor does not respond to such Claim Notice within such 30 day period, such Indemnitor will be deemed to dispute the claim for damages.

Section 13.09 Release. As of Closing, each Contributor for itself and its successors and assigns unconditionally and irrevocably fully and forever releases and discharges the Company and Laredo and each of their respective officers, directors, successors, assigns, parents and Affiliates from any and all claims, remedies, suits, damages and liabilities of any kind arising out of or relating in any respect to such Contributor's ownership of any debt, equity or other interest in the Company prior to the Closing Date.

ARTICLE XIV
LIMITATIONS ON REPRESENTATIONS AND WARRANTIES

Section 14.01 Disclaimers of Representations and Warranties.

(a) EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT, (I) NONE OF THE COMPANY, CONTRIBUTORS OR LAREDO MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS, STATUTORY OR IMPLIED, (II) THE COMPANY AND CONTRIBUTORS EXPRESSLY DISCLAIM ALL

LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO LAREDO OR ANY OF ITS AFFILIATES, EMPLOYEES, AGENTS, CONSULTANTS OR REPRESENTATIVES (INCLUDING ANY OPINION, INFORMATION, PROJECTION OR ADVICE THAT MAY HAVE BEEN PROVIDED TO LAREDO BY ANY OFFICER, DIRECTOR, SUPERVISOR, EMPLOYEE, AGENT, CONSULTANT, REPRESENTATIVE OR ADVISOR OF CONTRIBUTORS OR ANY OF THEIR AFFILIATES) AND (III) LAREDO EXPRESSLY DISCLAIMS ALL LIABILITY AND RESPONSIBILITY FOR ANY REPRESENTATION, WARRANTY, STATEMENT OR INFORMATION MADE OR COMMUNICATED (ORALLY OR IN WRITING) TO CONTRIBUTORS OR THE COMPANY OR ANY OF THEIR RESPECTIVE AFFILIATES, EMPLOYEES, AGENTS, CONSULTANTS OR REPRESENTATIVES (INCLUDING ANY OPINION, INFORMATION, PROJECTION OR ADVICE THAT MAY HAVE BEEN PROVIDED TO CONTRIBUTORS OR THE COMPANY BY ANY OFFICER, DIRECTOR, SUPERVISOR, EMPLOYEE, AGENT, CONSULTANT, REPRESENTATIVE OR ADVISOR OF LAREDO OR ANY OF ITS AFFILIATES).

(b) EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT, THE COMPANY, CONTRIBUTORS AND LAREDO EXPRESSLY DISCLAIM AND NEGATE, AND EACH OF THE COMPANY, CONTRIBUTORS AND LAREDO HEREBY WAIVES (OTHER THAN WITH RESPECT TO FRAUD) (I) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (II) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (III) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (IV) ANY RIGHTS OF PURCHASERS UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, (V) ANY CLAIMS BY LAREDO, THE COMPANY OR CONTRIBUTORS, AS APPLICABLE, FOR DAMAGES BECAUSE OF REDHIBITORY VICES OR DEFECTS, WHETHER KNOWN OR UNKNOWN AS OF THE BALANCE SHEET DATE OR THE CLOSING DATE, AND (VI) ANY AND ALL IMPLIED WARRANTIES EXISTING UNDER APPLICABLE LAW; IT BEING THE EXPRESS INTENTION OF LAREDO, THE COMPANY AND CONTRIBUTORS THAT, EXCEPT AS AND TO THE EXTENT EXPRESSLY SET FORTH IN THIS AGREEMENT, (A) THE CONTRIBUTED COMPANY STOCK AND, INDIRECTLY, THE ASSETS, AND (B) NEW LAREDO PREFERRED UNITS SHALL BE CONVEYED TO LAREDO OR CONTRIBUTORS, AS APPLICABLE, IN THEIR PRESENT CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS," WITH ALL FAULTS, AND THAT EACH PARTY HAS MADE OR SHALL MAKE PRIOR TO CLOSING SUCH INSPECTIONS AS SUCH PARTY DEEMS APPROPRIATE.

(c) CONTRIBUTORS, THE COMPANY AND LAREDO AGREE THAT THE DISCLAIMERS OF CERTAIN WARRANTIES CONTAINED IN THIS SECTION 14.01 ARE "CONSPICUOUS" DISCLAIMERS FOR THE PURPOSES OF ANY APPLICABLE LAW, RULE OR ORDER.

ARTICLE XV
MISCELLANEOUS

Section 15.01 Tax Matters.

(a) Each Party shall bear all Taxes imposed on it as a result of the transactions contemplated hereby, except as otherwise specifically provided herein. Each Party shall timely file, to the extent required by or permissible under applicable Law, all Tax Returns and other documentation with respect to any such Taxes. Laredo shall cause to be prepared and filed all Tax Returns of the Company that are required to be filed after the Closing Date, *provided, however*, that Laredo will allow PriceWaterhouseCoopers LLP to continue and complete the preparation of the income Tax Returns for the 2010 taxable year (the "**2010 Returns**"). Laredo shall cause to be prepared and filed the income Tax Returns of the Company for the short period ending on the Closing Date (the "**Short Period 2011 Returns**"). The Contributor Representative shall be entitled to review and comment on the 2010 Returns and the Short Period 2011 Returns and the Contributor Representative's reasonable comments shall be considered in the preparation of such Tax Returns in Laredo's sole discretion.

(b) Each Party shall use commercially reasonable efforts to cooperate fully with the other Party, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns and any proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information which are reasonably relevant to any such proceeding and making employees (to the extent such employees were responsible for the preparation, maintenance or interpretation of information and documents relevant to Tax matters or to the extent required as witnesses in any Tax proceedings), available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Each Party agrees to retain all of its books and records with respect to Tax matters pertinent to the Company relating to any taxable period beginning before the Closing Date until the expiration of the applicable statute of limitations and to abide by all record retention agreements entered into with any Governmental Authority.

(c) For federal income tax purposes, it is intended by the parties hereto that the contributions contemplated by Section 3.01 of this Agreement qualify as a contribution of property within the meaning of Section 721(a) of the Code, and the Treasury Regulations promulgated thereunder.

Section 15.02 Filings, Notices and Certain Governmental Approvals. As soon as reasonably possible after the Closing, but in no event later than 120 days after such Closing, Laredo shall use its commercially reasonable efforts to cause the Company to change its name so as not to include, and cease doing business under any name that includes, the word "Broad Oak Energy" or any derivative thereof. Notwithstanding anything to the contrary in this Agreement, upon such name change, Laredo shall use its commercially reasonable best efforts to notify and transfer the "Broad Oak Energy" name and the website, email addresses and logo associated therewith to David B. Braddock. Promptly after Closing, Laredo shall use its commercially reasonable efforts to make all requisite filings with, and provide the requisite notices to, the appropriate Governmental Authorities to accomplish all transactions contemplated by this Agreement.

Section 15.03 Entire Agreement. The Confidentiality Agreements, which will terminate at Closing, this Agreement, the documents to be executed pursuant hereto and the exhibits and schedules attached hereto constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties pertaining to the subject matter hereof. Subject to Section 7.08(b), Section 10.01 and this Section 15.03, no supplement, amendment, alteration, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the Parties to be bound and specifically referencing this Agreement as being supplemented, amended, altered, modified, waived or terminated. The Parties acknowledge and agree that additional Stockholders and Optionholders may subsequently execute and deliver additional signature pages to this Agreement and become Parties hereto as Contributors under this Agreement at the time of such delivery, and notwithstanding such additional signatories and Parties, each Party executing this Agreement shall be bound by the terms and provisions of this Agreement from and after its execution and delivery of its signature page hereto until this Agreement is terminated in accordance with the terms hereof.

Section 15.04 Waiver. No waiver of any of the provisions of this Agreement or rights hereunder shall be deemed or shall constitute a waiver of any other provisions hereof or right hereunder (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

Section 15.05 Publicity. The Parties have agreed to issue a press release as of the date hereof announcing the transactions contemplated hereby. Contributors and, until the Closing, the Company, and Laredo will consult with each other before issuing any other press release or otherwise making any public written statements with respect to this Agreement and the transactions contemplated hereby, and none of Contributors, the Company or Laredo shall issue any such press release or make any such written public statement without the prior consent of the other parties, which consent shall not be unreasonably withheld; *provided* that notwithstanding anything to the contrary set forth in this Agreement or the Confidentiality Agreement, (a) Laredo shall have the right to disclose information relating to this Agreement and the transactions contemplated hereby without the consent of Contributors and the Company if Laredo is required to make such disclosure under applicable law or regulation, including the Securities Act or the Securities Exchange Act of 1934, as amended and (b) Laredo shall have the right, upon the execution of this Agreement, to disclose this Agreement, the transactions contemplated hereby, the reserve report prepared by Ryder Scott Company, L.P. on behalf of Laredo with respect to the Company Properties and the Company Reserve Report to the lenders under the Laredo Credit Facility and any other potential lenders in connection with the financing of the transactions contemplated hereby; *provided, further*, that each Contributor shall be severally and not jointly liable for its own violation of this covenant.

Section 15.06 No Third Party Beneficiaries. Except with respect to the Persons included within the definition of Indemnitee, Contributor Indemnitees or Laredo Indemnitees (and in such cases, only to the extent expressly provided herein) and any Persons who subsequently execute this Agreement and become Contributors hereunder, nothing in this Agreement shall provide any benefit to any Third Party or entitle any Third Party to any claim, cause of action, remedy or right of any kind, it being the intent of the Parties that this Agreement shall not be construed as a Third Party beneficiary contract.

Section 15.07 Assignment. No Party may assign or delegate any of its rights or duties hereunder without the prior written consent of the other Parties and any assignment made without such consent shall be void. Any assignment made by any Party as permitted hereby shall not relieve such Party from any Liability hereunder. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective permitted successors, assigns and legal representatives.

Section 15.08 Governing Law. THIS AGREEMENT AND THE LEGAL RELATIONS AMONG THE PARTIES SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, EXCLUDING ANY CONFLICTS OF LAW RULE OR PRINCIPLE THAT MIGHT REFER CONSTRUCTION OF SUCH PROVISIONS TO THE LAWS OF ANOTHER JURISDICTION. ALL OF THE PARTIES HERETO CONSENT TO THE EXERCISE OF JURISDICTION IN PERSONAM BY THE COURTS OF THE STATE OF DELAWARE AND THE FEDERAL COURTS OF THE UNITED STATES SITTING IN DELAWARE FOR ANY ACTION ARISING OUT OF THIS AGREEMENT. ALL ACTIONS OR PROCEEDINGS WITH RESPECT TO, ARISING DIRECTLY OR INDIRECTLY IN CONNECTION WITH, OUT OF, RELATED TO, OR FROM THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE EXCLUSIVELY LITIGATED IN SUCH DELAWARE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH PARTY HERETO WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

Section 15.09 Notices. Any notice, communication, request, instruction or other document required or permitted hereunder shall be given in writing and delivered in person or sent by United States mail (postage prepaid, return receipt requested), email or facsimile to the applicable addresses set forth below. Any such notice shall be effective upon receipt only if received during normal business hours or, if not received during normal business hours, on the next Business Day.

Warburg:	Warburg Pincus Private Equity IX, L.P. 450 Lexington Ave. New York, New York 10017 Attention: James R. Levy Fax: (646) 861-4823 Email: james.levy@warburgpincus.com
Contributors (other than Warburg): (prior to Closing)	c/o David B. Braddock, as Contributor Representative 1775 Wittington Place Suite 500 Dallas, Texas 75234 Fax: (469) 522-7801

	Email: david.braddock@broadoakenergy.com
Contributors (other than Warburg): (after Closing)	c/o David B. Braddock, as Contributor Representative P.O. Box 2448 Coppell, Texas 75019 Fax: 469-549-1560 Email:
The Company: (prior to Closing)	Broad Oak Energy, Inc. Attention: David B. Braddock 1755 Wittington Place Suite 500 Dallas, Texas 75234 Fax: (469) 522-7801 Email: david.braddock@broadoakenergy.com
With a copy to:	Thompson & Knight LLP Attention: Timothy Samson 333 Clay Street, Suite 3300 Houston, TX 77002 Fax: (832) 397-8068 Email: Tim.Samson@tklaw.com
The Company: (after Closing)	Broad Oak Energy, Inc. Attention: Jerry Schuyler 15 W. Sixth Street Suite 1800 Tulsa, Oklahoma 74119 Fax: (918) 513-4571 Email: jschuyler@laredopetro.com
Laredo:	Laredo Petroleum, LLC Attention: Jerry Schuyler 15 W. Sixth Street Suite 1800 Tulsa, Oklahoma 74119

Fax: (918) 513-4571
Email: jschuyler@laredopetro.com

With a copy to: Akin Gump Strauss Hauer & Feld LLP

Attention: Christine LaFollette
1111 Louisiana Street
44th Floor
Houston, TX 77002
Fax: (713) 236-0822
Email: clafollette@akingump.com

Each Party may, by written notice so delivered, change its address for notice purposes hereunder.

Section 15.10 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to either Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

Section 15.11 Counterparts. This Agreement may be executed in any number of counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one instrument. Any signature hereto delivered by a Party by facsimile transmission or electronic mail shall be deemed an original signature hereto.

Section 15.12 Injunctive Relief. To the extent this Agreement is not terminated in accordance with Section 12.01, the Parties acknowledge and agree that irreparable damage would occur in the event any of the provisions of this Agreement were knowingly and intentionally not performed in accordance with their specific terms or were otherwise knowingly and intentionally breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent knowing and intentional breaches of the provisions of this Agreement to the extent not terminated pursuant to Section 12.01, and shall be entitled to enforce specifically the provisions of this Agreement to the extent not terminated pursuant to Section 12.01, in any court of the United States or any state thereof having jurisdiction, in addition to any other remedy to which the Parties may be entitled under this Agreement or at law or in equity.

[The remainder of this page is left intentionally blank.]

IN WITNESS WHEREOF, the Company, Contributors and Laredo have executed this Agreement as of the date first written above.

Company:

BROAD OAK ENERGY, INC.

By: /s/ David B. Braddock
Name: David B. Braddock
Title: Chairman and Chief Executive Officer

Signature Page to the Contribution Agreement

Contributor:

WARBURG PINCUS PRIVATE EQUITY IX, L.P.

By: Warburg Pincus IX, LLC, its General Partner

By: Warburg Pincus Partners LLC, its Sole Member

By: Warburg Pincus & Co., its Managing Member

By: /s/ Peter R. Kagan
Name: Peter R. Kagan
Title: Partner

Number of shares of Preferred Stock owned and number of shares of Preferred

Stock to be contributed are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ D. B. Braddock
Name: David B. Braddock

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ D. B. Braddock
Name: David B. Braddock Family, LLC

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ D. B. Braddock
Name: Sandra R. Braddock Family, LLC

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ John Coss
Name: John Coss

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ John Vering
Name: John Vering

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ Robert Leibrecht
Name: Robert Leibrecht

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ James H. Sherrill
Name: James H. Sherrill

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ James H. Sherrill
Name: James H. Sherrill

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ Robert N. Skinner
Name: Robert N. Skinner

Number of shares of Preferred Stock owned, number of shares of Preferred

Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ Randy Foutch
Name: Randy Foutch

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

By: /s/ Randy A. Foutch, Manager
Name: Lariat Ranch LLC

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ Kenneth Dickerman
Name: Kenneth Dickerman

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ Don A. Edwards
Name: Don A. Edwards

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ David A. Scott
Name: David A. Scott

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ John Weaver
Name: John Weaver

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ M. Greg Wilkes
Name: M. Greg Wilkes

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ Linda Brzozowski
Name: Linda Brzozowski

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ Mary Nava

Name: Mary Nava

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Contributor:

/s/ J. Barry Brokaw
Name: J. Barry Brokaw

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be contributed, number of shares of Common Stock owned, number of shares of Common Stock to be contributed, number of Options owned, number of Options to be contributed and marital status are set forth on the schedule attached hereto.

Signature Page to the Contribution Agreement

Laredo:

LAREDO PETROLEUM, LLC

By: /s/ Jerry Schuyler
Name: Jerry Schuyler
Title: President and Chief Operating Officer

Signature Page to the Contribution Agreement

EXHIBIT D-1

MUTUAL RELEASE AGREEMENT

This Mutual Release Agreement ("***Release***") is made and entered into by and among _____ ("***Director***"), Broad Oak Energy, Inc., a Delaware corporation (the "***Company***"), Laredo Petroleum, LLC, a Delaware limited liability company ("***Laredo***") and Laredo Petroleum, Inc., a Delaware corporation ("***LPI***"). Director, the Company, Laredo and LPI are hereinafter referred to, collectively, as the "***Parties***" and, individually, as a "***Party***." Any defined term used herein but not otherwise defined shall have the meaning given such term in the Contribution Agreement (as hereinafter defined).

RECITALS

WHEREAS, Director is a director on the Board of Directors of the Company (the "***Board***");

WHEREAS, Director will cease to be a director on the Board at the closing (the "***Closing***") of the transactions contemplated by that certain Contribution Agreement, dated as of June 15, 2011 (the "***Contribution Agreement"***), by and among the Company, Laredo and certain contributors thereto, and that certain Stock Purchase and Sale Agreement, dated as of June 15, 2011, by and among LPI and certain sellers named therein (the "***Purchase and Sale Agreement***");

[WHEREAS, Director has certain ownership interests in the Company;](1)

WHEREAS, pursuant to the Contribution Agreement and the Purchase and Sale Agreement, the delivery by Director of this Release is a condition to Closing; and

WHEREAS, the Parties desire to mutually release each other from claims and causes of action as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Prior Rights and Obligations**. The Parties agree that this Release, the Contribution Agreement, the Purchase and Sale Agreement and any other agreements entered into pursuant to the Contribution Agreement and the Purchase and Sale Agreement will extinguish and supersede all rights, if

any, which Director or the Company may have, contractual or otherwise, (a) relating to Director's continued service on, or resignation

(1) To be deleted as appropriate.

from, the Board or (b) Director's ownership of any equity or other interests in the Company (including any incentive units, options, warrants or other rights to acquire any equity or other interest in the Company whether vested or unvested as of the date hereof), including any rights under (i) the Amended and Restated Certificate of Incorporation of the Company, dated March 26, 2009, (ii) the Bylaws of the Company, dated May 14, 2006 (iii) the Stockholders' Agreement, dated as of May 16, 2006, among the Company and the stockholders party thereto, as amended by the Amendment Agreement to the Stockholders' Agreement, dated as of March 26, 2009, (iv) the Registration Rights Agreement, dated as of May 16, 2006, among the Company and the persons listed on the signature pages thereto, as amended by the Amendment Agreement to the Registration Rights Agreement, dated as of March 26, 2009, and (v) the Company's 2006 Stock Incentive Plan, as amended (collectively, the "***Organizational Documents***").

2. **Consideration**. The Parties agree that by mutually releasing any claims that they might have against each other, their respective releases in this Release are supported by sufficient consideration.

3. **Director's Release of Claims Against the Company, Laredo and LPI**. Director, for himself or herself and on behalf of any Person claiming by, through or under him or her, hereby releases and discharges the Company, Laredo and LPI, along with their owners, partners, members, affiliates, officers, directors, employees, agents, attorneys and insurers (collectively, the "***Company Released Parties***"), from any and all obligations and claims, demands and causes of action, whether known or unknown, that have accrued or may accrue and that relate to acts or omissions prior to Closing or that relate to the Closing (including any and all damages, whether known or unknown, arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever) (1) arising from Director's service on, or resignation from, the Board (including any claims for compensation, benefits, expenses, costs, damages or remuneration), (2) relating to Director's ownership of any equity or other interests in the Company, (3) arising under the Organizational Documents, or (4) relating to actions or omissions of the Company, or any acts or omissions of Director, the directors, shareholders, members, officers or employees (former or present) of the Company, including in each case any and all claims which Director does not know or suspect to exist in its favor as of the date hereof or upon Closing (collectively, the "***Company's Released Claims***"). Director agrees not to assert any claim or file or permit to be filed or accept benefit from any claim, complaint or petition relating to the Company's Released Claims, and agrees to indemnify, defend and hold harmless each Company Released Party from any Liabilities arising from any claim, complaint or petition that is in violation of this sentence; *provided*, *however*, this shall not limit Director from filing an action for the sole purpose of enforcing its rights under this Release. THE RELEASES APPLY TO ALL CLAIMS, AND DIRECTOR AGREES TO WAIVE THE BENEFITS OF ANY LAW (INCLUDING PRINCIPLES OF COMMON LAW) OF ANY STATE OR TERRITORY OR ANY OTHER JURISDICTION THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN SUCH PARTY'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY SUCH

PARTY MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE RELEASED PARTY.

4. **Release of Claims Against Director by the Company, Laredo and LPI**. Each of the Company, Laredo and LPI releases and discharges Director from any and all obligations and claims, demands and causes of action, whether known or unknown, that have accrued or may accrue and that relate to acts or omissions prior to Closing or that relate to the Closing (including any and all damages, whether known or unknown, arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever) (1) arising under the Organizational Documents, or (2) in connection with Director acting in his or her capacity as a Director of the Board at or prior to Closing, including in each case any and all claims which the Company, Laredo or LPI does not know or suspect to exist in its favor as of the date hereof or upon Closing. Notwithstanding anything herein to the contrary, nothing in this Release shall limit in any way any right of Laredo or LPI, as applicable, (i) to seek indemnification under Article XIII of the Contribution Agreement and/or Article VII of the Purchase and Sale Agreement or (ii) under any agreement to which Laredo or LPI, on the one hand, and Director, on the other hand, are parties. Each of the Company, Laredo and LPI agrees not to assert any claim or file or permit to be filed or accept benefit from any claim, complaint or petition relating to any matter released and discharged under this Section 4, and agrees to indemnify, defend and hold harmless Director from any Liabilities arising from any claim, complaint or petition that is in violation of this sentence; *provided*, *however*, this shall not limit the Company, Laredo or LPI from filing an action for the sole purpose of enforcing its rights under this Release. THE RELEASES APPLY TO ALL CLAIMS, AND EACH OF THE COMPANY, LAREDO AND LPI AGREES TO WAIVE THE BENEFITS OF ANY LAW (INCLUDING PRINCIPLES OF COMMON LAW) OF ANY STATE OR TERRITORY OR ANY OTHER JURISDICTION THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN SUCH PARTY'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY SUCH PARTY MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE RELEASED PARTY.

5. **Warranties**. Director agrees, represents and warrants that:

(a) The releases and other agreements made by the Company, Laredo and LPI in this Release are good and sufficient consideration for its execution of this Release.

(b) Director has not filed any claims, appeals, complaints, charges or lawsuits against the Company with any governmental agency or court.

(c) Director acknowledges and agrees that he or she (i) has received or had full access to all the information he or she considered necessary or appropriate to make an informed decision with respect to his or her execution of this Release and (ii) has had an opportunity to ask questions and receive answers from the Company, Laredo and LPI regarding the terms and conditions of this Release.

Each of the Company, Laredo and LPI agrees, represents and warrants that the releases and other agreements made by Director in this Release are good and sufficient consideration for its execution of this Release.

6. **Choice of Law**. This Release shall be interpreted and construed in accordance with and shall be governed by the laws of the State of Delaware (without regard to any conflicts of law principle which would require the application of some other state law).

7. **Acknowledgment of Terms**. Director acknowledges that it had the opportunity for review of this Release by its attorney, Director fully understands its final and binding effect, and Director is signing this Release voluntarily.

8. **Waiver**. The failure of any Party to enforce or to require timely compliance with any term or provision of this Release shall not be deemed to be a waiver or relinquishment of rights or obligations arising hereunder, nor shall this failure preclude the enforcement of any term or provision or avoid the liability for any breach of this Release.

9. **Severability**. Each part, term or provision of this Release is severable from the others. Notwithstanding any possible future finding by a duly constituted authority that a particular part, term or provision is invalid, void or unenforceable, this Release has been made with the clear intention that the validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby.

10. **Costs and Attorneys' Fees**. If any action is initiated to enforce this Release, the prevailing party shall be entitled to recover from the other party its reasonable costs and attorneys' fees.

11. **No Admission of Liability**. Director acknowledges, by entering into this Release, that the Company, Laredo or LPI do not admit to any unlawful or tortious conduct or any other wrongdoing in connection with Director. Each of the Company, Laredo and LPI acknowledges, by entering into this Release, that Director does not admit to any unlawful or tortious conduct or any other wrongdoing in connection with the Company, Laredo or LPI.

12. **Contribution Agreement and Purchase and Sale Agreement**. This Release shall at all time be subject to and governed by the Contribution Agreement and the Purchase and Sale Agreement. In the event of a conflict between this Release and the Contribution Agreement or the Purchase and Sale Agreement, the Contribution Agreement or the Purchase and Sale Agreement, as applicable, shall control.

13. **Construction**. This Release shall be deemed drafted equally by all the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any party shall not apply. The headings in this Release are only for convenience and are not intended to affect construction or interpretation. The plural includes the singular and the singular includes the plural; "and" and "or" are each used both conjunctively and disjunctively; "any," "all," "each," or "every" means "any and all, and each and every"; "including" and "includes" are each "without limitation"; and "herein," "hereof," "hereunder" and

other similar compounds of the word "here" refer to this entire Release and not to any particular paragraph, subparagraph, section or subsection. The word "including" (in its various forms) means including without limitation.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Mutual Release Agreement, effective as of the date of Closing.

DIRECTOR

_____
[Insert DIRECTOR'S Name]
Date: _____

COMPANY

BROAD OAK ENERGY, INC.

By: _____
Name:
Title:

Signature Page to the Contribution Agreement

LAREDO

LAREDO PETROLEUM, LLC

By: _____
Name:
Title:

LPI

LAREDO PETROLEUM, INC.

By: _____
Name:
Title:

Signature Page to the Contribution Agreement

EXHIBIT D-2

MUTUAL RELEASE AGREEMENT

This Mutual Release Agreement ("***Release***") is made and entered into on June 15, 2011 by and among _____ ("***Employee-Contributor***"), Broad Oak Energy, Inc., a Delaware corporation (the "***Company***"), Laredo Petroleum, LLC, a Delaware limited liability company ("***Laredo***"), and Laredo Petroleum, Inc., a Delaware corporation ("***LPI***"). Employee-Contributor, the Company, Laredo and LPI are hereinafter referred to, collectively, as the "***Parties***" and, individually, as a "***Party***." Any defined term used herein but not otherwise defined shall have the meaning given such term in the Contribution Agreement (as hereinafter defined).

RECITALS

WHEREAS, Employee-Contributor is an at-will employee of the Company;

WHEREAS, Employee-Contributor has certain ownership interests in the Company (the "***Company Stock***");

WHEREAS, pursuant to the Contribution Agreement (the "***Contribution Agreement***"), which is being executed contemporaneously with this Release, Employee-Contributor has agreed to contribute his/her Company Stock to Laredo in exchange for the consideration allocated to Contributor pursuant to the Contribution Agreement (the "***Employee-Contributor Contribution Consideration***");

[WHEREAS, Employee-Contributor's employment with the Company will terminate at the Closing;**]**(2) and

WHEREAS, the Parties desire to mutually release each other from claims and causes of action as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and promises hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Prior Rights and Obligations**. The Parties agree that this Release, the Contribution Agreement, and any other agreements entered into pursuant to the Contribution Agreement will extinguish and supersede all rights, if any, which Employee-Contributor or the Company may have, contractual or otherwise, relating to (a) the Employee-Contributor's continued employment with [, or termination from employment with,] the Company or (b) Employee-Contributor's ownership of any equity or other interests in the Company (including any incentive units, options, warrants or other rights to acquire any equity or other interest in the Company whether vested or unvested as of the date hereof),

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(2) Applicable to Company CEO and COO.

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including any rights under (i) the Amended and Restated Certificate of Incorporation of the Company, dated March 26, 2009, (ii) the Bylaws of the Company, dated May 14, 2006 (iii) the Stockholders' Agreement, dated as of May 16, 2006, among the Company and the stockholders party thereto, as amended by the Amendment Agreement to the Stockholders' Agreement, dated as of March 26, 2009, (iv) the Registration Rights Agreement, dated as of May 16, 2006, among the Company and the persons listed on the signature pages thereto, as amended by the Amendment Agreement to the Registration Rights Agreement, dated as of March 26, 2009, and (v) the Company's 2006 Stock Incentive Plan, as amended (collectively, the "***Organizational Documents***").

2. **Consideration**. The Parties agree that by mutually releasing any claims that they might have against each other, their respective releases in this Release are supported by sufficient consideration. Furthermore, Employee-Contributor agrees and acknowledges that the Employee-Contributor Contribution Consideration and other benefits received by Employee-Contributor pursuant to the Contribution Agreement are further consideration for Employee-Contributor's release in this Release.

3. **The Company's, Laredo's and LPI's Release of Claims Against Employee-Contributor**. Each of the Company, Laredo and LPI, for themselves and on behalf of any Person claiming by, through or under them, hereby releases and discharges Employee-Contributor from any and all obligations and claims, demands and causes of action, whether known or unknown, that have accrued or may accrue and that relate to acts or omissions prior to Closing or that relate to the Closing (including any and all damages, whether known or unknown, arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever) (1) arising under the Organizational Documents, (2) relating to Employee-Contributor's ownership of any equity or other interests in the Company, (3) relating to actions or omissions of Employee-Contributor, in each case to the extent that such actions or omissions relate to the ownership or operation of the Company, or (4) in connection with Employee-Contributor acting in his or her capacity as an employee of the Company or in any other representative capacity for or on behalf of the Company or its Affiliates at or prior to Closing, including in each case any and all claims which the Company, Laredo or LPI does not know or suspect to exist in its favor as of the date hereof or upon Closing (collectively, the "***Company's Released Claims***"); *provided, however*, the Company's Released Claims shall not include such claims or causes of action that arise out of (i) the representations, warranties or covenants made by Employee-Contributor in this Release or by Employee-Contributor or the Company in the Contribution Agreement or the other documents and instruments delivered pursuant thereto, (ii) any right of Laredo to seek indemnification under Article XIII of the Contribution Agreement, or (iii) any right under the Contribution Agreement or any other agreement to which Laredo and Employee-Contributor are parties. Each of the Company, Laredo and LPI agrees not to assert any claim or file or permit to be filed or accept benefit from any claim, complaint or petition relating to the Company's Released Claims, and agrees to indemnify, defend and hold harmless Employee-Contributor from any Liabilities arising from any claim, complaint or petition that is in violation of this sentence; *provided, however*, this shall not limit the Company, Laredo or LPI from filing an action for the sole purpose of enforcing its rights under this Release. THE RELEASES APPLY TO ALL CLAIMS, AND EACH OF THE

COMPANY, LAREDO AND LPI AGREES TO WAIVE THE BENEFITS OF ANY LAW (INCLUDING PRINCIPLES OF COMMON LAW) OF ANY STATE OR TERRITORY OR ANY OTHER JURISDICTION THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN SUCH PARTY'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY SUCH PARTY MUST HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE RELEASED PARTY.

4. **Employee-Contributor's Release of Claims Against the Company, Laredo and LPI**.

(a) Release of Claims Arising out of Employee-Contributor's Employment. Employee-Contributor, for himself or herself, and on behalf of any Person claiming by, through or under him or her, hereby releases and discharges the Company, Laredo and LPI, along with their owners, partners, members, Affiliates, officers, directors, employees, agents, attorneys, and insurers (collectively, the "***Company Released Parties***"), from any and all claims, demands and causes of action, whether known or unknown, arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever, arising from Employee-Contributor's employment, or termination from employment, at the Company, including any claims for salary, benefits, expenses, costs, damages, compensation, remuneration or wages and any claims of alleged discriminatory employment practices including any claims or causes of action under the Age Discrimination in Employment Act. By entering into this Release, Employee-Contributor is not waiving (i) any rights under any Company Employee Plan or under COBRA; (ii) any rights to receive Employee-Contributor's ordinary compensation from the Company in return for work performed between the date hereof and the Closing; (iii) any payments for accrued vacation through the Closing; (iv) any rights that cannot by law be waived; (v) any rights under the Contribution Agreement; or (vi) any right Employee-Contributor may have to indemnification, advancement of expenses, and/or exculpation by the Company. This Release does not prohibit the Equal Employment Opportunity Commission (the "EEOC") or state equal employment opportunity agencies from investigating a charge within the EEOC's authority to investigate; however, in the event Employee-Contributor files such a charge, the Employee-Contributor expressly waives any individual monetary or equitable relief and covenants not to file a lawsuit related to such charge.

(b) Release of Claims Arising out of Employee-Contributor's Ownership of the Company and Contribution to Laredo. Employee-Contributor also releases and discharges the Company Released Parties from any and all obligations and claims, demands and causes of action, whether known or unknown, that have accrued or may accrue and that relate to acts or omissions prior to Closing or that relate to the Closing (including any and all damages, whether known or unknown, arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever) (1) arising under the Organizational Documents, (2) relating to Employee-Contributor's ownership (or alleged ownership) of any equity or

other interests in the Company (including any incentive units, options, warrants or other rights to acquire any equity or other interest in the Company whether vested or unvested as of the date hereof), (3) relating to the adequacy of the Employee-Contributor Contribution Consideration or (4) relating to actions or omissions of the Company, or any acts or omissions of the managers, directors, shareholders, members, officers or employees (former or present) of the Company, including in each case any and all claims which such Employee-Contributor does not know or suspect to exist in his, her or its favor as of the date hereof or upon Closing (collectively, together with the claims released pursuant to Section 4(a) of this Release, the "***Employee-Contributor's Released Claims***"); provided, however, the Employee-Contributor's Released Claims shall not include such claims or causes of action that arise out of (i) the representations, warranties or covenants made by Laredo in this Release or the Contribution Agreement or the other documents and instruments delivered pursuant thereto, or (ii) any right of Employee-Contributor under the Contribution Agreement or any other agreement to which Laredo and Employee-Contributor are parties. Effective upon Closing, Employee-Contributor waives any preemptive rights that he or she may have, or ever had, with respect to any interest in the Company and waives any right Employee-Contributor may have under the Company's Organizational Documents or otherwise to acquire any interest in the Company being transferred pursuant to, or as contemplated by, the Contribution Agreement or any transfer that occurred prior to the date thereof. Employee-Contributor agrees not to assert any claim or file or permit to be filed or accept benefit from any claim, complaint or petition relating to Employee-Contributor's Released Claims, and agrees to indemnify, defend and hold harmless the Company Released Parties from any Liabilities arising from any claim, complaint or petition that is in violation of this sentence; provided, however, this shall not limit Employee-Contributor from filing an action for the sole purpose of enforcing its rights under this Release. THE RELEASES APPLY TO ALL CLAIMS, AND EMPLOYEE-CONTRIBUTOR AGREES TO WAIVE THE BENEFITS OF ANY LAW (INCLUDING PRINCIPLES OF COMMON LAW) OF ANY STATE OR TERRITORY OR

ANY OTHER JURISDICTION THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN SUCH PARTY'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY SUCH PARTY MUST HAVE MATERIALLY AFFECTED HIS/HER SETTLEMENT WITH THE RELEASED PARTY.

5. **Warranties**. Employee-Contributor agrees, represents and warrants that:

(a) The Employee-Contributor Contribution Consideration is fair value for his or her Company Stock, and such fair value received and the releases and other agreements made by the Company, Laredo and LPI in this Release are good and sufficient consideration for his or her execution of this Release.

(b) Employee-Contributor will sign this Release when the Contribution Agreement is executed, but the Release will not become effective until Closing. In the event

that the Contribution Agreement is terminated prior to the Closing, this Release shall thereupon become void and of no force or effect.

(c) Employee-Contributor has not filed any claims, appeals, complaints, charges or lawsuits against the Company with any governmental agency or court.

(d) Employee-Contributor acknowledges and agrees that he or she (i) has received or had full access to all the information he or she considered necessary or appropriate to make an informed decision with respect to his or her execution of the Contribution Agreement and this Release and (ii) has had an opportunity to ask questions and receive answers from the Company and Laredo regarding the terms and conditions of the Contribution Agreement and this Release; (iii) is not waiving any rights or claims under the Age Discrimination in Employment Act of 1967, as amended (the "***ADEA***") or Chapter 21.001 of the Texas Labor Code that may arise after the Closing Date, or any rights or claims to test the knowing and voluntary nature of this Release under the Older Workers' Benefit Protection Act, as amended; (iv) has carefully read and fully understands all of the provisions of this Release; (v) knowingly and voluntarily agrees to all of the terms set forth in this Release and to be bound by this Release; (vi) is hereby advised in writing to consult with an attorney and tax advisor of her/his choice prior to executing this Release and has had the opportunity and sufficient time to seek such advice; and (vii) is releasing the Company from any and all claims he or she may have against the Company, relating to her/his employment and separation until and including the Closing Date, including claims arising under the ADEA.

6. [**Future Employment with the Company or Laredo**.

(a) For a period of one year after the Closing Date, Laredo shall, or shall cause the Company or another Affiliate of Laredo to, provide such Employee-Contributor who remains employed by the Company following the Closing Date with compensation and benefits substantially comparable in the aggregate (without regard to equity-based compensation) to his or her compensation and benefits (without regard to equity-based compensation) with the Company immediately prior to the Closing Date; provided, however, that Laredo reserves the right to amend, terminate, merge or suspend any Company Employee Plan or Laredo Employee Plan in its sole discretion.

(b) Notwithstanding anything set forth in Section 6(a), Employee-Contributor agrees and acknowledges that he/she will remain an at will employee and have no right to employment with the Company or Laredo or any of its Affiliates following the Closing.]

7. **Choice of Law**. This Release shall be interpreted and construed in accordance with and shall be governed by the laws of the State of Texas (without regard to any conflicts of law principle which would require the application of some other state law) and, when applicable, the laws of the United States.

8. **Acknowledgment of Terms**. Employee-Contributor acknowledges that he or she has carefully read the Contribution Agreement and this Release, he or she has had the opportunity for review of the Contribution Agreement and this Release by his or her attorney, he or she fully understands the final and binding effect of the Contribution Agreement and this Release, he or she has signed the Contribution Agreement voluntarily, and he or she is signing this Release voluntarily.

9. **Waiver**. The failure of any Party to enforce or to require timely compliance with any term or provision of this Release shall not be deemed to be a waiver or relinquishment of rights or obligations arising hereunder, nor shall this failure preclude the enforcement of any term or provision or avoid the liability for any breach of this Release.

10. **Severability**. Each part, term or provision of this Release is severable from the others. Notwithstanding any possible future finding by a duly constituted authority that a particular part, term or provision is invalid, void or unenforceable, this Release has been made with the clear intention that the validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby.

11. **Costs and Attorneys' Fees**. If any action is initiated to enforce this Release, the prevailing Party shall be entitled to recover from the other Party its reasonable costs and attorneys' fees.

12. **No Admission of Liability**. Employee-Contributor acknowledges, by entering into this Release, that the Company, Laredo or LPI do not admit to any unlawful or tortious conduct or any other wrongdoing in connection with Employee-Contributor. Each of the Company, Laredo and LPI acknowledges, by entering into this Release, that Employee-Contributor does not admit to any unlawful or tortious conduct or any other wrongdoing in connection with the Company, Laredo or LPI.

13. **Contribution Agreement**. This Release shall at all times be subject to and governed by the Contribution Agreement. In the event of a conflict between this Release and the Contribution Agreement, the Contribution Agreement shall control

14. **Construction**. This Release shall be deemed drafted equally by all the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any party shall not apply. The headings in this Release are only for convenience and are not intended to affect construction or interpretation. The plural includes the singular and the singular includes the plural; "and" and "or" are each used both conjunctively and disjunctively; "any," "all," "each," or "every" means "any and all, and each and every"; "including" and "includes" are each "without limitation"; and "herein," "hereof," "hereunder" and other similar compounds of the word "here" refer to this entire Release and not to any particular paragraph, subparagraph, section or subsection. The word "including" (in its various forms) means including without limitation.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Mutual Release Agreement, as of the date first above stated to be effective as of the date of Closing.

EMPLOYEE-CONTRIBUTOR

_____
[Insert EMPLOYEE-CONTRIBUTOR'S Name]
Date: _____

COMPANY

BROAD OAK ENERGY, INC.

By: _____
Name:
Title

[*Signature Page to Release (Employee-Contributor)*]

LAREDO

LAREDO PETROLEUM, LLC

By: _____
Name:
Title:

LPI

LAREDO PETROLEUM, INC.

By: _____
Name:
Title:

[*Signature Page to Release (Employee-Contributor)*]

EXHIBIT E

MUTUAL RELEASE AGREEMENT

This Mutual Release Agreement ("***Release***") is made and entered into by and among Warburg Pincus Private Equity IX, L.P. ("***Contributor***"), Broad Oak Energy, Inc., a Delaware corporation (the "***Company***"), and Laredo Petroleum, LLC, a Delaware limited liability company ("***Laredo***"). Contributor, the Company and Laredo are hereinafter referred to, collectively, as the "***Parties***" and, individually, as a "***Party***." Any defined term used herein but not otherwise defined shall have the meaning given such term in the Contribution Agreement (as hereinafter defined).

RECITALS

WHEREAS, Contributor has certain ownership interests in the Company (the "***Company Stock***");

WHEREAS, pursuant to that certain Contribution Agreement, dated as of June 15, 2011 (the "***Contribution Agreement***"), by and among the Parties and certain other contributors, Contributor has agreed to contribute its Company Stock to Laredo in exchange for the New Laredo Preferred Units allocated to Contributor pursuant to the Contribution Agreement (the "***Warburg Contribution Consideration***"); and

WHEREAS, the Parties desire to mutually release each other from claims and causes of action as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1) **Prior Rights and Obligations**. The Parties agree that this Release, the Contribution Agreement, and any other agreements entered into pursuant to the Contribution Agreement will extinguish and supersede all rights, if any, which Contributor or the Company may have, contractual or otherwise, relating to Contributor's ownership of any equity or other interests in the Company (including any options, warrants or other rights to acquire any equity or other interest in the Company), including any rights under (i) the Amended and Restated Certificate of Incorporation of the Company, dated March 26, 2009, (ii) the Bylaws of the Company, dated May 14, 2006 (iii) the Stockholders' Agreement, dated as of May 16, 2006, among the Company and the stockholders party thereto, as amended by the Amendment Agreement to the Stockholders' Agreement, dated as of March 26, 2009, (iv) the Registration Rights Agreement, dated as of May 16, 2006, among the Company and the persons listed on the signature pages thereto, as amended by the Amendment Agreement to the Registration Rights Agreement, dated as of March 26, 2009, and (v) the Company's 2006 Stock Incentive Plan, as amended (collectively, the "***Organizational Documents***").

2) **Consideration**. Contributor agrees and acknowledges that the Warburg Contribution Consideration and other benefits received by Contributor pursuant to the Contribution Agreement are sufficient consideration for Contributor's release in this Release.

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3) **Contributor's Release of Claims Against the Company and Laredo**. Contributor, for itself and on behalf of any Person claiming by, through or under it, hereby releases and discharges the Company and Laredo, along with their owners, partners, members, affiliates, officers, directors, employees, agents, attorneys, and insurers (collectively, the "***Company Released Parties***"), from any and all obligations and claims, demands and causes of action, whether known or unknown, that have accrued or may accrue and that relate to acts or omissions prior to Closing or that relate to the Closing (including any and all damages, whether known or unknown, arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever) (1) arising under the Organizational Documents, (2) relating to Contributor's ownership (or alleged ownership) of any equity or other interests in the Company (including any incentive units, options, warrants or other rights to acquire any equity or other interest in the Company whether vested or unvested as of the date hereof), (3) relating to the adequacy of the Warburg Contribution Consideration or (4) relating to actions or omissions of the Company, or any acts or omissions of the managers, directors, shareholders, members, officers or employees (former or present) of the Company, in each case to the extent that such acts or omissions relate to the ownership or operation of the Company, including in each case any and all claims which such Contributor does not know or suspect to exist in its favor as of the date hereof or upon Closing (collectively, the "***Company's Released Claims***"). Effective upon Closing, Contributor waives any preemptive rights that it may have, or ever had, with respect to any interest in the Company and waives any right Contributor may have under the Company's Organizational Documents or otherwise to acquire any interest in the Company being transferred pursuant to, or as contemplated by, the Contribution Agreement or any transfer that occurred prior to the date thereof. Contributor agrees not to assert any claim or file or permit to be filed or accept benefit from any claim, complaint or petition relating to the Company's Released Claims and agrees to indemnify, defend and hold harmless each Company Released Party from any Liabilities arising from any claim, complaint or petition that is in violation of this sentence; *provided*, *however*, this shall not limit Contributor from filing an action for the sole purpose of enforcing its rights under this Release. THE RELEASES APPLY TO ALL CLAIMS, AND CONTRIBUTOR AGREES TO WAIVE THE BENEFITS OF ANY LAW (INCLUDING PRINCIPLES OF COMMON LAW) OF ANY STATE OR TERRITORY OR ANY OTHER JURISDICTION THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN SUCH PARTY'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY SUCH PARTY MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

4) **Release of Claims Against Contributor by the Company and Laredo**. Each of the Company and Laredo releases and discharges Contributor, along with its owners, partners, members, affiliates, officers, directors, employees, agents, attorneys, and insurers (collectively, the "***Contributor Released Parties***"), from any and all obligations and claims, demands and causes of action, whether known or unknown, that have accrued or may accrue and that relate to acts or omissions prior to Closing or that relate to the Closing (including any and all damages, whether known or unknown, arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever) (1) arising under the Organizational Documents, (2) relating to the

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Contributor's ownership of any equity or other interests in the Company or (3) relating to actions or omissions of Contributor, or any acts or omissions of the managers, directors, shareholders, members, officers or employees (former or present) of Contributor, in each case to the extent that such acts or omissions relate to the ownership or operation of the Company, including in each case any and all claims which the Company or Laredo does not know or suspect to exist in its favor as of the date hereof or upon Closing. Notwithstanding anything herein to the contrary, nothing in this Release shall limit in any way any right of Laredo (i) to seek indemnification under Article XIII of the Contribution Agreement or (ii) under any agreement to which Laredo and Contributor are parties. Each of the Company and Laredo agrees not to assert any claim or file or permit to be filed or accept benefit from any claim, complaint or petition relating to any matter released and discharged under this Section 4 and agrees to indemnify, defend and hold harmless Contributor from any Liabilities arising from any claim, complaint or petition that is in violation of this sentence; *provided*, *however*, this shall not limit the Company or Laredo from filing an action for the sole purpose of enforcing its rights under this Release. THE RELEASES APPLY TO ALL CLAIMS, AND EACH OF THE COMPANY AND LAREDO AGREES TO WAIVE THE BENEFITS OF ANY

LAW (INCLUDING PRINCIPLES OF COMMON LAW) OF ANY STATE OR TERRITORY OR ANY OTHER JURISDICTION THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN SUCH PARTY'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY SUCH PARTY MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

5) **Warranties**. Contributor agrees, represents and warrants that:

a) The Warburg Contribution Consideration and the releases and other agreements made by the Company and Laredo in this Release are good and sufficient consideration for its execution of this Release.

b) Contributor has not filed any claims, appeals, complaints, charges or lawsuits against the Company with any governmental agency or court.

Each of the Company and Laredo agrees, represents and warrants that the releases and other agreements made by Contributor in this Release are good and sufficient consideration for its execution of this Release.

6) **Choice of Law**. This Release shall be interpreted and construed in accordance with and shall be governed by the laws of the State of Delaware (without regard to any conflicts of law principle which would require the application of some other state law).

7) **Acknowledgment of Terms**. Contributor acknowledges that it had the opportunity for review of this Release by its attorney, Contributor fully understands its final and binding effect, and Contributor is signing this Release voluntarily.

8) **Waiver**. The failure of any Party to enforce or to require timely compliance with any term or provision of this Release shall not be deemed to be a waiver or relinquishment of

rights or obligations arising hereunder, nor shall this failure preclude the enforcement of any term or provision or avoid the liability for any breach of this Release.

9) **Severability**. Each part, term or provision of this Release is severable from the others. Notwithstanding any possible future finding by a duly constituted authority that a particular part, term or provision is invalid, void or unenforceable, this Release has been made with the clear intention that the validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby.

10) **Costs and Attorneys' Fees**. If any action is initiated to enforce this Release, the prevailing party shall be entitled to recover from the other party its reasonable costs and attorneys' fees.

11) **No Admission of Liability**. Contributor acknowledges, by entering into this Release, that the Company or Laredo do not admit to any unlawful or tortious conduct or any other wrongdoing in connection with Contributor. Each of the Company and Laredo acknowledges, by entering into this Release, that Contributor does not admit to any unlawful or tortious conduct or any other wrongdoing in connection with the Company or Laredo.

12) **Contribution Agreement**. This Release shall at all time be subject to and governed by the Contribution Agreement. In the event of a conflict between this Release and the Contribution Agreement, the Contribution Agreement shall control.

13) **Construction**. This Release shall be deemed drafted equally by all the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any party shall not apply. The headings in this Release are only for convenience and are not intended to affect construction or interpretation. The plural includes the singular and the singular includes the plural; "and" and "or" are each used both conjunctively and disjunctively; "any," "all," "each," or "every" means "any and all, and each and every"; "including" and "includes" are each "without limitation"; and "herein," "hereof," "hereunder" and other similar compounds of the word "here" refer to this entire Release and not to any particular paragraph, subparagraph, section or subsection. The word "including" (in its various forms) means including without limitation.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Mutual Release Agreement, effective as of the date of Closing.

CONTRIBUTOR

WARBURG PINCUS PRIVATE EQUITY IX, L.P.

By: Warburg Pincus IX, LLC, its General Partner

By: Warburg Pincus Partners LLC, its Sole Member

By: Warburg Pincus & Co., its Managing Member

By: _____
Name: Peter R. Kagan
Title: Partner

COMPANY

BROAD OAK ENERGY, INC.

By: _____
Name: David B. Braddock
Title: Chairman and Chief Executive Officer

LAREDO

LAREDO PETROLEUM, LLC

By: _____
Name: Randy A. Foutch
Title: Chief Executive Officer

[*Signature Page to Release (Warburg)*]

EXHIBIT F

ASSIGNMENT OF COMPANY SECURITIES

THIS ASSIGNMENT OF COMPANY SECURITIES (this "***Assignment***") is entered into as of _____, 2011 (the "***Effective Date***"), by and between _____ ("***Assignor***") and Laredo Petroleum, LLC, a Delaware limited liability company ("***Assignee***"). This Assignment is executed and delivered in connection with and pursuant to the terms of that certain Contribution Agreement, dated June 15, 2011, by and among Broad Oak Energy, Inc., a Delaware corporation (the "***Company***"), Assignor, certain other contributors and the Assignee (the "***Contribution Agreement***"). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Contribution Agreement.

RECITALS:

WHEREAS, Assignor owns shares of Series A Preferred Stock, vested shares of Common Stock and vested Options in the Company (collectively, the "***Company Securities***"), and desires to assign and convey to Assignee all of Assignor's right, title, and interest in and to such Company Securities in exchange for New Laredo Preferred Units; and

WHEREAS, Assignee desires to accept the Company Securities and to issue the New Laredo Preferred Units allocated to Assignor pursuant to the Contribution Agreement (the "***Assignor Contribution Consideration***"), and Assignor desires to accept the Assignor Contribution Consideration and convey the Company Securities to the Assignee.

ASSIGNMENT:

NOW, THEREFORE in exchange for the Assignor Contribution Consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. **Assignment.** Assignor hereby assigns, transfers, and conveys to Assignee the Company Securities, including without limitation Assignor's right, title and interest in and to the properties (real and personal), capital, cash flow, distributions, dividends, profits and losses, and all other economic benefits of the Company Securities. In exchange for such assignment, Assignor shall receive the Assignor Contribution Consideration on the terms and conditions set forth in the Contribution Agreement.

2. **Assumption**. Assignee hereby accepts Assignor's assignment, assumes all obligations attributable to the Company Securities to the extent provided in the Contribution Agreement, and agrees to provide Assignor with the Assignor Contribution Consideration.

3. **Effect of Assignment**. With respect to the Company Securities, from and after the Effective Date, (i) Assignee shall be the sole and exclusive owner of the Company Securities in accordance with this Assignment, (ii) such ownership shall hereby be deemed evidenced by this Assignment and this Assignment shall be included in the books and records of the Company, (iii) Assignor shall cease to have any right, title or interest in or to the Company Securities and shall have no further obligations with respect to the Company Securities (or Assignor's ownership thereof) except as expressly provided under the laws of the State of Delaware or in the Contribution Agreement; and (iv)

Assignor shall cease to have any rights as a stockholder and optionholder of the Company.

4. **Power**. Assignor does hereby irrevocably constitute and appoint the secretary of the Company as its, his or her attorney-in-fact to transfer said shares of Company Securities on the books of the Company with full power of substitution in the premises.

5. **Contribution Agreement**. If there is a conflict between the terms of this Assignment and the Contribution Agreement, the terms of the Contribution Agreement shall control.

6. **Options and Restricted Stock**. For good and valuable consideration, the receipt of which is hereby acknowledged (including, without limitation, employment with the Company following the Closing), Assignor hereby acknowledges and consents to the cancellation and termination by the Company of any and all outstanding unvested awards (or portions thereof) granted to Assignor under the Broad Oak Energy, Inc. 2006 Stock

Incentive Plan, as amended (the "***Plan***"). Assignor further acknowledges and consents to the settlement in cash by the Company of any and all outstanding vested Options (or portions thereof) granted to Assignor under the Plan.

7. **Choice of Law**. This Assignment will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflict of laws of that State.

8. **Severability**. Each part, term or provision of this Assignment is severable from the others. Notwithstanding any possible future finding by a duly constituted authority that a particular part, term or provision is invalid, void or unenforceable, this Assignment has been made with the clear intention that the validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby.

9. **Counterparts**. This Assignment may be executed in multiple counterparts, each of which will be an original instrument, but all of which will constitute one assignment.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

ASSIGNOR: [ ]

By: _____

ASSIGNEE: **LAREDO PETROLEUM, LLC**

By: _____
Name:
Title:

SIGNATURE PAGE
ASSIGNMENT OF COMPANY SECURITIES IN
BROAD OAK ENERGY, INC.

EXHIBIT G

SPOUSAL CONSENT

I, the undersigned and spouse of _____, hereby consent to the assignment, transfer and delivery by the undersigned's spouse of all of the Contributed Company Stock of Broad Oak Energy, Inc., a Delaware corporation (the "***Company***"), held by the undersigned's spouse to Laredo Petroleum, LLC, a Delaware limited liability company ("***Laredo***"), as contemplated by and in accordance with the terms of that certain Contribution Agreement dated June 15, 2011 by and among Laredo, the Company, Warburg and other persons listed as "Contributors" in the signature pages thereto (the "***Agreement***"). In connection with such consent, effective from and after the date hereof, the undersigned hereby waives and releases, on behalf of himself or herself, his or her executors, representatives and assigns, any and all claims and rights to an ownership interest in the Contributed Company Stock that he or she may have, whether pursuant to community property laws or otherwise.

The undersigned acknowledges and agrees that this consent and waiver is irrevocable without the consent of Laredo.

Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Spousal Consent as of the ___ day of _____, 2011.

Signature: _____

Print Name: _____

Exhibit 10.5

EXECUTION VERSION

STOCK PURCHASE AND SALE AGREEMENT

This Stock Purchase and Sale Agreement (this "***Agreement***"), dated as of June 15, 2011, is by and among Laredo Petroleum, Inc., a Delaware corporation ("***Purchaser***"), and the individuals listed as Sellers on the signature pages hereto (individually, "***Seller***" and collectively, "***Sellers***," and together with Purchaser, the "***Parties***").

RECITALS

WHEREAS, each Seller owns that number of (i) shares of common stock, par value $0.001 per share (the "***Common Stock***"), of Broad Oak Energy, Inc. (the "***Company***"), (ii) shares of preferred stock designated as Series A Convertible Preferred Stock, par value $0.001 per share (the "***Preferred Stock***"), of the Company and/or (iii) Options to purchase shares of Common Stock (each an "***Option***") ((i) through (iii) collectively, the "***Company Securities***"), set forth on the schedule attached to such Seller's signature page hereto;

WHEREAS, Sellers, on a several and not joint basis, desire to sell to Purchaser, and Purchaser desires to purchase from Sellers, such Company Securities to be sold hereunder as set forth on the schedules attached to Sellers' signature pages hereto, in accordance with the terms and conditions of this Agreement; and

WHEREAS, as of even date herewith, certain stockholders of the Company, including certain of the Sellers, have entered into a Contribution Agreement with the Company, Laredo Petroleum, LLC ("***Parent***"), Warburg Pincus Private Equity IX, L.P. and other contributors (the "***Contribution Agreement***") to contribute their shares of Preferred Stock and/or Common Stock to Parent in exchange for a newly issued series of preferred units of Parent in connection with the transactions set forth herein.

NOW, THEREFORE, in consideration of the premises, the respective representations, warranties, covenants and agreements contained in this Agreement, and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

ARTICLE I
DEFINITIONS

SECTION 1.01. **Defined Terms.** As used in this Agreement, the following terms shall have the meanings set forth below:

"***Affiliate***" shall mean any Person that, directly or indirectly, through one or more entities, controls, is controlled by or is under common control with the Person specified. For the purpose of the immediately preceding sentence, the term "control" and its syntactical variants mean the power, direct or indirect, to direct or cause the direction of the management of such Person, whether through the ownership of voting securities, by contract, agency or otherwise. For the avoidance of doubt, prior to Closing, the Company shall be considered an Affiliate of Sellers and from and after the Closing, the Company shall be considered an Affiliate of Purchaser.

"***Agreement***" shall have the meaning given that term in the Preamble.

"***Approval***" shall mean any approval, authorization, grant of authority, consent, order, qualification, permit, license, variance, exemption, franchise, concession, certificate, filing or registration, or any waiver of the foregoing, or any notice, statement or other communication required to be filed with or delivered to any Governmental Authority or any other Person.

"***Claim***" shall have the meaning given that term in Section 7.8(b).

"***Claim Notice***" shall have the meaning given that term in Section 7.8(b).

"***Closing***" shall have the meaning given that term in Section 2.1(c).

"***Closing Date***" shall have the meaning given that term in Section 2.3.

"***Code***" shall mean the Internal Revenue Code of 1986, as amended and any successor statute thereto.

"***Common Stock***" shall have the meaning given that term in the Recitals.

"***Company***" shall have the meaning given that term in the Recitals.

"***Company Securities***" shall have the meaning given that term in the Recitals.

"***Contribution Agreement***" shall have the meaning given that term in the Recitals.

"***Enforceability Exceptions***" shall have the meaning given that term in Section 3.1(c).

"***Governmental Authority***" shall mean any federal, state, local, tribal or foreign government or any court of competent jurisdiction, regulatory or administrative agency, commission or other governmental authority.

"***Indemnitee***" shall have the meaning given that term in Section 7.8(a).

"***Indemnitor***" shall have the meaning given that term in Section 7.8(a).

"***Law***" shall mean any applicable statute, law, rule, regulation, ordinance, order, code, ruling, writ, injunction, decree or other official act of or by any Governmental Authority.

"***Liabilities***" shall mean any and all claims, causes of action, payments, charges, judgments, assessments, liabilities, obligations, losses, damages, penalties, fines or costs and expenses, including any attorneys' fees, legal or other expenses incurred in connection therewith and including liabilities, costs, losses and damages for personal injury or death or property damage.

"***Lien***" shall mean any mortgage, lien, pledge, security interest or other charge or encumbrance, any financing lease having substantially the same economic effect as any of the foregoing, any assignment of the right to receive income, or any other type of preferential arrangement.

"***Options***" shall have the meaning given that term in the Recitals and shall also include the collective reference to all options to purchase shares of Common Stock issued pursuant to the Stock Option Plan and any and all other options to purchase shares of Common Stock.

"***Organizational Documents***" shall mean, with respect to a particular Person (other than a natural person), the certificate or articles of incorporation, bylaws, partnership agreement, limited liability company agreement, trust agreement or similar organizational document or agreement, as applicable of such Person.

"***Parent***" shall have the meaning given that term in the Recitals.

"***Parties***" shall have the meaning given that term in the Preamble.

"***Person***" shall mean an individual, corporation, partnership, association, trust, limited liability company or any other entity or organization, including government or political subdivisions or an agency, unit or instrumentality thereof.

"***Preferred Stock***" shall have the meaning given that term in the Recitals.

"***Preliminary Closing***" shall have the meaning given that term in Section 2.1(a).

"***Purchase Price***" shall have the meaning given that term in Section 2.2.

"***Purchaser***" shall have the meaning given that term in the Preamble.

"***Purchaser Indemnitees***" shall mean Purchaser, its shareholders and Affiliates, and the officers, board of directors and/or managers, employees, agents and representatives of each of the foregoing Persons. From and after the Closing, "Purchaser Indemnitees" shall also include the Company and its shareholders and Affiliates, and the officers, board of directors and/or managers, employees, agents and representatives of each of the foregoing Persons.

"***Secondary Closing***" shall have the meaning given that term in Section 2.1(c).

"***Securities Act***" means the Securities Act of 1933, as amended.

"***Seller Representative***" shall have the meaning given that term in Section 8.1.

"***Sellers***" shall have the meaning given that term in the Preamble.

"***Stock Option Plan***" shall mean the 2006 Stock Incentive Plan of the Company, as amended.

"***Tax Liability***" shall mean any Liability related to Taxes.

"***Taxes***" shall mean any taxes, assessments, unclaimed property and escheat obligations and other governmental charges imposed by any Governmental Authority, including net income, gross income, profits, gross receipts, license, employment, stamp, occupation, premium, alternative or add-on minimum, ad valorem, real property, personal property, transfer, real property transfer, value added, sales, use, environmental (including taxes under Code Section

59A), customs, duties, capital stock, franchise, excise, withholding, social security (or similar), unemployment, disability, payroll, fuel, excess profits, windfall profit, severance, estimated or other tax, including any interest, penalty or addition thereto, whether disputed or not, including any obligations to indemnify or otherwise assume or succeed to the Tax Liability of any other Person.

"***Third Party***" shall mean any Person other than a Party to this Agreement or an Affiliate of a Party to this Agreement.

SECTION 1.02. **Construction.** This Agreement has been freely and fairly negotiated among the Parties. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party because of the authorship of any provision of this Agreement. The words "include," "includes" and "including" will be deemed to be followed by "without limitation." Pronouns in masculine, feminine and neuter genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice versa, unless the context otherwise requires. The words "this Agreement," "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The Parties intend that each representation, warranty and covenant contained herein will have independent significance. If any Party has breached any

representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached will not detract from or mitigate the fact that the Party is in breach of the first representation, warranty or covenant.

ARTICLE II
PURCHASE AND SALE OF COMPANY SECURITIES

SECTION 2.01. **Purchase and Sale of Company Securities.**

(a) On and subject to the terms and conditions of this Agreement, prior to the Secondary Closing, Purchaser shall purchase from each Seller who holds Preferred Stock, and each such Seller shall sell to Purchaser, that number of shares of Preferred Stock set forth on the schedule attached to such Seller's signature page hereto and for the consideration as determined in accordance with Schedule I (the "***Preliminary Closing***").

(b) Each Seller acknowledges that after the Preliminary Closing and immediately prior to the Secondary Closing, with respect to each share of Common Stock and Option (or portion thereof) that is not fully vested, such share of Common Stock and Option (or portion thereof) shall be cancelled by the Company and terminated in full.

(c) Immediately following the Preliminary Closing and the cancellation of the shares of Common Stock and Options as set forth in Section 2.1(b), Purchaser shall purchase from each Seller, and each Seller shall sell to Purchaser, that number of Company Securities (other than the Preferred Stock) set forth on the schedule attached to such Seller's signature page

hereto for the consideration as determined in accordance with Schedule I (the "***Secondary Closing***" and together with the Preliminary Closing, the "***Closing***").

SECTION 2.02. **Purchase Price.** The aggregate purchase price for the Company Securities to be sold hereunder (the "***Purchase Price***") is the amount calculated in accordance with the number of Company Securities to be sold as set forth on the schedules attached to Sellers' signature pages hereto and Schedule I, such aggregate amount not to exceed $100,000,000.

SECTION 2.03. **Closing**. The Closing shall take place at the offices of Akin Gump Strauss Hauer and Feld LLP located at 1111 Louisiana Street, 44th Floor, Houston, Texas 77002, on July 1, 2011, at 10:00 a.m., Houston time (such time and date, the "***Closing Date***"), or at such other date or at such other time as the Parties mutually may agree in writing. At the Closing, (a) Purchaser shall tender the Purchase Price to Sellers (to each Seller in the amount determined in accordance with the number of Company Securities to be sold as set forth on the schedules attached to Sellers' signature pages hereto and Schedule I), and (b) Sellers shall transfer and deliver to Purchaser all of the Company Securities to be sold hereunder as set forth on the schedules attached to Sellers' signature pages hereto. The closing of the transactions contemplated by the Contribution Agreement and the Secondary Closing will occur concurrently as part of the same transaction and immediately after the Preliminary Closing.

SECTION 2.04. **Closing Deliverables.** At the Closing:

(a) Each Seller shall deliver, or cause to be delivered, to Purchaser: (i) a duly executed assignment in the form of Exhibit A and which shall contain stock powers duly executed in blank representing the Company Securities owned by such Seller and to be sold hereunder, (ii) if applicable, a duly executed spousal consent in the form attached hereto as Exhibit B, (iii) a duly executed mutual release in the form attached hereto as Exhibit C-1 or Exhibit C-2, as applicable, (iv) a certificate in form and substance reasonably satisfactory to Purchaser to the effect that such Seller is not a "foreign person" within the meaning of Section 1445 of the Code and the Treasury Regulations thereunder, (v) duly executed signature pages to this Agreement of each holder of Company Securities who will sell its, his or her Company Securities or a portion thereof pursuant hereto and who has not executed this Agreement as of the date hereof, (vi) such Seller's completed schedule attached to such Seller's signature page hereto to the extent not completed and delivered to Purchaser on the date hereof, and (vii) such other documents as may be reasonably requested by Purchaser; and

(b) Purchaser shall deliver, or cause to be delivered, to Sellers (i) the Purchase Price (to each Seller in the amount determined in accordance with the number of Company Securities to be sold as set forth on the schedules attached to Sellers' signature pages hereto and Schedule I), in cash, certified check or by wire transfers of immediately available funds to an account or accounts specified by Sellers in writing reasonably in advance of the Closing Date, and (ii) duly executed mutual releases in the forms attached hereto as Exhibit C-1 and Exhibit C-2.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

SECTION 3.01. **Representations and Warranties of Sellers.** Each Seller represents and warrants to Purchaser severally as to himself or herself and not as to the other Sellers as follows:

(a) **Legal Capacity.** If such Seller is not a natural person, such Seller is duly formed, validly existing and in good standing under the Laws of the jurisdiction of its formation, with full corporate or other applicable power and authority to enter into this Agreement and perform its obligations hereunder; and if such Seller is a natural person, such Seller has all requisite and legal capacity to enter into this Agreement and perform his or her obligations hereunder. If such Seller is a natural person, the correct marital status for such Seller is as set forth on the schedule attached to such Seller's signature page hereto.

(b) **Authorization; Approvals.**

(1) The execution and delivery by such Seller of this Agreement and the performance of its, his or her obligations hereunder have been duly and validly authorized by all requisite action of such Seller and no other actions on the part of such Seller are necessary to authorize

and approve this Agreement and the transactions contemplated hereby.

(2) There are no Approvals required for such Seller or any Affiliate of such Seller from or to any Governmental Authority or any other Third Party, in each case, in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement.

(c) **Enforceability.** This Agreement has been duly executed and delivered by such Seller and constitutes the valid and legally binding obligation of such Seller, enforceable in accordance with its terms and conditions, except insofar as the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other similar Laws affecting the enforcement of creditors' rights generally and by general principles of equity (the "***Enforceability Exceptions***"). At Closing, all documents contemplated by this Agreement to be executed and delivered by such Seller shall have been duly executed and delivered by such Seller and all such documents executed and delivered by such Seller shall constitute valid and binding obligations of such Seller, enforceable in accordance with their terms and conditions except insofar as the enforceability thereof may be limited by the Enforceability Exceptions.

(d) **Noncontravention.** Neither the execution and the delivery of this Agreement by such Seller, nor the consummation of the transactions contemplated hereby by such Seller will conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, modification, revocation, cancellation or acceleration of any obligation or to the loss of a benefit under, give rise to a right of purchase as to the Company Securities, or result in the creation of any Claim upon the Company or the Company Securities under any provision of (i) any applicable Law, (ii) if such

Seller is not a natural person, the Organizational Documents of such Seller or (iii) any contract or instrument to which such Seller is a party or by which he or she is bound.

(e) **Litigation.** There are no actions, suits or proceedings, arbitrations or disputes, claims, audits or investigations, whether administrative, judicial or otherwise that are pending or, to the knowledge of such Seller, threatened by or against or with respect to such Seller that are attributable to such Seller's ownership of or relationship with the Company.

(f) **Title to Company Securities.** Such Seller is the record and beneficial owner of the applicable Company Securities set forth on the schedule attached to such Seller's signature page hereto, free and clear of all Liens. Such Company Securities constitute all of the Company Securities held by such Seller. The numbers of Preferred Stock, Common Stock and Options set forth in each category of the schedule to such Seller's signature page hereto are true and correct in all respects. Except for the vested shares of Common Stock and vested Options to be sold hereunder or to be contributed to Parent pursuant to the Contribution Agreement, there are no shares of Common Stock and Options owned by such Seller that (i) are vested or (ii) will vest on account of the consummation of the transactions contemplated hereby and by the Contribution Agreement.

(g) **Foreign Person.** Such Seller is not a "foreign person" within the meaning of Section 1445 of the Code.

(h) **Taxes.** Such Seller has reviewed with his or her own Tax advisors the federal, state, local and the other Tax consequences of the transactions contemplated by this Agreement. Such Seller acknowledges and agrees that Purchaser is not making any representation or warranty as to the federal, state, local or other Tax consequences to such Seller as a result of the transactions contemplated by this Agreement. Such Seller understands that it, he or she (and not the Company or Purchaser) shall be responsible for such Seller's own Tax Liability that may arise as a result of the transactions contemplated hereby, except as otherwise specifically provided herein.

(i) **Broker's Fees.** Except as set forth on Schedule 6.01(k) of the Contribution Agreement, such Seller does not have any Liability to pay any fees or commissions to any broker, finder or agent with respect to the transactions contemplated by this Agreement for which Purchaser or the Company will be liable or obligated or which would otherwise burden the Company Assets (as such term is defined in the Contribution Agreement).

(j) **Compliance**. Such Seller is in compliance in all material respects with all applicable Laws.

(k) **Holding Company**. If such Seller is not a natural person, such Seller has not, since the date of its formation, carried on any business or conducted any operations other than holding ownership of the Company Securities.

(l) **Investment Company.** If such Seller is not a natural person, such Seller is not required to be registered as an investment company under the Investment Company Act of 1940, as amended.

SECTION 3.02. **Representations and Warranties of Purchaser.** Purchaser represents and warrants to Sellers as follows:

(a) **Organization.** Purchaser is duly formed, validly existing and in good standing under the Laws of the jurisdiction of its formation.

(b) **Authorization; Approvals.**

(1) The execution and delivery by Purchaser of this Agreement and the performance of its obligations hereunder have been duly and validly authorized by all requisite action of Purchaser and no other actions on the part of Purchaser are necessary to authorize and approve this Agreement and the transactions contemplated hereby.

(2) There are no Approvals required for Purchaser from or to any Governmental Authority or any other Third Party, in each case, in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement.

(c) **Enforceability.** This Agreement has been duly executed and delivered by Purchaser and constitutes the valid and legally binding obligation of Purchaser, enforceable in accordance with its terms and conditions, except insofar as the enforceability thereof may be limited by the Enforceability Exceptions. At Closing, all documents contemplated by this Agreement to be executed and delivered by Purchaser shall have been duly executed and delivered by Purchaser and all such documents executed and delivered by Purchaser shall constitute valid and binding obligations of Purchaser, enforceable in accordance with their terms and conditions except insofar as the enforceability thereof may be limited by the Enforceability Exceptions.

(d) **Noncontravention.** Neither the execution and the delivery of this Agreement by Purchaser, nor the consummation of the transactions contemplated hereby by Purchaser will conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, modification, revocation, cancellation or acceleration of any obligation or to the loss of a benefit under any provision of (i) any applicable Law, (ii) the Organizational Documents of Purchaser, or (iii) any material contract to which Purchaser is a party.

(e) **Investment Representation**.

(i) The Company Securities to be acquired hereunder will be acquired for investment for Purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. Purchaser does not have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any Third Party, with respect to any of the Company Securities to be acquired hereunder.

(ii) Purchaser understands that the Company Securities to be acquired hereunder have not been registered under the Securities Act on the ground that the offer and sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the Securities Act pursuant to Section 4(2) thereof and Rule 506 promulgated thereunder.

(iii) Purchaser believes it has received all the information Purchaser considers necessary or appropriate for deciding whether to purchase the Company Securities to be acquired hereunder. Purchaser has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the sale of such Company Securities and the business, properties, prospects and financial condition of the Company.

(iv) Purchaser confirms that it has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of an investment in the Company Securities to be acquired hereunder and of making an informed investment decision and understands that (A) this investment is suitable only for an investor which is able to bear the economic consequences of losing its entire investment, (B) the acquisition of such Company Securities is a speculative investment which involves a high degree of risk of loss of the entire investment, and (C) there are substantial restrictions on the transferability of, and there will be no public market for, such Company Securities, and accordingly, it may not be possible for Purchaser to liquidate its investment in case of emergency.

(v) Purchaser is an "accredited investor," as such term is defined in Rule 501(e) under the Securities Act.

(vi) Purchaser understands that none of the Company Securities to be acquired hereunder may be sold, transferred, or otherwise disposed of without registration under the Securities Act or an exemption therefrom, and that in the absence of either an effective registration statement covering such sale or disposition or an available exemption from registration under the Securities Act, the Company Securities to be acquired hereunder must be held indefinitely. In particular, Purchaser is aware that the Company Securities to be acquired hereunder may not be sold pursuant to Rule 144 promulgated under the Securities Act unless all of the conditions of that Rule are met.

ARTICLE IV
COVENANTS

SECTION 4.01. **General.** If at any time after the Closing any further action is necessary or desirable to carry out the purposes of this Agreement, each Party will take such further action (including executing and delivering any further instruments and documents, obtaining any permits and consents and providing any reasonably requested information) as any other Party may reasonably request, all at the requesting Party's sole cost and expense.

SECTION 4.02. **Execution and Completion of Signature Page Schedules.** Seller Representative shall use his reasonable efforts to cause (a) each holder of Company Securities who will sell its, his or her Company Securities or a portion thereof pursuant hereto and who has not executed this Agreement as of the date hereof to execute this Agreement on or prior to June 24, 2011, upon which execution such holder shall become a "Seller" hereunder and (b) each Seller to complete the schedule attached to such Seller's signature page hereto on or prior to June 24, 2011.

ARTICLE V
CONDITIONS TO CLOSING

SECTION 5.01. **Conditions to the Obligations of Purchaser**. The obligations of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by Purchaser in its sole discretion:

(a) (i) The representations and warranties of each Seller contained in this Agreement or in any certificate or other writing delivered pursuant to the provisions of this Agreement (other than Section 3.1(f)) shall be true and correct in all material respects (provided that any such representation and warranty of a Seller that is qualified by a materiality standard shall be true and correct in all respects) as of the date of this Agreement and as of the Closing, as though made at and as of the Closing, except for representations or warranties made as of a specific date, which shall be true and correct in all material respects as of such date, and (ii) the representations and warranties contained in Section 3.1(f) shall be true and correct in all respects as of the date of this Agreement and as of the Closing, as though made at and as of the Closing.

(b) Sellers shall have performed or complied in all material respects with all obligations, agreements and covenants contained in this Agreement as to which performance or compliance by Sellers is required prior to or at the Closing Date.

(c) No injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby or granting damages in connection therewith, shall have been issued and remain in force, and no suit, action or other proceeding (instituted by a Person other than Purchaser or its Affiliates) shall be pending before any Governmental Authority or threatened that seeks to restrain, enjoin or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover damages from Purchaser resulting therefrom.

(d) With respect to the Preliminary Closing, all conditions precedent for the Closing and the consummation of the transactions contemplated by the Contribution Agreement (other than the Preliminary Closing) shall have been satisfied.

(e) With respect to the Secondary Closing, (i) the Preliminary Closing shall have been consummated and (ii) the transactions contemplated by the Contribution Agreement shall be consummated concurrently with the Secondary Closing as part of the same transaction.

(f) Each holder of Preferred Stock, Common Stock and Options shall have executed and delivered such holder's signature page(s) to this Agreement or the Contribution Agreement or both such agreements, such that all issued and outstanding shares of Preferred Stock, vested Common Stock and vested Options will be sold to Purchaser hereunder and/or contributed to Parent under the Contribution Agreement at Closing. Each Seller shall have completed the schedule attached to such Seller's signature page hereto.

SECTION 5.02. **Conditions to the Obligations of Sellers**. The obligations of Sellers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by Sellers in their sole discretion:

(a) The representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing, as though made at and as of the Closing, except for representations or warranties made as of a specific date, which shall be true and correct in all material respects as of such date.

(b) Purchaser shall have performed or complied in all material respects with all obligations, agreements and covenants contained in this Agreement as to which performance or compliance by Purchaser is required prior to or at the Closing Date.

(c) No injunction, order or award restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby or granting damages in connection therewith, shall have been issued and remain in force, and no suit, action or other proceeding (instituted by a Person other than any Seller) shall be pending before any Governmental Authority or threatened that seeks to restrain, enjoin or otherwise prohibit the consummation of the transactions contemplated by this Agreement or recover damages from Sellers resulting therefrom.

(d) With respect to the Preliminary Closing, all conditions precedent for the Closing and the consummation of the transactions contemplated by the Contribution Agreement (other than the Preliminary Closing) shall have been satisfied.

(e) With respect to the Secondary Closing, (i) the Preliminary Closing shall have been consummated and (ii) the transactions contemplated by the Contribution Agreement shall be consummated concurrently with the Secondary Closing as part of the same transaction.

(f) Each holder of Preferred Stock, Common Stock and Options shall have executed and delivered such holder's signature page(s) to this Agreement or the Contribution

Agreement or both such agreements, such that all issued and outstanding shares of Preferred Stock, vested Common Stock and vested Options will be sold to Purchaser hereunder and/or contributed to Parent under the Contribution Agreement at Closing. Each Seller shall have completed the schedule attached to such Seller's signature page hereto.

ARTICLE VI
TERMINATION

SECTION 6.01. **Termination.** This Agreement and the transactions contemplated hereby shall be completely terminated at any time prior to the Closing upon termination of the Contribution Agreement in accordance with its terms.

ARTICLE VII
INDEMNIFICATION

SECTION 7.01. **Indemnification by Sellers.** Subject to the other provisions of Article VII, from and after Closing, each Seller severally and not jointly will defend, release, indemnify and hold harmless Purchaser Indemnitees from and against any and all Liabilities caused by, arising from or attributable to the breach by such Seller of his or her representations or warranties contained in Section 3.1(f) as of the date of this Agreement and as of the Closing, as though made at and as of the Closing.

SECTION 7.02. **Limitations.** Sellers shall not incur, and shall have no obligation to Purchaser Indemnitees under this Agreement or in connection with the transactions contemplated hereby with respect to, any Liability unless written notice of such Liability is provided to Sellers within 12 months after Closing. Further, each Seller's Liability with regard to its, his or her indemnification obligation under Section 7.1 shall be limited to such Seller's pro rata share of such Liability determined by taking the amount of the obligation under such section and multiplying it by a percentage determined by dividing the amount of Purchase Price received by such Seller under this Agreement by the aggregate amount of Purchase Price received by all Sellers under this Agreement.

SECTION 7.03. **Remedies.** Notwithstanding anything to the contrary in this Agreement, Purchaser shall be entitled to all remedies at law or in equity against any Seller for such Seller's breach of the representations and warranties contained in Section 3.1(f).

SECTION 7.04. **Negligence and Fault.** THE DEFENSE, RELEASE, INDEMNIFICATION AND HOLD HARMLESS OBLIGATIONS SET FORTH IN THIS AGREEMENT (INCLUDING SECTION 7.1) SHALL ENTITLE THE INDEMNITEE TO SUCH DEFENSE, RELEASE, INDEMNIFICATION AND HOLD HARMLESS HEREUNDER IN ACCORDANCE WITH THE TERMS HEREOF, REGARDLESS OF WHETHER THE CLAIM GIVING RISE TO SUCH OBLIGATION IS THE RESULT OF: (A) STRICT LIABILITY, (B) THE VIOLATION OF ANY LAW BY SUCH INDEMNITEE OR BREACH OF DUTY (STATUTORY OR OTHERWISE), (C) THE SOLE, CONCURRENT OR COMPARATIVE NEGLIGENCE OF SUCH INDEMNITEE, OR (D) OTHER FAULT OF SUCH INDEMNITEE.

SECTION 7.05. **Exclusive Remedy.** From and after Closing, each of the Parties acknowledges and agrees that its, his or her sole and exclusive remedy with respect to any and all Liabilities pursuant to or in connection with this Agreement, the sale of the Company Securities by Sellers in exchange for the Purchase Price or otherwise in connection with the transactions contemplated hereby shall be limited to the indemnification provisions set forth in this Agreement.

SECTION 7.06. **Expenses.** Notwithstanding anything herein to the contrary, each Party shall be solely responsible for the foregoing defense, release, indemnity and hold harmless obligations.

SECTION 7.07. **Survival.**

(a) The representations and warranties of Sellers in Section 3.1(f) shall survive the Closing for a period of 12 months. All other representations and warranties contained herein and in any certificate or other writing delivered pursuant hereto shall not survive the Closing. This Section 7.7(a) shall not limit any covenant or agreement of the Parties which, by its terms, contemplates performance after the Closing Date.

(b) The indemnities in Section 7.1 shall terminate as of the termination date of each respective representation and warranty that is subject to indemnification, except in each case as to matters for which a specific written claim for indemnity has been delivered to Sellers on or before such termination date.

SECTION 7.08. **Indemnification Actions.** All claims for indemnification under this Article VII shall be asserted and resolved as follows:

(a) For purposes of this Agreement, the term "***Indemnitor***" when used in connection with particular damages shall mean the Person having an obligation to indemnify another Person or Persons with respect to such damages pursuant to this Agreement, and the term "***Indemnitee***" when used in connection with particular damages shall mean a Person having the right to be indemnified with respect to such damages pursuant to this Agreement.

(b) To make a claim for indemnification under this Article VII, an Indemnitee shall notify the Indemnitor of its claim, including the specific details of and specific basis under this Agreement for its claim (the "***Claim Notice***"). In the event that the claim for indemnification is based upon a claim by a Third Party against the Indemnitee (a "***Claim***"), the Indemnitee shall provide its Claim Notice promptly after the Indemnitee has actual knowledge of the Claim and shall enclose a copy of all papers (if any) served with respect to the Claim; *provided* that the failure of any Indemnitee to give notice of a Claim as provided in this Section 7.8 shall not relieve the Indemnitor of its obligations under this Article VII except to the extent (and only to the extent of such incremental damages incurred) such failure results in insufficient time being available to permit the Indemnitor to effectively defend against the Claim or otherwise prejudices the Indemnitor's ability to defend against the Claim. In the event that the claim for indemnification is based upon an inaccuracy or breach of a representation, warranty, covenant or agreement, the Claim Notice shall specify the representation, warranty, covenant or agreement that was inaccurate or breached.

(c) In the case of a claim for indemnification based upon a Claim, the Indemnitor shall have 30 days from its receipt of the Claim Notice to notify the Indemnitee whether or not it agrees to indemnify and defend the Indemnitee against such Claim under this Article VII. The Indemnitee is authorized, prior to and during such 30 day period, to file any motion, answer or other pleading that it shall deem necessary or appropriate to protect its interests or those of the Indemnitor and that is not prejudicial to the Indemnitor.

(d) If the Indemnitor agrees to indemnify the Indemnitee, it shall have the right and obligation to diligently defend, at its sole cost and expense, the Claim. The Indemnitor shall have full control of such defense and proceedings, including any compromise or settlement thereof. If requested by the Indemnitor, the Indemnitee agrees to cooperate in contesting any Claim which the Indemnitor elects to contest (*provided*, *however*, that the Indemnitee shall not be required to bring any counterclaim or cross-complaint against any Person). The Indemnitee may participate in, but not control, at its sole cost and expense, any defense or settlement of any Claim controlled by the Indemnitor pursuant to this Section 7.8. An Indemnitor shall not, without the written consent of the Indemnitee, in the Indemnitee's sole discretion, settle any Claim or consent to the entry of any judgment with respect thereto that (i) does not result in a final resolution of the Indemnitee's Liability with respect to the Claim (including, in the case of a settlement, an unconditional written release of the Indemnitee from all Liabilities in respect of such Claim), (ii) may materially and adversely affect the Indemnitee (other than as a result of money damages covered by the indemnity) or (iii) includes any non-monetary remedy.

(e) If the Indemnitor does not agree to indemnify the Indemnitee within the 30 day period specified in Section 7.8(c) or fails to give notice to the Indemnitee within such 30 day period regarding its election or if the Indemnitor agrees to indemnify, but fails to diligently defend or settle the Claim, then the Indemnitee shall have the right to defend against the Claim (at the sole cost and expense of the Indemnitor, if the Indemnitee is entitled to indemnification hereunder), with counsel of the Indemnitee's choosing; *provided*, *however*, that the Indemnitee shall make no settlement, compromise, admission or acknowledgment that would give rise to Liability on the part of any Indemnitor without the prior written consent of such Indemnitor, which consent shall not be unreasonably withheld, conditioned or delayed.

(f) In the case of a claim for indemnification not based upon a Claim, the Indemnitor shall have 30 days from its receipt of the Claim Notice to (i) cure the damages complained of, (ii) agree to indemnify the Indemnitee for such Liabilities, or (iii) dispute the claim for such damages. If such Indemnitor does not respond to such Claim Notice within such 30 day period, such Indemnitor will be deemed to dispute the claim for damages.

SECTION 7.09. **Release.** As of Closing, each Seller for itself and its successors and assigns unconditionally and irrevocably fully and forever releases and discharges the Company and Purchaser and each of their respective officers, directors, successors, assigns, parents and Affiliates from any and all claims, remedies, suits, damages and liabilities of any kind arising out of or relating in any respect to such Seller's ownership of any debt, equity or other interest in the Company prior to the Closing Date.

ARTICLE VIII
APPOINTMENT OF SELLER REPRESENTATIVE

SECTION 8.01. **Appointment of Seller Representative.** Each Seller hereby constitutes and appoints David Braddock (or an entity that he controls) and any successor approved by Purchaser in its sole discretion (the "***Seller Representative***") as such Seller's true and lawful agent and attorney-in-fact, to act in the name and on behalf of such Seller as follows from the date hereof until the first anniversary of the Closing Date:

(b) to hold from the date hereof and deliver to Purchaser at the Closing all stock powers, and other agreements and deliverables to be delivered by such Seller pursuant to this Agreement;

(c) to grant such waivers and consents on behalf of such Seller under this Agreement as the Seller Representative in his sole discretion shall deem advisable;

(d) to receive and give receipt for all notices and other communications required or permitted to be given to such Seller under this Agreement;

(e) to exercise any and all of such Seller's rights under or in connection with this Agreement, exclusively, other than defense of an action by Purchaser alleging the violation by such Seller of Section 3.1, which such Seller shall be permitted to defend;

(f) to amend this Agreement except to the extent such amendment would decrease the Purchase Price, change or modify equity structure or adversely and disproportionately affect such Seller whose consent has not been obtained, unless otherwise contemplated by this Agreement or the transactions contemplated hereby; and

(g) to take any other action authorized or required to be taken by the Seller Representative on behalf of such Seller pursuant to the terms of this Agreement.

Each Seller acknowledges that the powers and authority granted in this Section 8.1 are coupled with an interest sufficient in Law to support an irrevocable power of attorney and, unless this Agreement is terminated pursuant to Article VI, shall be irrevocable to the fullest extent permitted by Law. Each Seller agrees to indemnify Purchaser for any Claims that arise against Purchaser as a result of reliance on this power of attorney. Each Seller agrees that the arrangements in this Section 8.1 do not create any special relationship between such Seller and the Seller Representative, that the Seller Representative is not a fiduciary to such Seller and, to the extent permitted under applicable Law, that such Seller will not bring any Claim against the Seller Representative which relates to or results from his performance of the duties of the Seller Representative as set forth in this Section 8.1.

SECTION 8.02. **Escrow of Closing Deliverables.** Contemporaneously with the execution of this Agreement by each Seller, such Seller hereby deposits with the Seller Representative (a) a duly executed assignment in the form of Exhibit A, which shall contain stock powers duly executed in blank representing the Company Securities owned by such Seller and to be sold hereunder, (b) if applicable, an executed spousal consent in the form of Exhibit B, (c) an executed mutual release in the form of Exhibit C-1 or Exhibit C-2, and (d) a certificate in

form and substance reasonably satisfactory to Purchaser to the effect that such Seller is not a "foreign person" within the meaning of Section 1445 of the Code and the Treasury Regulations thereunder.

ARTICLE IX
MISCELLANEOUS

SECTION 9.01. **Entire Agreement.** This Agreement and the Contribution Agreement, if applicable, together with all schedules, exhibits, annexes or other attachments hereto and thereto, and the certificates, documents, instruments and writings that are delivered pursuant hereto, constitutes the entire agreement and understanding of the Parties in respect of the subject matter hereof and supersedes all prior understandings, agreements or representations by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof. Except with respect to the Persons included within the definition of Indemnitee and Purchaser Indemnitees (and in such cases, only to the extent expressly provided herein), nothing in this Agreement shall provide any benefit to any Third Party or entitle any Third Party to any claim, cause of action, remedy or right if any kind, it being the intent of the Parties that this Agreement shall not be construed as a Third Party beneficiary contract. The Parties acknowledge and agree that additional holders of Company Securities may subsequently execute and deliver additional signature pages to this Agreement and become Parties hereto as Sellers under this Agreement at the time of such delivery, and notwithstanding such additional signatories and Parties, each Party executing this Agreement shall be bound by the terms and provisions of this Agreement from and after its execution and delivery of its signature page hereto until this Agreement is terminated in accordance with the terms hereof.

SECTION 9.02. **Assignment; Binding Effect.** No Party may assign either this Agreement or any of its, his or her rights, interests or obligations hereunder without the prior written approval of the other Parties, and any such assignment by a Party without prior written approval of the other

Parties will be deemed invalid and not binding on such other Parties. All of the terms, agreements, covenants, representations, warranties and conditions of this Agreement are binding upon, inure to the benefit of and are enforceable by, the Parties and their respective successors and permitted assigns.

SECTION 9.03. **Notices.** Any notice, communication, request, instruction or other document required or permitted hereunder shall be given in writing and delivered in person or sent by United States mail (postage prepaid, return receipt requested), email or facsimile to the applicable addresses set forth for the recipient on the signature page hereto. Any such notice shall be effective upon receipt only if received during normal business hours or, if not received during normal business hours, on the next business day.

SECTION 9.04. **Specific Performance; Remedies.** Each Party acknowledges and agrees that irreparable damage would occur in the event any of the provisions of this Agreement were knowingly and intentionally not performed in accordance with their specific terms or were otherwise knowingly and intentionally breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent knowing and intentional breaches of the provisions of this Agreement to the extent not terminated pursuant to Section 6.1,

and shall be entitled to enforce specifically the provisions of this Agreement to the extent not terminated pursuant to Section 6.1, in any court of the United States or any state thereof having jurisdiction, in addition to any other remedy to which the Parties may be entitled under this Agreement or at law or in equity.

SECTION 9.05. **Withholding Taxes.** Each of the Sellers acknowledges and agrees that Purchaser or the Company shall be entitled to withhold from any payments to be made to such Seller pursuant to this Agreement such amounts as shall be required by federal, state and local withholding Tax Laws.

SECTION 9.07. **Headings.** The article and section headings contained in this Agreement are inserted for convenience only and will not affect in any way the meaning or interpretation of this Agreement.

SECTION 9.08. **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law principles.

SECTION 9.09. **Amendment; Extensions; Waivers.** Subject to Section 8.1, no amendment, modification, waiver, replacement, termination or cancellation of any provision of this Agreement will be valid, unless the same is in writing and signed by each of the Parties hereto. Each waiver of a right hereunder does not extend beyond the specific event or circumstance giving rise to the right. No waiver by any Party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, may be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising because of any prior or subsequent such occurrence. Neither the failure nor any delay on the part of any Party to exercise any right or remedy under this Agreement will operate as a waiver thereof, nor does any single or partial exercise of any right or remedy preclude any other or further exercise of the same or of any other right or remedy.

SECTION 9.10. **Severability.** The provisions of this Agreement will be deemed severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof; *provided*, *however*, that if any provision of this Agreement, as applied to any Party or to any circumstance, is judicially determined not to be enforceable in accordance with its terms, the Parties agree that the court judicially making such determination may modify the provision in a manner consistent with its objectives such that it is enforceable, and/or to delete specific words or phrases, and in its modified form, such provision will then be enforceable and will be enforced.

SECTION 9.11. **Expenses.** The Parties acknowledge and agree that the satisfaction of all costs and expenses incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby, including all fees and expenses of agents, representatives, financial advisors, legal counsel and accountants, will be paid in accordance with the provisions of the Contribution Agreement, including Section 13.06 thereof.

SECTION 9.12. **Counterparts; Effectiveness.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This Agreement will become effective when one or more counterparts have been signed by each Party and delivered to the other Party.

* * *

IN WITNESS WHEREOF, the Parties have caused this Stock Purchase and Sale Agreement to be executed as of the date stated in the introductory paragraph of this Agreement.

PURCHASER:

Laredo Petroleum, Inc.

By: /s/ Jerry Schuyler
Name: Jerry Schuyler
Title: President and Chief Operating Officer

SELLER:

/s/ D. B. Braddock
Name: David B. Braddock

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ D. B. Braddock
Name: David B. Braddock Family, LLC

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto

SELLER:

/s/ D. B. Braddock
Name: Sandra R. Braddock Family, LLC

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ D. B. Braddock
Name: Texas DSB Investments, LLC

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ John Coss
Name: John Coss

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

24

SELLER:

/s/ John Vering
Name: John Vering

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

25

SELLER:

/s/ Brian F. Maxted
Name: Brian F. Maxted

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

26

SELLER:

/s/ Robert Leibrecht
Name: Robert Leibrecht

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

27

SELLER:

/s/ Robert Leibrecht
Name: Robert Leibrecht

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

28

SELLER:

/s/ James H. Sherrill

Name: James H. Sherrill

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Robert N. Skinner

Name: Robert N. Skinner

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Randy Foutch

Name: Randy Foutch

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Kenneth Dickerman

Name: Kenneth Dickerman

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Kenneth Dickerman

Name: Kenneth Dickerman

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Don A. Edwards
Name: Don A. Edwards

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

34

SELLER:

/s/ David A. Scott
Name: David A. Scott

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

35

SELLER:

/s/ John Weaver
Name: John Weaver

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

36

SELLER:

/s/ M. Greg Wilkes
Name: M. Greg Wilkes

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

37

SELLER:

/s/ Linda Brzozowski
Name: Linda Brzozowski

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of

Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Linda Brzozowski
Name: Linda Brzozowski

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Mary Nava
Name: Mary Nava

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Alexis Huber
Name: Alexis Huber

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ J. Barry Brokaw
Name: J. Barry Brokaw

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Allison Schar

Name: Allison Schar

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/Ben Shelton
Name: Ben Shelton

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Brianne Boulter
Name: Brianne Boulter

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Charles Castro
Name: Charles Castro

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Cory Parrott
Name: Cory Parrott

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Dorothy L. Douglas
Name: Dorothy L. Douglas

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Geoff Wiszneauckas
Name: Geoff Wiszneauckas

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ J. D. Braddock
Name: J. D. Braddock

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Jaime Rivera
Name: Jaime Rivera

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Jeri Paduch
Name: Jeri Paduch

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of

Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Kevin Spratlen
Name: Kevin Spratlen

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Lucy Hamm
Name: Lucy Hamm

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Roger Gilcrease
Name: Roger Gilcrease

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Shilene Patek
Name: Shilene Patek

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

SELLER:

/s/ Randy McCall

Name: Randy McCall

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

57

SELLER:

/s/ Tommy Schleier
Name: Tommy Schleier

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

58

SELLER:

/s/ Lane C. Fowler
Name: Lane C. Fowler

Number of shares of Preferred Stock owned, number of shares of Preferred Stock to be sold, number of shares of Common Stock owned, number of shares of Common Stock to be sold, number of Options owned, number of Options to be sold and marital status are set forth on the schedule attached hereto.

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EXHIBIT A

THIS ASSIGNMENT OF COMPANY SECURITIES (this "***Assignment***") is entered into as of _____, 2011 (the "***Effective Date***"), by and between _____ ("***Assignor***") and Laredo Petroleum, Inc., a Delaware corporation ("***Assignee***"). This Assignment is executed and delivered in connection with and pursuant to the terms of that certain Stock Purchase and Sale Agreement, dated June 15, 2011, by and among Assignor, certain other Sellers and Assignee (the "***Purchase and Sale Agreement***"). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Purchase and Sale Agreement.

RECITALS:

WHEREAS, Assignor owns ____ shares of Preferred Stock, ____ vested shares of Common Stock and ____ vested Options in Broad Oak Energy, Inc., a Delaware corporation (the "***Company***") (collectively, the "***Company Securities***"), and desires to assign and convey to Assignee all of Assignor's right, title, and interest in and to such Company Securities in exchange for cash allocated to Assignor pursuant to the Purchase and Sale Agreement (the "***Assignor Consideration***"); and

WHEREAS, Assignee desires to accept the Company Securities in exchange for the Assignor Consideration allocated to Assignor pursuant to the Purchase and Sale Agreement.

ASSIGNMENT:

NOW, THEREFORE in exchange for the Assignor Consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

1. **Assignment**. Assignor hereby assigns, transfers, and conveys to Assignee the Company Securities, including without limitation Assignor's right, title and interest in and to the properties (real and personal), capital, cash flow, distributions, dividends, profits and losses, and all other economic benefits of the Company Securities. In exchange for such assignment, Assignor shall receive the Assignor Consideration on the terms and conditions set forth in the Purchase and Sale Agreement.

2. **Assumption**. Assignee hereby accepts Assignor's assignment, assumes all obligations attributable to the Company Securities to the extent provided in the Purchase and Sale Agreement, and agrees to provide Assignor with the Assignor Consideration.

3. **Effect of Assignment**. With respect to the Company Securities, from and after the Effective Date, (i) Assignee shall be the sole and exclusive owner of the Company Securities in accordance with this Assignment, (ii) such ownership shall hereby be deemed evidenced by this Assignment and this Assignment shall be included in the books and records of the Company, (iii) Assignor shall cease to have any right, title or interest in or to the Company Securities and shall have no further obligations with respect to the Company Securities (or Assignor's ownership thereof) except as expressly provided under the laws of the State of Delaware or in the Purchase and Sale Agreement; and (iv) Assignor shall cease to have any rights as a stockholder and optionholder of the Company.

4. **Power**. Assignor does hereby irrevocably constitute and appoint the secretary of the Company as its, his or her attorney-in-fact to transfer said shares of Company Securities on the books of the Company with full power of substitution in the premises.

5. **Purchase and Sale Agreement**. If there is a conflict between the terms of this Assignment and the Purchase and Sale Agreement, the terms of the Purchase and Sale Agreement shall control.

6. **Options and Restricted Stock**. For good and valuable consideration, the receipt of which is hereby acknowledged (including, without limitation, employment with the Company following the Closing), Assignor hereby acknowledges and consents to the cancellation and termination by the Company of any and all outstanding unvested awards (or portions thereof) granted to Assignor under the Broad Oak Energy, Inc. 2006 Stock Incentive Plan, as amended (the "Plan"). Assignor further acknowledges and consents to the settlement in cash by the Company of any and all outstanding vested Options (or portions thereof) granted to Assignor under the Plan.

7. **Choice of Law**. This Assignment will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflict of laws of that State.

8. **Severability**. Each part, term or provision of this Assignment is severable from the others. Notwithstanding any possible future finding by a duly constituted authority that a particular part, term or provision is invalid, void or unenforceable, this Assignment has been made with the clear intention that the validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby.

9. **Counterparts**. This Assignment may be executed in multiple counterparts, each of which will be an original instrument, but all of which will constitute one assignment.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the date first above written.

ASSIGNOR: [_____]

By: _____

ASSIGNEE: **LAREDO PETROLEUM, INC.**

By: _____

Name:

Title:

EXHIBIT B

SPOUSAL CONSENT

I, the undersigned and spouse of _____, hereby consent to the assignment, transfer and delivery by the undersigned's spouse of all of the Company Securities held by the undersigned's spouse to Laredo Petroleum, Inc., a Delaware corporation ("***Laredo***"), as contemplated by and in accordance with the terms of that certain Stock Purchase and Sale Agreement dated June 15, 2011 by and among Laredo and the persons listed as "Sellers" on the signature pages thereto (the "***Agreement***"). In connection with such consent, effective from and after the date hereof, the undersigned hereby waives and releases, on behalf of himself or herself, his or her executors, representatives and assigns, any and all claims and rights to an ownership interest in the Company Securities that he or she may have, whether pursuant to community property laws or otherwise.

The undersigned acknowledges and agrees that this consent and waiver is irrevocable without the consent of Laredo.

Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this Spousal Consent as of the ___ day of _____, 2011.

Signature: _____

Print Name: _____

EXHIBIT C-1

MUTUAL RELEASE AGREEMENT

This Mutual Release Agreement ("***Release***") is made and entered into by and among _____ ("***Director***"), Broad Oak Energy, Inc., a Delaware corporation (the "***Company***"), Laredo Petroleum, LLC, a Delaware limited liability company ("***Laredo***") and Laredo Petroleum, Inc., a Delaware corporation ("***LPI***"). Director, the Company, Laredo and LPI are hereinafter referred to, collectively, as the "***Parties***" and, individually, as a "***Party***." Any defined term used herein but not otherwise defined shall have the meaning given such term in the Contribution Agreement (as hereinafter defined).

RECITALS

WHEREAS, Director is a director on the Board of Directors of the Company (the "***Board***");

WHEREAS, Director will cease to be a director on the Board at the closing (the "***Closing***") of the transactions contemplated by that certain Contribution Agreement, dated as of June 15, 2011 (the "***Contribution Agreement"***), by and among the Company, Laredo and certain contributors thereto, and that certain Stock Purchase and Sale Agreement, dated as of June 15, 2011, by and among LPI and certain sellers named therein (the "***Purchase and Sale Agreement***");

[WHEREAS, Director has certain ownership interests in the Company;](1)

WHEREAS, pursuant to the Contribution Agreement and the Purchase and Sale Agreement, the delivery by Director of this Release is a condition to Closing; and

WHEREAS, the Parties desire to mutually release each other from claims and causes of action as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Prior Rights and Obligations**. The Parties agree that this Release, the Contribution Agreement, the Purchase and Sale Agreement and any other agreements entered into pursuant to the Contribution Agreement and the Purchase and Sale Agreement will extinguish and supersede all rights, if any, which Director or the Company may have, contractual or otherwise, (a) relating to Director's continued service on, or resignation from, the Board or (b) Director's ownership of any equity or other interests in the Company (including any incentive units, options, warrants or other rights to acquire any

(1) To be deleted as appropriate.

equity or other interest in the Company whether vested or unvested as of the date hereof), including any rights under (i) the Amended and Restated Certificate of Incorporation of the Company, dated March 26, 2009, (ii) the Bylaws of the Company, dated May 14, 2006 (iii) the Stockholders' Agreement, dated as of May 16, 2006, among the Company and the stockholders party thereto, as amended by the Amendment Agreement to the Stockholders' Agreement, dated as of March 26, 2009, (iv) the Registration Rights Agreement, dated as of May 16, 2006, among the Company and the persons listed on the signature pages thereto, as amended by the Amendment Agreement to the Registration Rights Agreement, dated as of March 26, 2009, and (v) the Company's 2006 Stock Incentive Plan, as amended (collectively, the "**Organizational Documents**").

2. **Consideration**. The Parties agree that by mutually releasing any claims that they might have against each other, their respective releases in this Release are supported by sufficient consideration.

3. **Director's Release of Claims Against the Company, Laredo and LPI**. Director, for himself or herself and on behalf of any Person claiming by, through or under him or her, hereby releases and discharges the Company, Laredo and LPI, along with their owners, partners, members, affiliates, officers, directors, employees, agents, attorneys and insurers (collectively, the "***Company Released Parties***"), from any and all obligations and claims, demands and causes of action, whether known or unknown, that have accrued or may accrue and that relate to acts or omissions prior to Closing or that relate to the Closing (including any and all damages, whether known or unknown, arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever) (1) arising from Director's service on, or resignation from, the Board (including any claims for compensation, benefits, expenses, costs, damages or remuneration), (2) relating to Director's ownership of any equity or other interests in the Company, (3) arising under the Organizational Documents, or (4) relating to actions or omissions of the Company, or any acts or omissions of Director, the directors, shareholders, members, officers or employees (former or present) of the Company, including in each case any and all claims which Director does not know or suspect to exist in its favor as of the date hereof or upon Closing (collectively, the "Company's Released Claims"). Director agrees not to assert any claim or file or permit to be filed or accept benefit from any claim, complaint or petition relating to the Company's Released Claims, and agrees to indemnify, defend and hold harmless each Company Released Party from any Liabilities arising from any claim, complaint or petition that is in violation of this sentence; provided, however, this shall not limit Director from filing an action for the sole purpose of enforcing its rights under this Release. THE RELEASES APPLY TO ALL CLAIMS, AND DIRECTOR AGREES TO WAIVE THE BENEFITS OF ANY LAW (INCLUDING PRINCIPLES OF COMMON LAW) OF ANY STATE OR TERRITORY OR ANY OTHER JURISDICTION THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN SUCH PARTY'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY SUCH PARTY MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE RELEASED PARTY.

4. **Release of Claims Against Director by the Company, Laredo and LPI**. Each of the Company, Laredo and LPI releases and discharges Director from any and all obligations and claims, demands and causes of action, whether known or unknown, that have accrued or may accrue and that relate to acts or omissions prior to Closing or that relate to the Closing (including any and all damages, whether known or unknown, arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever) (1) arising under the Organizational Documents, or (2) in connection with Director acting in his or her capacity as a Director of the Board at or prior to Closing, including in each case any and all claims which the Company, Laredo or LPI does not know or suspect to exist in its favor as of the date hereof or upon Closing. Notwithstanding anything herein to the contrary, nothing in this Release shall limit in any way any right of Laredo or LPI, as applicable, (i) to seek indemnification under Article XIII of the Contribution Agreement and/or Article VII of the Purchase and Sale Agreement or (ii) under any agreement to which Laredo or LPI, on the one hand, and Director, on the other hand, are parties. Each of the Company, Laredo and LPI agrees not to assert any claim or file or permit to be filed or accept benefit from any claim, complaint or petition relating to any matter released and discharged under this Section 4, and agrees to indemnify, defend and hold harmless Director from any Liabilities arising from any claim, complaint or petition that is in violation of this sentence; provided, however, this shall not limit the Company, Laredo or LPI from filing an action for the sole purpose of enforcing its rights under this Release. THE RELEASES APPLY TO ALL CLAIMS, AND EACH OF THE COMPANY, LAREDO AND LPI AGREES TO WAIVE THE BENEFITS OF ANY LAW (INCLUDING PRINCIPLES OF COMMON LAW) OF ANY STATE OR TERRITORY OR ANY OTHER JURISDICTION THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN SUCH PARTY'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY SUCH PARTY MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE RELEASED PARTY.

5. **Warranties**. Director agrees, represents and warrants that:

(a) The releases and other agreements made by the Company, Laredo and LPI in this Release are good and sufficient consideration for its execution of this Release.

(b) Director has not filed any claims, appeals, complaints, charges or lawsuits against the Company with any governmental agency or court.

(c) Director acknowledges and agrees that he or she (i) has received or had full access to all the information he or she considered necessary or appropriate to make an informed decision with respect to his or her execution of this Release and (ii) has had an opportunity to ask questions and receive answers from the Company, Laredo and LPI regarding the terms and conditions of this Release.

Each of the Company, Laredo and LPI agrees, represents and warrants that the releases and other agreements made by Director in this Release are good and sufficient consideration for its execution of this Release.

6. **Choice of Law**. This Release shall be interpreted and construed in accordance with and shall be governed by the laws of the State of Delaware (without regard to any conflicts of law principle which would require the application of some other state law).

7. **Acknowledgment of Terms**. Director acknowledges that it had the opportunity for review of this Release by its attorney, Director fully understands its final and binding effect, and Director is signing this Release voluntarily.

8. **Waiver**. The failure of any Party to enforce or to require timely compliance with any term or provision of this Release shall not be deemed to be a waiver or relinquishment of rights or obligations arising hereunder, nor shall this failure preclude the enforcement of any term or provision or avoid the liability for any breach of this Release.

9. **Severability**. Each part, term or provision of this Release is severable from the others. Notwithstanding any possible future finding by a duly constituted authority that a particular part, term or provision is invalid, void or unenforceable, this Release has been made with the clear intention that the validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby.

10. **Costs and Attorneys' Fees**. If any action is initiated to enforce this Release, the prevailing party shall be entitled to recover from the other party its reasonable costs and attorneys' fees.

11. **No Admission of Liability**. Director acknowledges, by entering into this Release, that the Company, Laredo or LPI do not admit to any unlawful or tortious conduct or any other wrongdoing in connection with Director. Each of the Company, Laredo and LPI acknowledges, by entering into this Release, that Director does not admit to any unlawful or tortious conduct or any other wrongdoing in connection with the Company, Laredo or LPI.

12. **Contribution Agreement and Purchase and Sale Agreement**. This Release shall at all time be subject to and governed by the Contribution Agreement and the Purchase and Sale Agreement. In the event of a conflict between this Release and the Contribution Agreement or the Purchase and Sale Agreement, the Contribution Agreement or the Purchase and Sale Agreement, as applicable, shall control.

13. **Construction**. This Release shall be deemed drafted equally by all the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any party shall not apply. The headings in this Release are only for convenience and are not intended to affect construction or interpretation. The plural includes the singular and the singular includes the plural; "and" and "or" are each used both conjunctively and disjunctively; "any," "all," "each," or "every" means "any and all, and each and every"; "including" and "includes" are each "without limitation"; and "herein," "hereof," "hereunder" and other similar compounds of the word "here" refer to this entire Release and not to any particular paragraph, subparagraph, section or subsection. The word "including" (in its various forms) means including without limitation.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Mutual Release Agreement, effective as of the date of Closing.

DIRECTOR

_____

[Insert DIRECTOR'S Name]

Date: _____

COMPANY

BROAD OAK ENERGY, INC.
By: _____

Name:

Title:

[*Signature Page to Release (Director)*]

LAREDO

LAREDO PETROLEUM, LLC

By: _____

Name:

Title:

LPI

LAREDO PETROLEUM, INC.

By: _____

Name:

Title:

[*Signature Page to Release (Director)*]

EXHIBIT C-2

MUTUAL RELEASE AGREEMENT

This Mutual Release Agreement ("***Release***") is made and entered into on June 15, 2011 by and among _____ ("***Employee-Seller***"), Broad Oak Energy, Inc., a Delaware corporation (the "***Company***"), Laredo Petroleum, Inc., a Delaware corporation ("***LPI***"), and Laredo Petroleum Company, LLC, a Delaware limited liability company ("***Laredo***"), (Employee-Seller, the Company, LPI and Laredo are hereinafter referred to, collectively, as the "***Parties***" and, individually, as a "***Party***." Any defined term used herein but not otherwise defined shall have the meaning given such term in the Purchase and Sale Agreement (as hereinafter defined).

RECITALS

WHEREAS, Employee-Seller is an at-will employee of the Company;

WHEREAS, Employee-Seller has certain ownership interests in the Company (the "***Company Stock***");

WHEREAS, pursuant to the Stock Purchase and Sale Agreement (the "***Purchase and Sale Agreement***"), which is being executed contemporaneously with this Release, Employee-Seller has agreed to sell his/her Company Stock to LPI in exchange for cash (the "***Employee-Seller Consideration***");

[WHEREAS, Employee-Seller's employment with the Company will terminate at the Closing;**]**(2) and

WHEREAS, the Parties desire to mutually release each other from claims and causes of action as hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and promises hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Prior Rights and Obligations**. The Parties agree that this Release, the Purchase and Sale Agreement, and any other agreements entered into pursuant to the Purchase and Sale Agreement will extinguish and supersede all rights, if any, which Employee-Seller or the Company may have, contractual or otherwise, relating to (a) the Employee-Seller's continued employment with [, or termination from employment with,] the Company or (b) Employee-Seller's ownership of any equity or other interests in the Company (including any incentive units, options, warrants or other rights to acquire any equity or other interest in the Company whether vested or unvested as of the date hereof),

(2) Applicable to Company CEO and COO.

including any rights under (i) the Amended and Restated Certificate of Incorporation of the Company, dated March 26, 2009, (ii) the Bylaws of the Company, dated May 14, 2006 (iii) the Stockholders' Agreement, dated as of May 16, 2006, among the Company and the stockholders party thereto, as amended by the Amendment Agreement to the Stockholders' Agreement, dated as of March 26, 2009, (iv) the Registration Rights Agreement, dated as of May 16, 2006, among the Company and the persons listed on the signature pages thereto, as amended by the Amendment Agreement to the Registration Rights Agreement, dated as of March 26, 2009, and (v) the Company's 2006 Stock Incentive Plan, as amended (collectively, the "***Organizational Documents***").

2. **Consideration**. The Parties agree that by mutually releasing any claims that they might have against each other, their respective releases in this Release are supported by sufficient consideration. Furthermore, Employee-Seller agrees and acknowledges that the Employee-Seller Consideration and other benefits received by Employee-Seller pursuant to the Purchase and Sale Agreement are further consideration for Employee-Seller's release in this Release.

3. **The Company's, LPI's and Laredo's Release of Claims Against Employee-Seller**. Each of the Company, LPI and Laredo, for himself or herself, and on behalf of any Person claiming by, through or under him or her, hereby, releases and discharges Employee-Seller from any and all obligations and claims, demands and causes of action, whether known or unknown, that have accrued or may accrue and that relate to acts or omissions prior to Closing or that relate to the Closing (including any and all damages, whether known or unknown, arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever) (1) arising under the Organizational Documents, (2) relating to Employee-Seller's ownership of any equity or other interests in the Company, (3) relating to actions or omissions of Employee-Seller, in each case to the extent that such actions or omissions relate to the ownership or operation of the Company, or (4) in connection with Employee-Seller acting in his or her capacity as an employee of the Company or in any other representative capacity for or on behalf of the Company or its Affiliates at or prior to Closing, including in each case any and all claims which the Company, LPI or Laredo does not know or suspect to exist in its favor as of the date hereof or upon Closing (collectively, the "***Company's Released Claims***"); provided, however, the Company's Released Claims shall not include such claims or causes of action that arise out of (i) the representations, warranties or covenants made by Employee-Seller in this Release or by Employee-Seller in the Purchase and Sale Agreement or the other documents and instruments delivered pursuant thereto, (ii) any right of LPI to seek indemnification under Article VII of the Purchase and Sale Agreement, or (iii) any right under the Purchase and Sale Agreement or any other agreement to which LPI and Employee-Seller are parties. Each of the Company, LPI and Laredo agrees not to assert any claim or file or permit to be filed or accept benefit from any claim, complaint or petition relating to the Company's Released Claims, and agrees to indemnify, defend and hold harmless the Employee-Seller from any Liabilities arising from any claim, complaint or petition that is in violation of this sentence; provided, however, this shall not limit the Company, LPI or Laredo from filing an action for the sole purpose of enforcing its rights under this Release. THE RELEASES APPLY TO ALL CLAIMS, AND EACH OF THE COMPANY, LPI AND LAREDO AGREES TO WAIVE

THE BENEFITS OF ANY LAW (INCLUDING PRINCIPLES OF COMMON LAW) OF ANY STATE OR TERRITORY OR ANY OTHER JURISDICTION THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN SUCH PARTY'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY SUCH PARTY MUST HAVE MATERIALLY AFFECTED ITS SETTLEMENT WITH THE RELEASED PARTY.

4. **Employee-Seller's Release of Claims Against the Company, LPI and Laredo**.

(a) Release of Claims Arising out of Employee-Seller's Employment. Employee-Seller, for themselves and on behalf of any Person claiming by, through or under them, hereby, releases and discharges the Company, LPI and Laredo, along with their owners, partners, members, Affiliates, officers, directors, employees, agents, attorneys, and insurers (collectively, the "***Company Released Parties***"), from any and all claims, demands and causes of action, whether known or unknown, arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever, arising from Employee-Seller's employment, or termination from employment, at the Company, including any claims for salary, benefits, expenses, costs, damages, compensation, remuneration or wages and any claims of alleged discriminatory employment practices including any claims or causes of action under the Age Discrimination in Employment Act. By entering into this Release, Employee-Seller is not waiving (i) any rights under any employee plan of the Company or under the

Consolidated Omnibus Budget Reconciliation Act of 1985, as amended; (ii) any rights to receive Employee-Seller's ordinary compensation from the Company in return for work performed between the date hereof and the Closing; (iii) any payments for accrued vacation through the Closing; (iv) any rights that cannot by law be waived; (v) any rights under the Purchase and Sale Agreement; or (vi) any right Employee-Seller may have to indemnification, advancement of expenses, and/or exculpation by the Company. This Release does not prohibit the Equal Employment Opportunity Commission (the "***EEOC***") or state equal employment opportunity agencies from investigating a charge within the EEOC's authority to investigate; however, in the event Employee-Seller files such a charge, the Employee-Seller expressly waives any individual monetary or equitable relief and covenants not to file a lawsuit related to such charge.

(b) Release of Claims Arising out of Employee-Seller's Ownership of the Company and Sale to LPI. Employee-Seller also releases and discharges the Company Released Parties from any and all obligations and claims, demands and causes of action, whether known or unknown, that have accrued or may accrue and that relate to acts or omissions prior to Closing or that relate to the Closing (including any and all damages, whether known or unknown, arising by statute, common law, in contract, in tort or otherwise, of any kind, character or nature whatsoever) (1) arising under the Organizational Documents, (2) relating to Employee-Seller's ownership (or alleged ownership) of any equity or other interests in the Company (including any incentive units, options, warrants or other rights to acquire any

equity or other interest in the Company whether vested or unvested as of the date hereof), (3) relating to the adequacy of the Employee-Seller Consideration or (4) relating to actions or omissions of the Company, or any acts or omissions of the managers, directors, shareholders, members, officers or employees (former or present) of the Company, including in each case any and all claims which such Employee-Seller does not know or suspect to exist in his, her or its favor as of the date hereof or upon Closing (collectively, together with the claims released pursuant to Section 4(a) of this Release, the "***Employee-Seller's Released Claims***"); provided, however, the Employee-Seller's Released Claims shall not include such claims or causes of action that arise out of (i) the representations, warranties or covenants made by LPI in this Release or the Purchase and Sale Agreement or the other documents and instruments delivered pursuant thereto, or (ii) any right of Employee-Seller under the Purchase and Sale Agreement or any other agreement to which LPI and Employee-Seller are parties. Effective upon Closing, Employee-Seller waives any preemptive rights that he or she may have, or ever had, with respect to any interest in the Company and waives any right Employee-Seller may have under the Organizational Documents or otherwise to acquire any interest in the Company being transferred pursuant to, or as contemplated by, the Purchase and Sale Agreement or any transfer that occurred prior to the date thereof. Employee-Seller agrees not to assert any claim or file or permit to be filed or accept benefit from any claim, complaint or petition relating to Employee-Seller's Released Claims, and agrees to indemnify, defend and hold harmless the Company Released Parties from any Liabilities arising from any claim, complaint or petition that is in violation of this sentence; provided, however, this shall not limit Employee-Seller from filing an action for the sole purpose of enforcing its rights under this Release. THE RELEASES APPLY TO ALL CLAIMS, AND EMPLOYEE-SELLER AGREES TO WAIVE THE BENEFITS OF ANY LAW (INCLUDING PRINCIPLES OF COMMON LAW) OF ANY STATE OR TERRITORY OR ANY OTHER JURISDICTION THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN SUCH PARTY'S FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY SUCH PARTY MUST HAVE MATERIALLY AFFECTED HIS/HER SETTLEMENT WITH THE RELEASED PARTY.

5. **Warranties**. Employee-Seller agrees, represents and warrants that:

(a) The Employee-Seller Consideration is fair value for his or her Company Stock, and such fair value received and the releases and other agreements made by the Company, LPI and Laredo in this Release are good and sufficient consideration for his or her execution of this Release.

(b) Employee-Seller will sign this Release when the Purchase and Sale Agreement is executed, but the Release will not become effective until Closing. In the event that the Purchase and Sale Agreement is terminated prior to the Closing, this Release shall thereupon become void and of no force or effect.

(c) Employee-Seller has not filed any claims, appeals, complaints, charges or lawsuits against the Company with any governmental agency or court.

(d) Employee-Seller acknowledges and agrees that he or she (i) has received or had full access to all the information he or she considered necessary or appropriate to make an informed decision with respect to his or her execution of the Purchase and Sale Agreement and this Release; (ii) has had an opportunity to ask questions and receive answers from the Company, LPI and Laredo regarding the terms and conditions of the Purchase and Sale Agreement and this Release; (iii) is not waiving any rights or claims under the Age Discrimination in Employment Act of 1967, as amended (the "***ADEA***") or Chapter 21.001 of the Texas Labor Code that may arise after the Closing Date, or any rights or claims to test the knowing and voluntary nature of this Release under the Older Workers' Benefit Protection Act, as amended; (iv) has carefully read and fully understands all of the provisions of this Release; (v) knowingly and voluntarily agrees to all of the terms set forth in this Release and to be bound by this Release; (vi) is hereby advised in writing to consult with an attorney and tax advisor of her/his choice prior to executing this Release and has had the opportunity and sufficient time to seek such advice; and (vii) is releasing the Company from any and all claims he or she may have against the Company, relating to his/her employment and separation until and including the Closing Date, including claims arising under the ADEA.

6. [**Future Employment with the Company or LPI**.

(a) For a period of one year after the Closing Date, LPI shall, or shall cause the Company or another Affiliate of Laredo to, provide such Employee-Seller who remains employed by the Company following the Closing Date with compensation and benefits substantially comparable in the aggregate (without regard to equity-based compensation) to his or her compensation and benefits (without regard to equity-based compensation) with the Company immediately prior to the Closing Date; provided, however, that LPI reserves the right to amend, terminate, merge or suspend any Company Employee Plan or Laredo Employee Plan in its sole discretion.

(b) Notwithstanding anything set forth in Section 6(a), Employee-Seller agrees and acknowledges that he/she will remain an at will employee and have no right to employment with the Company, LPI or Laredo or any of its Affiliates following the Closing.]

7. **Choice of Law**. This Release shall be interpreted and construed in accordance with and shall be governed by the laws of the State of Texas (without regard to any conflicts of law principle which would require the application of some other state law) and, when applicable, the laws of the United States.

8. **Acknowledgment of Terms**. Employee-Seller acknowledges that he or she has carefully read the Purchase and Sale Agreement and this Release, he or she has had the opportunity for review of the Purchase and Sale Agreement and this Release by his or her attorney, he

or she fully understands the final and binding effect of the Purchase and Sale Agreement and this Release, he or she has signed the Purchase and Sale Agreement voluntarily, and he or she is signing this Release voluntarily.

9. **Waiver**. The failure of any Party to enforce or to require timely compliance with any term or provision of this Release shall not be deemed to be a waiver or relinquishment of rights or obligations arising hereunder, nor shall this failure preclude the enforcement of any term or provision or avoid the liability for any breach of this Release.

10. **Severability**. Each part, term or provision of this Release is severable from the others. Notwithstanding any possible future finding by a duly constituted authority that a particular part, term or provision is invalid, void or unenforceable, this Release has been made with the clear intention that the validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby.

11. **Costs and Attorneys' Fees**. If any action is initiated to enforce this Release, the prevailing Party shall be entitled to recover from the other Party its reasonable costs and attorneys' fees.

12. **No Admission of Liability**. Employee-Seller acknowledges, by entering into this Release, that the Company, LPI or Laredo do not admit to any unlawful or tortious conduct or any other wrongdoing in connection with Employee-Seller. Each of the Company, LPI and Laredo acknowledges, by entering into this Release, that Employee-Seller does not admit to any unlawful or tortious conduct or any other wrongdoing in connection with the Company, LPI or Laredo.

13. **Purchase and Sale Agreement**. This Release shall at all times be subject to and governed by the Purchase and Sale Agreement. In the event of a conflict between this Release and the Purchase and Sale Agreement, the Purchase and Sale Agreement shall control

14. **Construction**. This Release shall be deemed drafted equally by all the Parties. Its language shall be construed as a whole and according to its fair meaning. Any presumption or principle that the language is to be construed against any party shall not apply. The headings in this Release are only for convenience and are not intended to affect construction or interpretation. The plural includes the singular and the singular includes the plural; "and" and "or" are each used both conjunctively and disjunctively; "any," "all," "each," or "every" means "any and all, and each and every"; "including" and "includes" are each "without limitation"; and "herein," "hereof," "hereunder" and other similar compounds of the word "here" refer to this entire Release and not to any particular paragraph, subparagraph, section or subsection. The word "including" (in its various forms) means including without limitation.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Mutual Release Agreement, as of the date first above stated to be effective as of the date of Closing.

EMPLOYEE-SELLER

_____
[Insert EMPLOYEE-SELLER'S Name]
Date: _____

COMPANY

BROAD OAK ENERGY, INC.

By: _____
Name:
Title

[*Signature Page to Release (Employee-Seller)*]

Exhibit 12.1

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

(in thousands, except for ratios)	Inception to December 31, 2006	For the Years Ended December 31, 2007	2008	2009	2010	Pro Forma 2010	Nine Months Ended September 30, 2011	Pro Forma 2011
Earnings:								
Net earnings	$ (1,841)	$ (6,051)	$ (192,047)	$ (184,495)	$ 86,248	$ 63,066	$ 103,988	$ 94,750
Provision for income taxes	—	(1,405)	(53,729)	(74,006)	(25,812)	(38,852)	58,579	53,297
Fixed charges	39	2,119	4,543	7,618	18,675	52,296	35,392	49,523
Total	$ (1,802)	$ (5,337)	$ (241,233)	$ (250,883)	$ 79,111	$ 76,510	$ 197,959	$ 197,570
Fixed Charges:								
Interest expense (gross of interest income)	$ —	$ 2,030	$ 4,290	$ 6,918	$ 16,350	$ 52,104	$ 32,247	$ 46,378
Amortization of deferred loan costs	—	16	120	546	2,132	2,600	2,815	3,205
Interest component of rental expense	39	73	133	154	193	193	330	330
Total	$ 39	$ 2,119	$ 4,543	$ 7,618	$ 18,675	$ 52,296	$ 35,392	$ 49,523
Ratio of Earnings to Fixed Charges	N/A	N/A	N/A	N/A	4.2	1.4	5.6	4.0

Exhibit 21.1

LAREDO PETROLEUM, INC.
LIST OF SUBSIDIARIES

Name of Subsidiary	Jurisdiction of Organization
Laredo Gas Services, LLC	Delaware
Laredo Petroleum Texas, LLC	Texas
Laredo Petroleum — Dallas, Inc.	Delaware

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated August 23, 2011, with respect to (i) the balance sheet of Laredo Petroleum Holdings, Inc. as of August 12, 2011; and (ii) the combined financial statements of Laredo Petroleum as of December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010 contained in the Registration Statement and Prospectus. We consent to the use of the aforementioned reports in the Registration Statement and Prospectus and to the use of our name as it appears under the caption "Experts."

/s/ GRANT THORNTON LLP

Tulsa, Oklahoma
December 12, 2011

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Exhibit 23.2

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated January 18, 2010, with respect to the statement of revenues and direct operating expenses of the interests of Linn Energy Holdings, LLC, Linn Operating, Inc., Mid-Continent I, LLC, Mid-Continent II, LLC, and Linn Exploration Midcontinent, LLC in certain oil and gas properties acquired by Laredo Petroleum, Inc. and subsidiaries for the period from January 1, 2008 to August 14, 2008, contained in the Registration Statement and Prospectus. We consent to the use of the aforementioned report in the Registration Statement and Prospectus and to the use of our name as it appears under the caption "Experts."

/s/ GRANT THORNTON LLP

Tulsa, Oklahoma
December 12, 2011

QuickLinks

Exhibit 23.3

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS

Ryder Scott Company, L.P. hereby consents to the references to its firm in the form and context in which they appear in this Registration Statement on Form S-4 and any amendments thereto filed by Laredo Petroleum, Inc. and the related prospectus that is a part thereof. Ryder Scott Company, L.P. hereby further consents to the use and incorporation by reference of information from its reports regarding those quantities estimated by Ryder Scott of proved reserves of Laredo Petroleum, LLC and its subsidiaries, the future net revenues from those reserves and their present value for the years ended December 31, 2010, 2009 and 2008 and for the six months ended June 30, 2011.

Ryder Scott Company, L.P. further consents to the reference to this firm under the heading "Experts" in the Registration Statement and related prospectus.

/s/ Ryder Scott Company, L.P.

Houston, Texas
December 12, 2011

QuickLinks

Exhibit 25.1

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

o CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b) (2)

WELLS FARGO BANK, NATIONAL ASSOCIATION

(Exact name of trustee as specified in its charter)

A National Banking Association (Jurisdiction of incorporation or organization if not a U.S. national bank)	**94-1347393** (I.R.S. Employer Identification No.)
101 North Phillips Avenue **Sioux Falls, South Dakota** (Address of principal executive offices)	**57104** (Zip code)

Wells Fargo & Company
Law Department, Trust Section
MAC N9305-175
Sixth Street and Marquette Avenue, 17th Floor
Minneapolis, Minnesota 55479
(612) 667-4608
(Name, address and telephone number of agent for service)

LAREDO PETROLEUM, INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**1311** (Primary Standard Industrial Classification Code Number)	**20-5707393** (I.R.S. Employer Identification Number)

15 W. Sixth Street, Suite 1800
Tulsa, Oklahoma 74119
(918) 513-4570
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

9.5% Senior Notes due 2019
(Title of the indenture securities)

TABLE OF ADDITIONAL REGISTRANT GUARANTORS

Exact Name of Registrant Guarantors(1)	State or Other Jurisdiction of Incorporation or Formation	IRS Employer Identification Number
Laredo Petroleum, LLC	Delaware	26-0212148
Laredo Petroleum Holdings, Inc.	Delaware	45-3007926
Laredo Gas Services, LLC	Delaware	42-2608078
Laredo Petroleum Texas, LLC	Texas	20-8882881

Laredo Petroleum—Dallas, Inc.	Delaware	20-4864739

(1) The address for each Registrant Guarantor is 15 W. Sixth Street, Suite 1800, Tulsa, Oklahoma 74119 and the telephone number for each Registrant Guarantor is (918) 513-4570.

Item 1. General Information. Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency
Treasury Department
Washington, D.C.

Federal Deposit Insurance Corporation
Washington, D.C.

Federal Reserve Bank of San Francisco
San Francisco, California 94120

(b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

Item 2. Affiliations with Obligor. If the obligor is an affiliate of the trustee, describe each such affiliation.

None with respect to the trustee.

No responses are included for Items 3-14 of this Form T-1 because the obligor is not in default as provided under Item 13.

Item 15. Foreign Trustee. Not applicable.

Item 16. List of Exhibits. List below all exhibits filed as a part of this Statement of Eligibility.

Exhibit 1. A copy of the Articles of Association of the trustee now in effect.*

Exhibit 2. A copy of the Comptroller of the Currency Certificate of Corporate Existence and Fiduciary Powers for Wells Fargo Bank, National Association, dated February 4, 2004.**

Exhibit 3. See Exhibit 2

Exhibit 4. Copy of By-laws of the trustee as now in effect.***

Exhibit 5. Not applicable.

Exhibit 6. The consent of the trustee required by Section 321(b) of the Act.

Exhibit 7. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.

Exhibit 8. Not applicable.

Exhibit 9. Not applicable.

* Incorporated by reference to the exhibit of the same number to the trustee's Form T-1 filed as exhibit 25 to the Form S-4 dated December 30, 2005 of Hornbeck Offshore Services LLC file number 333-130784-06.

** Incorporated by reference to the exhibit of the same number to the trustee's Form T-1 filed as exhibit 25 to the Form T-3 dated March 3, 2004 of Trans-Lux Corporation file number 022-28721.

*** Incorporated by reference to the exhibit of the same number to the trustee's Form T-1 filed as exhibit 25 to the Form S-4 dated May 26, 2005 of Penn National Gaming Inc. file number 333-125274.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Wells Fargo Bank, National Association, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Dallas and State of Texas on the 8th of December, 2011.

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Patrick T. Giordano
Patrick T. Giordano
Vice President

EXHIBIT 6

December 8, 2011

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

In accordance with Section 321(b) of the Trust Indenture Act of 1939, as amended, the undersigned hereby consents that reports of examination of the undersigned made by Federal, State, Territorial, or District authorities authorized to make such examination may be furnished by such authorities to the Securities and Exchange Commission upon its request thereof.

Very truly yours,

WELLS FARGO BANK, NATIONAL ASSOCIATION

/s/ Patrick T. Giordano
Patrick T. Giordano
Vice President

Consolidated Report of Condition of

Wells Fargo Bank National Association
of 101 North Phillips Avenue, Sioux Falls, SD 57104
And Foreign and Domestic Subsidiaries,
at the close of business September 30, 2011, filed in accordance with 12 U.S.C. §161 for National Banks.

		Dollar Amounts In Millions
ASSETS		
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin		$ 18,415
Interest-bearing balances		68,507
Securities:		
Held-to-maturity securities		0
Available-for-sale securities		172,686
Federal funds sold and securities purchased under agreements to resell:		
Federal funds sold in domestic offices		859
Securities purchased under agreements to resell		17,996
Loans and lease financing receivables:		
Loans and leases held for sale		28,871
Loans and leases, net of unearned income	700,233	
LESS: Allowance for loan and lease losses	16,825	
Loans and leases, net of unearned income and allowance		683,408
Trading Assets		38,062
Premises and fixed assets (including capitalized leases)		8,098
Other real estate owned		4,769
Investments in unconsolidated subsidiaries and associated companies		518
Direct and indirect investments in real estate ventures		108
Intangible assets		
Goodwill		21,171
Other intangible assets		23,005
Other assets		55,781
Total assets		$ 1,142,254
LIABILITIES		
Deposits:		

In domestic offices		$ 797,541
Noninterest-bearing	202,607	
Interest-bearing	594,934	
In foreign offices, Edge and Agreement subsidiaries, and IBFs		87,450
Noninterest-bearing	1,897	
Interest-bearing	85,553	
Federal funds purchased and securities sold under agreements to repurchase:		
Federal funds purchased in domestic offices		5,657
Securities sold under agreements to repurchase		12,477

	Dollar Amounts In Millions
Trading liabilities	23,501
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	35,308
Subordinated notes and debentures	18,407
Other liabilities	37,319
Total liabilities	$ 1,017,660
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	519
Surplus (exclude all surplus related to preferred stock)	99,254
Retained earnings	18,795
Accumulated other comprehensive income	4,823
Other equity capital components	0
Total bank equity capital	123,391
Noncontrolling (minority) interests in consolidated subsidiaries	1,203
Total equity capital	124,594
Total liabilities, and equity capital	$ 1,142,254

I, Timothy J. Sloan, EVP & CFO of the above-named bank do hereby declare that this Report of Condition has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true to the best of my knowledge and belief.

Timothy J. Sloan
EVP & CFO

We, the undersigned directors, attest to the correctness of this Report of Condition and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

John Stumpf
Carrie Tolstedt
Avid Modjtabai

Directors

RYDER SCOTT COMPANY
PETROLEUM CONSULTANTS
TBPE REGISTERED ENGINEERING FIRM F-1580
1100 LOUISIANA SUITE 3800
FAX (713) 651-0849
HOUSTON, TEXAS 77002-5218 TELEPHONE (713) 651-9191

August 1, 2011

Laredo Petroleum, Inc.
15 West 6th Street, Suite 1800
Tulsa, Oklahoma 74119

Gentlemen:

At your request, Ryder Scott Company (Ryder Scott) has prepared an estimate of the proved reserves, future production, and income attributable to certain leasehold and royalty interests of Laredo Petroleum, Inc. (Laredo) as of June 30, 2011. The subject properties are located in the states of Oklahoma and Texas. The reserves and income data were estimated based on the definitions and disclosure guidelines of the United States Securities and Exchange Commission (SEC) contained in Title 17, Code of Federal Regulations, Modernization of Oil and Gas Reporting, Final Rule released January 14, 2009 in the Federal Register (SEC regulations). Our third party study, completed on July 18, 2011 and presented herein, was prepared for public disclosure by Laredo in filings made with the SEC in accordance with the disclosure requirements set forth in the SEC regulations. The properties evaluated by Ryder Scott represent 100 percent of the total net proved liquid hydrocarbon reserves and 100 percent of the total net proved gas reserves of Laredo as of June 30, 2011.

The estimated reserves and future net income amounts presented in this report, as of June 30, 2011, are related to hydrocarbon prices. The hydrocarbon prices used in the preparation of this report are based on the average prices during the 12-month period prior to the ending date of the period covered in this report, determined as the unweighted arithmetic averages of the prices in effect on the first-day-of-the-month for each month within such period, as required by the SEC regulations. Actual future prices may vary significantly from the prices required by SEC regulations; therefore, volumes of reserves actually recovered and the amounts of income actually received may differ significantly from the estimated quantities presented in this report. The results of this study are summarized below.

SEC PARAMETERS
Estimated Net Reserves and Income Data
Certain Leasehold and Royalty Interests of
Laredo Petroleum, Inc.
As of June 30, 2011

	Proved			
	Developed			
	Producing	Non-producing	Undeveloped	Total proved
Net remaining reserves				
Oil/condensate—barrels	15,827,649	1,472,493	28,628,698	45,928,840
Gas—MMCF	200,752	17,698	328,291	546,741
BOE	49,286,316	4,422,160	83,343,865	137,052,341
Income data (M$)				
Future gross revenue	$ 2,329,968	$ 205,953	$ 4,200,980	$ 6,736,901
Deductions	698,975	81,226	2,429,886	3,210,087
Future net income (FNI)	$ 1,630,993	$ 124,727	$ 1,771,094	$ 3,526,814
Discounted FNI @ 10%	$ 947,972	$ 54,169	$ 442,091	$ 1,444,232

1015 4TH STREET, S.W. SUITE 600 CALGARY, ALBERTA T2A U4 TEL (403) 262-2799 FAX (403) 262-2790
621 17TH STREET, SUITE 1550 DENVER, COLORADO 80293-1501 TEL (303) 623-9147 FAX (303) 623-4258

Liquid hydrocarbons are expressed in standard 42 gallon barrels. All gas volumes are reported on an “as sold basis” expressed in millions of cubic feet (MMCF) at the official temperature and pressure bases of the areas in which the gas reserves are located. The net remaining reserves are also shown herein on an equivalent unit basis wherein natural gas is converted to oil equivalent using a factor of 6,000 cubic feet of natural gas per one barrel of oil equivalent. In this report, the revenues, deductions, and income data are expressed in thousands of U.S. dollars (M$).

The estimates of the reserves, future production, and income attributable to properties in this report were prepared using the economic software package Aries™ System Petroleum Economic Evaluation Software, a copyrighted program of Halliburton. The program was used solely at the request of Laredo. Ryder Scott has found this program to be generally acceptable, but notes that certain summaries and calculations may vary due to rounding and may not exactly match the sum of the properties being summarized. Furthermore, one line economic summaries may vary slightly from the more detailed cash flow projections of the same properties, also due to rounding. The rounding differences are not material.

The future gross revenue is after the deduction of production taxes. The deductions incorporate the normal direct costs of operating the wells, ad valorem taxes, recompletion costs, development costs, and certain abandonment costs net of salvage. The future net income is before the deduction of state and federal income taxes and general administrative overhead, and has not been adjusted for outstanding loans that may exist nor does it include any adjustment for cash on hand or undistributed income. Liquid hydrocarbon reserves account for approximately 56 percent and gas reserves account for the remaining 44 percent of total future gross revenue from proved reserves.

The discounted future net income shown above was calculated using a discount rate of 10 percent per annum compounded monthly. Future net income was discounted at four other discount rates which were also compounded monthly. These results are shown in summary form as follows.

Discount rate percent	Discounted future net income (M$) as of June 30, 2011 Total proved
5	$ 2,137,235
8	$ 1,671,557
15	$ 1,052,883
20	$ 811,376

The results shown above are presented for your information and should not be construed as our estimate of fair market value.

Reserves included in this report

The proved reserves included herein conform to the definition as set forth in the Securities and Exchange Commission's Regulations Part 210.4-10(a). An abridged version of the SEC reserves definitions from 210.4-10(a) entitled "Petroleum Reserves Definitions" is included as an attachment to this report.

The various proved reserve status categories are defined under the attachment entitled "Petroleum Reserves Definitions" in this report. The proved developed non-producing reserves included herein consist of the behind-pipe category.

No attempt was made to quantify or otherwise account for any accumulated gas production imbalances that may exist. The proved gas volumes included herein do not attribute gas consumed in operations as reserves.

Reserves are "estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations." All reserve estimates involve an assessment of the uncertainty relating the likelihood that the actual remaining quantities recovered will be greater or less than the estimated quantities determined as of the date the estimate is made. The uncertainty depends chiefly on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal classifications, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-classified as probable and possible reserves to denote progressively increasing uncertainty in their recoverability. At Laredo's request, this report addresses only the proved reserves attributable to the properties evaluated herein.

Proved oil and gas reserves are "those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward." The proved reserves included herein were estimated using deterministic methods. If deterministic methods are used, the SEC has defined reasonable certainty for proved reserves as a "high degree of confidence that the quantities will be recovered."

Proved reserve estimates will generally be revised only as additional geologic or engineering data become available or as economic conditions change. For proved reserves, the SEC states that "as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to the estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease." Moreover, estimates of proved reserves may be revised as a result of future operations, effects of regulation by governmental agencies or geopolitical or economic risks. Therefore, the proved reserves included in this report are estimates only and should not be construed as being exact quantities, and if recovered, the revenues therefrom, and the actual costs related thereto, could be more or less than the estimated amounts.

Laredo's operations may be subject to various levels of governmental controls and regulations. These controls and regulations may include, but may not be limited to, matters relating to land tenure and leasing, the legal rights to produce hydrocarbons, drilling and production practices, environmental protection, marketing and pricing policies, royalties, various taxes and levies including income tax, and are subject to change from time to time. Such changes in governmental regulations and policies may cause volumes of proved reserves actually recovered and amounts of proved income actually received to differ significantly from the estimated quantities.

The estimates of proved reserves presented herein were based upon a detailed study of the properties in which Laredo owns an interest; however, we have not made any field examination of the properties. No consideration was given in this report to potential environmental liabilities that may exist nor were any costs included for potential liabilities to restore and clean up damages, if any, caused by past operating practices.

Estimates of reserves

The estimation of reserves involves two distinct determinations. The first determination results in the estimation of the quantities of recoverable oil and gas and the second determination results in the estimation of the uncertainty associated with those estimated quantities in accordance with the definitions set forth

by the Securities and Exchange Commission's Regulations Part 210.4-10(a). The process of estimating the quantities of recoverable oil and gas reserves relies on the use of certain generally accepted analytical procedures. These analytical procedures fall into three broad categories or methods: (1) performance-based methods; (2) volumetric-based methods; and (3) analogy. These methods may be used singularly or in combination by the reserve evaluator in the process of estimating the quantities of reserves. Reserve evaluators must select the method or combination of methods which in their professional judgment is most appropriate given the nature and amount of reliable geoscience and engineering data available at the time of the estimate, the established or anticipated performance characteristics of the reservoir being evaluated and the stage of development or producing maturity of the property.

In many cases, the analysis of the available geoscience and engineering data and the subsequent interpretation of this data may indicate a range of possible outcomes in an estimate, irrespective of the method selected by the evaluator. When a range in the quantity of reserves is identified, the evaluator must determine the uncertainty associated with the incremental quantities of the reserves. If the reserve quantities are estimated using the deterministic incremental approach, the uncertainty for each discrete incremental quantity of the reserves is addressed by the reserve category assigned by the evaluator. Therefore, it is the categorization of reserve quantities as proved, probable and/or possible that addresses the inherent uncertainty in the estimated quantities reported. For proved reserves, uncertainty is defined by the SEC as reasonable certainty wherein the "quantities actually recovered are much more likely than not to be achieved." The SEC states that "probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered." The SEC states that "possible reserves are those additional reserves that are less certain to be recovered than probable reserves and the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves." All quantities of reserves within the same reserve category must meet the SEC definitions as noted above.

Estimates of reserves quantities and their associated reserve categories may be revised in the future as additional geoscience or engineering data become available. Furthermore, estimates of reserves quantities and their associated reserve categories may also be revised due to other factors such as changes in economic conditions, results of future operations, effects of regulation by governmental agencies or geopolitical or economic risks as previously noted herein.

The proved reserves for the properties included herein were estimated by performance methods, the volumetric method, analogy, and/or a combination of methods. Approximately 76 percent of the proved producing reserves attributable to producing wells and/or reservoirs were estimated by performance methods. These performance methods include decline curve analysis and material balance which utilized extrapolations of historical production and pressure data available through June 2011, in those cases where such data were considered to be definitive. The data utilized in this analysis were furnished to Ryder Scott by Laredo or obtained from public data sources and were considered sufficient for the purpose thereof. The remaining 24 percent of the proved producing reserves was estimated by the volumetric method, analogy, or a combination of methods. These methods were used where there were inadequate historical performance data to establish a definitive trend and where the use of production performance data as a basis for the reserve estimates was considered to be inappropriate.

Approximately 99 percent of the proved developed non-producing and undeveloped reserves included herein were estimated by analogy to the historical performance of offset wells producing from the same reservoir. The remaining one percent of proved developed non-producing and undeveloped reserves included herein was estimated by the volumetric method. The volumetric analysis utilized pertinent well and seismic data furnished to Ryder Scott by Laredo or which we have obtained from public data sources that were available through June, 2011. The data utilized from the analogues as well as well and seismic data incorporated into our volumetric analysis were considered sufficient for the purpose thereof.

To estimate economically recoverable proved oil and gas reserves and related future net cash flows, we consider many factors and assumptions including, but not limited to, the use of reservoir parameters derived from geological, geophysical and engineering data that cannot be measured directly, economic criteria based on current costs and SEC pricing requirements, and forecasts of future production rates. Under the SEC regulations 210.4-10(a)(22)(v) and (26), proved reserves must be anticipated to be economically producible from a given date forward based on existing economic conditions including the prices and costs at which economic producibility from a reservoir is to be determined. While it may reasonably be anticipated that the future prices received for the sale of production and the operating costs and other costs relating to such production may increase or decrease from those under existing economic conditions, such changes were, in accordance with rules adopted by the SEC, omitted from consideration in making this evaluation.

Laredo has informed us that they have furnished us all of the material accounts, records, geological and engineering data, and reports and other data required for this investigation. In preparing our forecast of future proved production and income, we have relied upon data furnished by Laredo with respect to property interests owned, production and well tests from examined wells, normal direct costs of operating the wells or leases, other costs such as transportation fees, ad valorem and production taxes, recompletion and development costs, abandonment costs after salvage, product prices based on the SEC regulations, adjustments or differentials to product prices, geological structural and isochore maps, well logs, core analyses, and pressure measurements. Ryder Scott reviewed such factual data for its reasonableness; however, we have not conducted an independent verification of the data furnished by Laredo. We consider the factual data used in this report appropriate and sufficient for the purpose of preparing the estimates of reserves and future net revenues herein.

In summary, we consider the assumptions, data, methods and analytical procedures used in this report appropriate for the purpose hereof, and we have used all such methods and procedures that we consider necessary and appropriate to prepare the estimates of reserves herein. The proved reserves included herein were determined in conformance with the United States Securities and Exchange Commission (SEC) Modernization of Oil and Gas Reporting; Final Rule, including all references to Regulation S-X and Regulation S-K, referred to herein collectively as the "SEC Regulations." In our opinion, the proved reserves presented in this report comply with the definitions, guidelines and disclosure requirements as required by the SEC regulations.

Future production rates

For wells currently on production, our forecasts of future production rates are based on historical performance data. If no production decline trend has been established, future production rates were projected to decline similarly to historical offset wells producing from the same reservoir. If a decline trend has been established, this trend was used as the basis for estimating future production rates.

Test data and other related information were used to estimate the anticipated initial production rates for those wells or locations that are not currently producing. For reserves not yet on production, sales were estimated to commence at an anticipated date furnished by Laredo. Wells or locations that are not currently producing may start producing earlier or later than anticipated in our estimates due to unforeseen factors causing a change in the timing to initiate production. Such factors may include delays due to weather, the availability of rigs, the sequence of drilling, completing and/or recompleting wells and/or constraints set by regulatory bodies.

The future production rates from wells currently on production or wells or locations that are not currently producing may be more or less than estimated because of changes including, but not limited to, reservoir performance, operating conditions related to surface facilities, compression and artificial lift, pipeline capacity and/or operating conditions, producing market demand and/or allowables or other constraints set by regulatory bodies.

Hydrocarbon prices

The hydrocarbon prices used herein are based on SEC price parameters using the average prices during the 12-month period prior to the ending date of the period covered in this report, determined as the unweighted arithmetic averages of the prices in effect on the first-day-of-the-month for each month within such period.

Laredo furnished us with the above mentioned average prices in effect on June 30, 2011. These initial SEC hydrocarbon prices were determined using the 12-month average first-day-of-the-month benchmark prices appropriate to the geographic area where the hydrocarbons are sold. These benchmark prices are prior to the adjustments for differentials as described herein. The table below summarizes the “benchmark prices” and “price reference” used for the geographic areas included in the report.

The product prices that were actually used to determine the future gross revenue for each property reflect adjustments to the benchmark prices for gravity, quality, local conditions, fuel and shrinkage and/or distance from market, referred to herein as “differentials.” The differentials used in the preparation of this report were furnished to us by Laredo. The differentials furnished by Laredo were reviewed by us for their reasonableness using information furnished by Laredo for this purpose.

All gas reserves included in this evaluation are sold on a wet basis, before natural gas liquids (NGL) plant processing. Because of the high liquid content of the gas attributable to Laredo’s properties located in the Permian Basin and (Broad Oak) Spraberry Trend areas, Laredo’s realized price is a premium to the posted reference price in those geographic areas.

In addition, the table below summarizes the net volume weighted benchmark prices adjusted for differentials and referred to herein as the “average realized prices.” The average realized prices shown in the table below were determined from the total future gross revenue before production taxes and the total net reserves for the geographic area and presented in accordance with SEC disclosure requirements for each of the geographic areas included in the report.

			Average realized prices by geographic area				
Product	**Price reference**	**Average benchmark price**	**Anadarko Basin**	**Central Texas Panhandle**	**Eastern Anadarko Basin**	**Permian Basin**	**(Broad Oak) Spraberry Trend**
Oil / condensate	WTI Plains pipeline	$ 86.60 /Bbl	$ 84.82 /Bbl	$ 86.36 /Bbl	$ 87.11 /Bbl	$ 87.31 /Bbl	$ 86.87 /Bbl
Gas	PEPL(1)	$ 4.00 /MMBTU	$ 4.84 /MCF	$ 4.11 /MCF	$ 3.79 /MCF	$ 7.07 /MCF	$ 6.79 /MCF

(1) Panhandle Eastern Pipeline TX/OK (Main Line)

The effects of derivative instruments designated as price hedges of oil and gas quantities are not reflected in our individual property evaluations.

Costs

Operating costs for the leases and wells in this report are based on the operating expense reports of Laredo and include only those costs directly applicable to the leases or wells. When applicable for operated properties, an appropriate level of costs associated with regional administration and overhead was included in the operating costs assigned to leases and wells. The operating costs for non-operated properties include the COPAS overhead costs that are allocated directly to the leases and wells under terms of operating agreements. The operating costs furnished to us were accepted as factual data and reviewed by us for their reasonableness; however, we have not conducted an independent verification of the operating cost data used by Laredo. No deduction was made for loan repayments, interest expenses, or exploration and development prepayments that were not charged directly to the leases or wells.

Development costs were furnished to us by Laredo and are based on authorizations for expenditure for the proposed work or actual costs for similar projects. The development costs furnished to us were accepted as factual data and reviewed by us for their reasonableness; however, we have not conducted an independent verification of these costs. The estimated net cost of abandonment after salvage was included for properties where abandonment costs net of salvage were significant. The estimates of the net abandonment costs furnished by Laredo were accepted without independent verification.

The proved developed non-producing and undeveloped reserves in this report have been incorporated herein in accordance with Laredo’s plans to develop these reserves as of June 30, 2011. The implementation of Laredo’s development plans as presented to us and incorporated herein is subject to the approval process adopted by Laredo’s management. As the result of our inquiries during the course of preparing this report, Laredo has informed us that the

development activities included herein have been subjected to and received the internal approvals required by Laredo's management at the appropriate local, regional and/or corporate level. In addition to the internal approvals as noted, certain development activities may still be subject to specific partner AFE processes, Joint Operating Agreement (JOA) requirements or other administrative approvals external to Laredo. Additionally, Laredo has informed us that they are not aware of any legal, regulatory, political or economic obstacles that would significantly alter their plans.

A portion of the proved undeveloped reserves included herein are attributable to increased density locations in the Anadardo Basin area of Oklahoma and Texas, and the Permian Basin and Spraberry Trend areas of Texas. Certain of these increased density wells have yet to receive approval by the respective state's governing oil and gas regulatory commission. Laredo's management has a reasonable expectation that approval will be granted based on the company's experience with each commission. To date all applications for increased density locations made by Laredo with each of the state regulatory commissions have been approved. Furthermore, Laredo has informed us that should any of the working interest partners elect to non-consent, Laredo will assume the cost liability in these locations. Ryder Scott Company has included these locations based upon the foregoing facts.

Current costs used by Laredo were held constant throughout the life of the properties.

Standards of independence and professional qualification

Ryder Scott is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world for over seventy years. Ryder Scott is employee-owned and maintains offices in Houston, Texas; Denver, Colorado; and Calgary, Alberta, Canada. We have over eighty engineers and geoscientists on our permanent staff. By virtue of the size of our firm and the large number of clients for which we provide services, no single client or job represents a material portion of our annual revenue. We do not serve as officers or directors of any publicly-traded oil and gas company and are separate and independent from the operating and investment decision-making process of our clients. This allows us to bring the highest level of independence and objectivity to each engagement for our services.

Ryder Scott actively participates in industry-related professional societies and organizes an annual public forum focused on the subject of reserves evaluations and SEC regulations. Many of our staff have authored or co-authored technical papers on the subject of reserves related topics. We encourage our staff to maintain and enhance their professional skills by actively participating in ongoing continuing education.

Prior to becoming an officer of the Company, Ryder Scott requires that staff engineers and geoscientists have received professional accreditation in the form of a registered or certified professional engineer's license or a registered or certified professional geoscientist's license, or the equivalent thereof, from an appropriate governmental authority or a recognized self-regulating professional organization.

We are independent petroleum engineers with respect to Laredo. Neither we nor any of our employees have any interest in the subject properties and neither the employment to do this work nor the compensation is contingent on our estimates of reserves for the properties which were reviewed.

The results of this study, presented herein, are based on technical analysis conducted by teams of geoscientists and engineers from Ryder Scott. The professional qualifications of the undersigned, the technical person primarily responsible for overseeing, reviewing, and approving the evaluation of the reserves information discussed in this report, are included as an attachment to this letter.

Terms of usage

The results of our third party study, presented in report form herein, were prepared in accordance with the disclosure requirements set forth in the SEC regulations and intended for public disclosure as an exhibit in filings made with the SEC by Laredo.

For filings made with the SEC under the 1933 Securities Act, we have provided our written consent for the references to our name as well as to the references to our third party report in the registration statement on Form S-1 by Laredo. Our consent for such use is included as a separate exhibit to the filings made with the SEC by Laredo.

We have provided Laredo with a digital version of the original signed copy of this report letter. In the event there are any differences between the digital version included in filings made by Laredo and the original signed report letter, the original signed report letter shall control and supersede the digital version.

The data and work papers used in the preparation of this report are available for examination by authorized parties in our offices. Please contact us if we can be of further service

Very truly yours,

RYDER SCOTT COMPANY, L.P.
TBPE Firm Registration No. F-1580

/s/ Val Rick Robinson

Val Rick Robinson, P.E.
TBPE License No. 105137 [SEAL]
Vice President

/s/ Michael F. Stell

Michael F. Stell, P.E.
TBPE License No. 56416 [SEAL]
Managing Senior Vice President

Professional qualifications of primary technical person

The conclusions presented in this report are the result of technical analysis conducted by teams of geoscientists and engineers from Ryder Scott Company, L.P. Mr. Michael F. Stell was the primary technical person responsible for overseeing the estimate of the reserves, future production and income.

Mr. Stell, an employee of Ryder Scott Company L.P. (Ryder Scott) since 1992, is a Managing Senior Vice President and also serves as an Engineering Group Leader responsible for coordinating and supervising staff and consulting engineers of the company in ongoing reservoir evaluation studies worldwide. Before joining Ryder Scott, Mr. Stell served in a number of engineering positions with Shell Oil Company and Landmark Concurrent Solutions. For more information regarding Mr. Stell's geographic and job specific experience, please refer to the Ryder Scott Company website at www.ryderscott.com/Experience/Employees.

Mr. Stell earned a Bachelor of Science degree in Chemical Engineering from Purdue University in 1979 and a Master of Science Degree in Chemical Engineering from the University of California, Berkeley, in 1981. He is a licensed Professional Engineer in the State of Texas. He is also a member of the Society of Petroleum Engineers and the Society of Petroleum Evaluation Engineers.

In addition to gaining experience and competency through prior work experience, the Texas Board of Professional Engineers requires a minimum of fifteen hours of continuing education annually, including at least one hour in the area of professional ethics, which Mr. Stell fulfills. As part of his 2010 continuing education hours, Mr. Stell attended an internally presented six hours of formalized training and ten hours of formalized external training covering such topics as updates concerning the implementation of the latest SEC oil and gas reporting requirements, reserve reconciliation processes, overviews of the various productive basins of North America, evaluations of resource play reserves, evaluation of enhanced oil recovery reserves, and ethics training.

Based on his educational background, professional training and almost 30 years of practical experience in the estimation and evaluation of petroleum reserves, Mr. Stell has attained the professional qualifications for a Reserves Estimator and Reserves Auditor set forth in Article III of the "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information" promulgated by the Society of Petroleum Engineers as of February 19, 2007.