Laredo Petroleum, Inc.
Form 424B5
March 06, 2015

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Registration No. 333-187479

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
6.25% Senior Notes due 2023	$350,000,000	100%	$350,000,000	$40,670.00
Guarantees of Senior Notes				(2)
Total	$350,000,000		$350,000,000	$40,670.00

(1) Calculated pursuant to Rule 457(r) under the Securities Act of 1933, as amended.

(2) Pursuant to Rule 457(n), no registration fee is required with respect to the guarantees.

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Prospectus supplement (To prospectus dated March 22, 2013)

$350,000,000

6¼% Senior Notes due 2023

We are offering $350,000,000 aggregate principal amount of our 6¼% Senior Notes due 2023 (the "notes"). We will pay interest on the notes on March 15 and September 15 of each year, beginning September 15, 2015. The notes will bear interest at the rate of 6¼% per year. The notes will mature on March 15, 2023.

We may redeem some or all of the notes at any time before maturity at the prices discussed under the section entitled "Description of Notes Optional Redemption."

The notes and the guarantees will be, respectively, the issuer's and the guarantors' general unsecured senior obligations and will rank equally with all of the issuer's and the guarantors' existing and future senior indebtedness that is not subordinated to the notes. The notes will be fully and unconditionally guaranteed on a senior unsecured basis by Laredo Midstream Services, LLC, Garden City Minerals, LLC and all of our future domestic restricted subsidiaries, with certain customary exceptions. The notes will be effectively subordinated to all of the issuer's and the guarantors' existing and future secured debt, including debt incurred under our senior secured credit facility, to the extent of the value of the assets securing that debt. In addition, the notes will be structurally subordinated to all of the liabilities of any of our subsidiaries that do not guarantee the notes. See "Description of Notes."

The notes will not be listed on any securities exchange. There is currently no public market for the notes. The notes are a new issue of securities with no established trading market.

Investing in the notes involves risks. See "Risk Factors" beginning on page S-7 of this prospectus supplement and in the documents incorporated by reference into this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

	Public offering price(1)	Underwriting discounts and commissions	Proceeds, before expenses, to us(1)
Per note	100%	1.5%	98.5%
Total	$ 350,000,000	$ 5,250,000	$ 344,750,000

(1) Plus accrued interest, if any, from March 18, 2015, if settlement occurs after such date.

The underwriters expect to deliver the notes in book entry form only, through the facilities of The Depository Trust Company, against payment on or about March 18, 2015.

Joint book-running managers

BofA Merrill Lynch

BMO Capital Markets

Goldman, Sachs & Co.

Wells Fargo Securities

SOCIETE GENERALE

Lead Managers

BBVA

Capital One Securities

Citigroup

Credit Suisse

J.P. Morgan

Scotiabank

Co-Managers

Barclays

BB&T Capital Markets

BOSC, Inc.

Comerica Securities

ING

MUFG

SunTrust Robinson Humphrey

March 4, 2015.

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Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement and the documents incorporated by reference herein, which describes the specific terms of this offering of our notes. The second part is the accompanying base prospectus, which gives more general information, some of which may not apply to this offering of notes. If the information relating to the offering varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying base prospectus and any related freewriting prospectus. We and the underwriters have not authorized anyone to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it.

This prospectus supplement and the accompanying base prospectus are not an offer to sell or the solicitation of an offer to buy any securities other than the securities to which they relate and are not an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in that jurisdiction. You should not assume that the information contained in this prospectus supplement, the accompanying base prospectus or any related freewriting prospectus is accurate as of any date other than the respective date on the front cover of those documents, or that the information contained in any document incorporated by reference is accurate as of any date other than the date of the document incorporated by reference, regardless of the time of delivery of this prospectus supplement or any sale of a security.

In this prospectus supplement, "Laredo," "we," "us," "our" or "ours" refer to Laredo Petroleum, Inc. and its subsidiaries, unless we state otherwise or the context indicates otherwise.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission ("SEC"). You may read and copy any document that we file at the SEC's public reference room at 100 F Street, N.E., Washington D.C. 20549. You can call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. You can also find our public filings with the SEC on the internet at a website maintained by the SEC located at www.sec.gov. We also make available on our internet website our annual, quarterly and current reports and amendments as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the SEC. Our Internet address is www.laredopetro.com. The information on our website is not incorporated by reference into this prospectus supplement and does not constitute a part of this prospectus supplement.

We are "incorporating by reference" specified documents that we file with the SEC, which means:

- incorporated documents are considered part of this prospectus supplement;
- we are disclosing important information to you by referring you to those documents; and
- information we file later with the SEC will automatically update and supersede information contained in this prospectus supplement.

We incorporate by reference the documents listed below, which we filed with the SEC under the Exchange Act of 1934, as amended (the "Exchange Act") (excluding information deemed to be furnished and not filed with the SEC):

- our Annual Report on Form 10-K for the year ended December 31, 2014;

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our Current Report on Form 8-K filed on January 20, 2015;

the information specifically incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 from our Definitive Proxy Statement on Schedule 14A filed on April 1, 2014; and

the description of our common stock contained in our Form 8-A/A filed on January 7, 2014, including any amendment to that form that we may file in the future for the purpose of updating the description of our common stock.

In addition, we incorporate by reference in this prospectus supplement any future filings made by Laredo with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act (excluding any information furnished and not filed with the SEC) prior to the termination of the offering under this prospectus supplement.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for all purposes to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document which is also incorporated or deemed to be incorporated by reference, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. You may request a copy of these filings (other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing) at no cost by writing or telephoning us at the following address and telephone number:

Laredo Petroleum, Inc.
Attention: Investor Relations
15 W. Sixth Street, Suite 900
Tulsa, Oklahoma 74119
(918) 513-4570

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The information in this prospectus supplement 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 Exchange Act. Such statements can generally be identified by the use of forward-looking terminology such as "estimate," "project," "predict," "believe," "expect," "anticipate," "potential," "could," "may," "will," "foresee," "plan," "goal," "should," "intend," "pursue," "target," "continue," "suggest" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and may involve significant risks and uncertainties, and that actual results may vary materially from those in the forward-looking statements as a result of various factors. Among the factors that significantly impact our business and could impact our business in the future are:

the volatility of oil and natural gas prices;

changes in domestic and global production, supply and demand for oil and natural gas;

the continuation of restrictions on the export of domestic crude oil and its potential to cause weakness in domestic pricing;

the potentially insufficient refining capacity in the U.S. Gulf Coast to refine all of the light sweet crude oil being produced in the United States, which, coupled with the export limitations noted above and a continuing increase in light sweet crude oil production, could result in widening price discounts to world crude prices and potential shut-in of production due to lack of sufficient markets;

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the ongoing instability and uncertainty in the U.S. and international financial and consumer markets that could adversely affect the liquidity available to us and our customers and adversely affect the demand for commodities, including oil and natural gas;

regulations that prohibit or restrict our ability to apply hydraulic fracturing to our oil and natural gas wells and to access and dispose of water used in these operations;

legislation or regulations that prohibit or restrict our ability to drill new allocation wells;

our ability to execute our strategies, including but not limited to our hedging strategies;

discovery, estimation, development and replacement of oil and natural gas reserves, including our expectations that estimates of our proved reserves will increase;

uncertainties about the estimates of our oil and natural gas reserves;

competition in the oil and natural gas industry;

changes in the regulatory environment and changes in international, legal, political, administrative or economic conditions;

drilling and operating risks, including risks related to hydraulic fracturing activities;

risks related to the geographic concentration of our assets;

capital requirements for our operations and projects;

our ability to maintain or increase the borrowing capacity under our senior secured credit facility or access other means of providing capital and liquidity;

our ability to generate sufficient cash to service our indebtedness, fund our capital requirements and to generate future profits;

the availability and costs of drilling and production equipment, labor and oil and natural gas processing and other services;

the availability of sufficient pipeline and transportation facilities and gathering and processing capacity;

our ability to comply with federal, state and local regulatory requirements;

restrictions contained in our debt agreements, including our senior secured credit facility and the indentures governing our senior unsecured notes, as well as debt that could be incurred in the future; and

our ability to recruit and retain the qualified personnel necessary to operate our business.

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 "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014, this prospectus supplement and in other filings made by us from time to time with the SEC or in materials incorporated herein or therein. In light of such risks and uncertainties, we caution you not to place undue reliance on these forward-looking statements.

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

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schedule of any further production and development drilling. Accordingly, reserve estimates may differ significantly from the quantities of oil or natural gas that are ultimately recovered.

All forward-looking statements contained in this prospectus supplement speak only as of the date of this prospectus supplement and all forward-looking statements incorporated by reference into this prospectus supplement speak only as of the dates such statements were made. We do not undertake any obligation to publicly release any revisions to these forward-looking statements regarding new information, future events or otherwise, except as required by applicable securities laws.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement, the accompanying base prospectus and the documents we incorporate by reference. It does not contain all the information that may be important to you or that you may wish to consider before investing in our notes. You should read carefully the entire prospectus supplement, the accompanying base prospectus, the documents incorporated by reference and the other documents to which we refer for a more complete understanding of our business and the terms of this offering. Please read "Risk Factors" beginning on page S-7 of this prospectus supplement and additional information contained in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference into this prospectus supplement, for more information about known material factors you should consider before investing in our notes in this offering.

The estimates of our proved reserves as of December 31, 2014 included in this prospectus supplement are based on the reserve report prepared by Ryder Scott Company L.P. ("Ryder Scott"), our independent reserve engineers, which report is filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2014 and is incorporated herein by reference.

Laredo Petroleum, Inc.

Overview

We are an independent energy company focused on the acquisition, exploration and development of oil and natural gas properties primarily in the Permian Basin in West Texas. The oil and liquids-rich Permian Basin is characterized by multiple target horizons, extensive production histories, long-lived reserves, high drilling success rates and high initial production rates. As of December 31, 2014, we had assembled 196,683 net acres in the Permian Basin and had total proved reserves, presented on a two-stream basis, of 247,322 MBOE, of which 43% are classified as proved developed reserves and 57% are attributed to oil reserves. Since our inception in 2006, we have grown our reserves, production and cash flow primarily through our drilling program coupled with select strategic acquisitions.

Our primary development and production fairway in the Permian Basin is located on the east side of the Midland Basin, 35 miles east of Midland, Texas, and extends approximately 20 miles wide (east/west) and 85 miles long (north/south) in Howard, Glasscock, Reagan, Sterling, Irion and Tom Green counties and is referred to herein as the "Permian-Garden City" area. As of December 31, 2014 we held 155,405 net acres in 360 sections in the Permian-Garden City area, with an average working interest of 96% in all Laredo-operated producing wells.

Through our wholly-owned subsidiary, Laredo Midstream Services, LLC, and our joint venture entity, Medallion Gathering & Processing, LLC, we have built or contributed to the building of an extensive oil gathering system and pipeline infrastructure spanning more than 220 miles from the Midland Basin to Colorado City, Texas. This network enables us to avoid costs associated with trucking or other transportation options while maintaining our flexibility to sell oil in multiple markets.

Our Business Strategy

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

- continue to develop our Permian-Garden City acreage;
- utilize our infrastructure to more efficiently develop our acreage;
- capitalize on technical expertise and database;

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maintain financial flexibility through continued improvements in operational and cost efficiencies, prudent drilling and measured growth;

evaluate and pursue value-enhancing acquisitions, mergers, joint ventures and divestitures; and

proactively manage risk to limit downside.

Recent Developments

March 2015 Equity Offering. On March 2, 2015, we entered into an underwriting agreement pursuant to which we agreed to issue 60,000,000 shares of common stock at an offering price to the public of $11.05 per share. We refer to this offering as our "common stock offering." We also granted the underwriters a 30-day option to purchase up to an additional 9,000,000 shares of our common stock in our common stock offering. On March 3, 2015, the underwriter gave us notice that it was electing to exercise its option in full. Our common stock offering, which is expected to close on March 5, 2015, subject to customary closing conditions, will generate total net cash proceeds of approximately $754.3 million after deducting underwriting discounts and estimated offering expenses. The net proceeds from our common stock offering will be used to repay all of the outstanding indebtedness under our senior secured credit facility, to redeem a portion of the outstanding $550 million of our 9½% senior unsecured notes due 2019 (the "2019 Notes") and for capital expenditures. The closing of this offering is not conditioned on the closing of our common stock offering.

Our Offices

Our executive offices are located at 15 W. Sixth Street, Suite 900, Tulsa, Oklahoma 74119, and the phone number at this address is (918) 513-4570. Our website address is www.laredopetro.com. We 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 supplement.

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THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of Notes" section of this prospectus supplement contains a more detailed description of the terms and conditions of the notes.

Issuer	Laredo Petroleum, Inc.
Notes Offered	$350,000,000 aggregate principal amount of 6¼% senior notes due 2023.
Maturity Date	The notes will mature on March 15, 2023.
Interest	The notes will bear interest at a rate of 6¼% per annum, payable semi-annually, in cash in arrears, on March 15 and September 15 of each year, commencing September 15, 2015.
Guarantees	Certain of the issuer's future domestic restricted subsidiaries will, subject to certain customary exceptions, fully and unconditionally guarantee, jointly and severally, the notes so long as each such entity guarantees or becomes an obligor of the issuer's senior secured credit facility or other debt of the issuer or any restricted subsidiary of the issuer, in each case, in excess of $5 million. Not all of the issuer's future subsidiaries will be required to become guarantors. If the issuer cannot make payments on the notes when they are due, the guarantors must make them instead. Please read "Description of Notes Guarantees."
	Each guarantee will rank:
	senior in right of payment to any future subordinated indebtedness of the guarantor;
	equally in right of payment with all existing and future senior indebtedness of the guarantor, including its guarantee of the existing senior notes; and
	effectively junior in right of payment to all existing and future secured indebtedness of the guarantor, including any guarantee of indebtedness under the issuer's senior secured credit facility, to the extent of the value of the assets of the guarantor constituting collateral securing such indebtedness.

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	As of December 31, 2014, on a pro forma basis after giving effect to (i) this offering and the application of all of the net proceeds to redeem a portion of the 2019 Notes as described herein and (ii) the application of a portion of the net proceeds from our common stock offering to redeem the remaining 2019 Notes in their entirety after repayment of outstanding borrowings under our senior secured credit facility, the guarantees of the notes would not have been effectively junior to any secured indebtedness outstanding under our senior secured credit facility, the guarantors would have guaranteed approximately $1.3 billion of senior unsecured indebtedness (including the notes) and the issuer would have had approximately $1.15 billion of borrowing capacity available under its senior secured credit facility, subject to compliance with financial covenants, the guarantees of which would be effectively senior to the guarantee of the notes (to the extent of the value of the assets of the guarantor constituting collateral securing such indebtedness).
Ranking	The notes will be the issuer's unsecured senior obligations. Accordingly, they will rank:
	senior in right of payment to any future subordinated indebtedness of the issuer;
	equally in right of payment with all existing and future senior indebtedness of the issuer, including the existing senior notes;
	effectively junior 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 of the issuer constituting collateral securing such indebtedness; and
	structurally junior to all indebtedness and other liabilities of any future non-guarantor subsidiaries to the extent of the value of assets of those subsidiaries. As of December 31, 2014, on a pro forma basis after giving effect to (i) this offering and the application of all of the net proceeds to redeem a portion of the 2019 Notes as described herein and (ii) the application of a portion of the net proceeds from our common stock offering to redeem the remaining 2019 Notes in their entirety after repayment of outstanding borrowings under our senior secured credit facility, the issuer would have had approximately $1.3 billion of total indebtedness (including the notes) of which none would be secured indebtedness to which the notes would be effectively junior.

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Optional Redemption	The issuer will have the option to redeem the notes, in whole or in part, at any time on or after March 15, 2018, at the redemption prices described in this offering memorandum under the heading "Description of Notes Optional Redemption," together with any accrued and unpaid interest to, but not including, the date of redemption. In addition, before March 15, 2018, the issuer may redeem all or any part of the notes at the make-whole price set forth under "Description of Notes Optional Redemption." In addition, before March 15, 2018, the issuer may, at any time or from time to time, redeem up to 35% of the aggregate principal amount of the notes in an amount not to exceed the amount of the net cash proceeds of one or more public or private equity offerings at a redemption price of 106.25% 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. If a change of control occurs prior to March 15, 2016, the issuer may redeem all, but not less than all, of the notes at a redemption price equal to 110% of the principal amount of the notes plus any accrued and unpaid interest to, but not including, the date of redemption.
Change of Control	If a change of control event occurs, each holder of notes may require the issuer to repurchase all or a portion of its notes for cash at a price equal to 101% of the aggregate principal amount of such notes, plus any accrued and unpaid interest to, but not including, the date of repurchase.
Certain Covenants	The indenture contains covenants that limit, among other things, the ability of the issuer and some of its subsidiaries 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 notes mature if both of two specified ratings agencies assign the notes an investment grade rating in the future and no event of default exists under the indenture governing the notes. See "Description of Notes Certain Covenants."

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Absence of an Established Market for the Notes	There is currently no established public market for the notes. Although certain of the underwriters have informed us that they intend to make a market in the notes, the underwriters are not obligated to do so and may discontinue market-making activities at any time without notice. Accordingly, we cannot assure you that a liquid market for the notes will develop or be maintained.
Use of Proceeds	We intend to use all of the net proceeds of this offering, together with a portion of the net proceeds from our common stock offering, to redeem all of our 2019 Notes. Pending the application of the net proceeds from this offering, we may invest the net proceeds in short-term, liquid investments. See "Use of Proceeds." This prospectus supplement does not constitute a notice of redemption with respect to the 2019 Notes, and as of the date hereof, we have not issued any notice of redemption in respect thereof.
Conflicts of Interest	Affiliates of certain of the underwriters own a portion of the 2019 Notes being redeemed, and accordingly, may receive a portion of the net proceeds from this offering. Because 5% or more of the net proceeds of this offering, not including underwriting compensation, may be paid to affiliates of certain of the underwriters, this offering will be made in accordance with Rule 5121 of the Financial Industry Regulatory Authority, or FINRA, which requires that a qualified independent underwriter, or QIU, participate in the preparation of the registration statement and prospectus supplement and perform the usual standards of due diligence with respect thereto. Merrill Lynch, Pierce, Fenner & Smith Incorporated is assuming the responsibilities of acting as QIU in connection with this offering. We have agreed to indemnify Merrill Lynch, Pierce, Fenner & Smith Incorporated against certain liabilities incurred in connection with it acting as QIU in this offering, including liabilities under the Securities Act. For more information, see "Underwriting (Conflicts of Interest) "

You should refer to the section entitled "Risk Factors" beginning on page S-7 for an explanation of certain risks of investing in the notes.

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RISK FACTORS

Investing in our notes involves a high degree of risk. You should carefully consider the risks and uncertainties described below and all of the information described in this prospectus supplement and the accompanying base prospectus before purchasing our notes. In addition, you should carefully consider, among other things, the matters discussed under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014 and in the documents that we subsequently file with the SEC, all of which are incorporated by reference into this prospectus supplement. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition, operating results or cash flow could be materially and adversely affected. Additional risks and uncertainties not presently known to us or not believed by us to be material may also negatively impact us.

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 are 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 indentures governing the existing senior notes restrict, and the indenture governing the notes will 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.

As of December 31, 2014, on a pro forma basis after giving effect to (i) this offering and the application of all of the net proceeds to redeem a portion of the 2019 Notes as described herein and (ii) the application of a portion of the net proceeds from our common stock offering to redeem the remaining 2019 Notes in their entirety after repayment of outstanding borrowings under our senior secured credit facility, the borrowing base under our senior secured credit facility would have been $1.15 billion with an aggregate $900 million elected commitment available for borrowings, subject to covenant compliance. 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

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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 December 31, 2014, on a pro forma basis after giving effect to (i) this offering and the application of all of the net proceeds to redeem a portion of the 2019 Notes as described herein and (ii) the application of a portion of the net proceeds from our common stock offering to redeem the remaining 2019 Notes in their entirety after repayment of outstanding borrowings under our senior secured credit facility, we would have $1.3 billion of indebtedness outstanding, including the notes offered hereby, as well as approximately $1.15 billion of borrowing capacity available under our senior secured credit facility, 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 indentures governing the existing senior notes and the senior secured credit facility are, and such restrictions to be contained in the indenture governing the notes will be, 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. 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 Certain Other Indebtedness Senior Secured Credit Facility" and "Description of 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. In addition, 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.

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

The indentures governing the existing senior notes and our senior secured credit facility each contain, the indenture governing the notes offered hereby will 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.

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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, which may result in an acceleration, under our other indebtedness, including the existing senior notes and 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, in the indentures governing the existing senior notes or in our senior secured credit facility, or in any future debt financing agreements, a default could occur 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 or the indentures governing the existing senior notes or the indenture governing the notes, that is not waived by the requisite number of lenders or holders, 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 pledged as security; 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

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acceptable to us, if at all. If this occurs, we would be in default under our senior secured credit facility or such 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 structurally subordinated to the debt of any non-guarantor subsidiaries.

The notes and the guarantees will be general unsecured senior obligations of the issuer and the subsidiary guarantors and will rank effectively junior to all of the issuer's and the subsidiary guarantors' 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 December 31, 2014, on a pro forma basis after giving effect to (i) this offering and the application of all of the net proceeds to redeem a portion of the 2019 Notes as described herein and (ii) the application of a portion of the net proceeds from our common stock offering to redeem the remaining 2019 Notes in their entirety after repayment of outstanding borrowings under our senior secured credit facility, the issuer and the subsidiary guarantors would have had approximately $1.3 billion of senior unsecured indebtedness (including the notes) and the issuer would be able to draw up to an additional approximately $900 million of secured debt under our senior secured credit facility subject to compliance with financial covenants, which debt would be effectively senior to the notes and guarantees (to the extent of the value of the assets securing such indebtedness). The notes and the guarantees will also be structurally 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 a 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 the subsidiary guarantors, 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 we or the subsidiary guarantors are declared bankrupt, become insolvent or are liquidated, dissolved or reorganized, any of our secured indebtedness will be entitled to be paid in full from our assets or the assets of the subsidiary guarantors securing that indebtedness before any payment may be made with respect to the notes or the guarantees, and creditors of any future 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 our and the subsidiary guarantors' remaining assets with all holders of any of our and the subsidiary guarantors' unsecured indebtedness that do not rank junior in right of payment to the notes, including the existing senior 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 future 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

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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 any future 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 issuer or the subsidiary guarantors may result in the issuer's and the subsidiary guarantors' assets becoming subject to the claims of all creditors of those entities.

A financial failure by the issuer or the subsidiary guarantors could affect payment of the notes if a bankruptcy court were to substantively consolidate the issuer and the subsidiary guarantors. If a bankruptcy court substantively consolidated the issuer and the subsidiary guarantors, 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 indentures governing the existing senior notes and the indenture governing the notes, we may be required to repurchase all or a portion of our outstanding notes if we sell certain assets or in the event of a change of control of Laredo. We may not have enough funds to pay the repurchase price on a purchase date. Our senior secured credit facility provides, and any future credit facilities or other debt agreements to which we become a party may provide, that our obligation to repurchase the existing senior notes or 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, exchange, lease or other disposition, in one or a series of related transactions, of "all or substantially all" of the assets of Laredo and its 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, 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 governing the notes) to represent a specific quantitative test. Therefore, if holders of the notes exercise their right to require Laredo to repurchase their notes under the indenture as a result of a sale, assignment, conveyance, transfer, exchange, lease or other disposition of less than all of the assets of the issuer and its restricted subsidiaries taken as a whole and the issuer elected to contest such election, it is not clear how a court applying New York law would interpret the phrase.

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 existing senior notes or the notes upon a change of control would not necessarily afford holders of such notes protection in the event of a highly leveraged transaction, reorganization, merger or similar

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transaction. In addition, holders of such notes may not be entitled to require us to purchase their notes in certain circumstances involving a significant change in the composition of the issuer's board of directors, including in connection with a proxy contest in which the issuer'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 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 guarantee of the notes, including the guarantees by the subsidiary 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.

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If a court were to find that the issuance of the notes or the incurrence of the guarantees was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or the guarantees or further subordinate the notes or the guarantees 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 the guarantees. 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.

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.

The notes are a new issue of securities for which there is no established public market. We do not intend to have the notes listed on a national securities exchange or included in any automated quotation system.

Although certain of the underwriters intend to make a market in the notes, if issued, as permitted by applicable laws and regulations, the underwriters are not obligated to do so and they may discontinue their market making activities at any time without notice. Therefore, an active market for any of the notes may not develop or, if developed, it may not continue. The liquidity of the notes will depend upon various factors, including, the number of holders of the notes, our performance, the market for similar securities, the interest of securities dealers in making a market in the notes and the prospects for companies in our industry generally. A liquid trading market may not develop for the notes. If a market develops, the notes could trade at prices that may be lower than the initial offering price of the notes. If an active market does not develop or is not maintained, the price and liquidity of the notes may be adversely affected. In addition, subsequent to their initial issuance, the notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors including those affecting the liquidity of the notes listed above.

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 will be free from similar disruptions or that any such disruptions will not adversely affect your ability to transfer, or the prices at which you may sell your notes. As has been evident in connection with the past 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

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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 Notes Certain Covenants Covenant Suspension."

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. For example, as of December 31, 2014, on a pro forma basis after giving effect to (i) this offering and the application of all of the net proceeds to redeem a portion of the 2019 Notes as described herein and (ii) the application of a portion of the net proceeds from our common stock offering to redeem the remaining 2019 Notes in their entirety after repayment of outstanding borrowings under our senior secured credit facility, we would have had approximately $1.15 billion of additional borrowing capacity under the senior secured credit facility with an aggregate elected commitment of $900 million, subject to compliance with financial covenants. The impact of a 1.0% increase in interest rates on an assumed borrowing of the full $900 million currently available under the senior secured credit facility would result in increased annual interest expense of approximately $9.0 million and a corresponding decrease in our net income before the effects of increased interest rates on the value of our interest rate contracts.

Ratings of the notes may not reflect all risks of an investment in the notes.

The notes will be rated at time of original issue by at least one nationally recognized statistical rating organization. The ratings of our notes will primarily reflect our perceived financial strength and will change in accordance with the rating of our financial strength. Any rating is not a recommendation to purchase, sell or hold any particular security, including the notes. These ratings do not comment as to market price or suitability for a particular investor. In addition, ratings at any time may be lowered or withdrawn in their entirety. The ratings of the notes may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or trading values of, your notes.

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USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately $344.0 million after deducting underwriting discounts and commissions and offering expenses.

We intend to use all of the net proceeds from this offering, together with a portion of the net proceeds from our common stock offering, to redeem all of our outstanding 2019 Notes. The 2019 Notes, of which $550 million principal amount is currently outstanding, bear interest at a rate of 9 1/2% per annum, payable semi-annually, and have a scheduled maturity date of February 15, 2019. Pending the application of the net proceeds from this offering, we may invest the net proceeds in short-term, liquid investments. This prospectus supplement does not constitute a notice of redemption with respect to the 2019 Notes, and as of the date hereof, we have not issued any notice of redemption in respect thereof.

Affiliates of certain of the underwriters own a portion of the 2019 Notes being redeemed and, accordingly, will receive a portion of the net proceeds of this offering. See "Underwriting (Conflicts of Interest)."

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CAPITALIZATION

The following table sets forth our consolidated cash position and our consolidated capitalization as of December 31, 2014:

- on an actual basis;
- on an as adjusted basis giving effect to the completion of our common stock offering (assuming exercise of the underwriter's option to purchase additional shares) and the application of the estimated net proceeds from the common stock offering of $754.3 million, after deducting underwriting discounts and commissions and estimated offering expenses; and
- on an as further adjusted basis giving effect to the completion of this offering and the application of the estimated net proceeds from this offering of $344.0 million, after deducting underwriting discounts and commissions and estimated offering expenses, in the manner described in "Use of Proceeds."

You should read the following table in conjunction with "Use of Proceeds" in this prospectus supplement and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference into this prospectus supplement.

	As of December 31, 2014		
(in thousands)	**Actual**	**As adjusted for common stock offering**	**As further adjusted for this offering**
Cash and cash equivalents	$ 29,321	$ 483,635	$ 250,205(1)
Long-term debt, including current maturities			
Senior secured credit facility(2)	$ 300,000	$	$
Senior unsecured notes due 2019	$ 551,295	$ 551,295	$
Senior unsecured notes due 2022	$ 450,000	$ 450,000	$ 450,000
Senior unsecured notes due 2022	$ 500,000	$ 500,000	$ 500,000
Senior unsecured notes due 2023 offered hereby	$	$	$ 350,000
Stockholder's equity	$ 1,563,201	$ 2,317,515	$ 2,317,515
Total capitalization	$ 3,364,496	$ 3,818,810	$ 3,617,515

(1) Reflects the payment of a premium of approximately $26.1 million in connection with the redemption of the 2019 Notes.

(2) As of March 2, 2015, we had a cash and cash equivalents balance of $15.8 million and $475 million outstanding under our senior secured credit facility.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table presents or ratios of earnings to fixed charges for the periods presented.

		For the years ended December 31,				
(in thousands, except ratios)	**Pro forma 2014(1)**	**2014**	**2013**	**2012**	**2011**	**2010**
Earnings:						
Income from continuing operations before income taxes(2)	$ 429,859	$ 429,859	$ 191,084	$ 94,764	$ 165,588	$ 63,045
(Income) loss from equity method investee	192	192	(29)			
Fixed charges (less capitalized interest)	91,664	122,039	100,834	85,943	50,914	18,675
Total	$ 521,715	$ 552,090	$ 291,889	$ 180,707	$ 216,502	$ 81,720
Fixed Charges:						
Interest expense(3)	85,811	$ 116,186	$ 95,559	$ 81,383	$ 46,709	$ 16,350
Amortization of debt issuance costs	5,137	5,137	5,023	4,816	3,871	2,132
Interest component of rental expense	866	866	507	371	334	193
Total	$ 91,814	$ 122,189	$ 101,089	$ 86,570	$ 50,914	$ 18,675
Ratio of earnings to fixed charges	5.7	4.5	2.9	2.1	4.3	4.4

For purposes of computing the ratio of earnings to fixed charges, "earnings" consists of pre-tax income (loss) plus fixed charges less interest capitalized and "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. We have not included a ratio of earnings to combined fixed charges and preferred stock dividends because we have no preferred stock outstanding as of the date of this prospectus.

(1) Because the net proceeds from this offering will be used to repay our 2019 Notes, the pro forma impact on the amount of fixed charges causes our earnings to cover fixed charges by greater than 10% for the year ended December 31, 2014. The pro forma interest expense was determined utilizing the following assumptions: (i) the notes offered hereby were outstanding beginning January 1, 2014 and (ii) the 2019 Notes were paid in full on December 31, 2013.

(2) Refer to Note 3.e of our Annual Report on Form 10-K for the year ended December 31, 2014 for discussion regarding our discontinued operations.

(3) Interest expense is gross of interest income for all periods presented and includes capitalized interest of $150, $255 and $627 for the years ended December 31, 2014, 2013 and 2012.

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DESCRIPTION OF CERTAIN OTHER INDEBTEDNESS

Senior Secured Credit Facility

The issuer is the borrower under that certain fourth amended and restated revolving credit facility (as amended, the "senior secured credit facility") with Wells Fargo Bank, N.A., as administrative agent, that matures November 4, 2018. As of December 31, 2014, on a pro forma basis after giving effect to (i) this offering and the application of all of the net proceeds to redeem a portion of the 2019 Notes as described herein and (ii) the application of a portion of the net proceeds from our common stock offering to redeem the remaining 2019 Notes in their entirety after repayment of outstanding borrowings under our senior secured credit facility, our senior secured credit facility would have had maximum credit amount of $2.0 billion, a borrowing base of $1.15 billion and an aggregate elected commitment of $900.0 million with no amounts outstanding. The borrowing base is subject to a semi-annual redetermination based on the financial institutions' evaluation of our oil and natural gas reserves. 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, which ranges from 0.5% to 1.5% 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, 12-month interest periods (and in the case of six month and 12-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, which ranges from 1.5% to 2.5%, based on the ratio of outstanding revolving credit to the total commitment under the senior secured credit facility. We are also required to pay an annual commitment fee on the unused portion of the financial institutions' commitment of 0.375% to 0.5%, based on the ratio of outstanding revolving credit to the total commitment under the senior secured credit facility.

The senior secured credit facility is secured by a first-priority lien on the issuer's and the guarantors' assets and stock, including oil and natural gas properties, constituting at least 80% of the present value of our evaluated reserves. Further, the issuer 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 issuer must maintain a ratio of (I) 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) depletion, depreciation and amortization expense; (iv) exploration expenses; and (v) other non-cash charges, and (b) minus all non-cash income ("EBITDAX"), as defined in the senior secured credit facility, to (II) 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 we were in compliance with these covenants for all periods presented.

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. No letters of credit were outstanding as of March 2, 2015.

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Existing Senior Notes

January 2022 Notes

On January 23, 2014, the issuer completed an offering of $450.0 million in aggregate principal amount of 5⅝% senior unsecured notes due 2022 (the "January 2022 Notes"). The January 2022 Notes will mature on January 15, 2022 with interest accruing at a rate of 5⅝% per annum and payable semi-annually in cash in arrears on January 15 and July 15 of each year, commencing July 15, 2014. The January 2022 Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by Laredo Midstream Services, LLC ("Laredo Midstream"), Garden City Minerals, LLC ("GCM") and certain of the Laredo's future restricted subsidiaries, subject to certain automatic customary releases, including the sale, disposition, or transfer of all of the capital stock or of all or substantially all of the assets of a subsidiary guarantor to one or more persons that are not the issuer or a restricted subsidiary, exercise of legal defeasance or covenant defeasance options or satisfaction and discharge of the Indenture, designation of a subsidiary guarantor as a non-guarantor restricted subsidiary or as an unrestricted subsidiary in accordance with the Indenture, release from guarantee under the Senior Secured Credit Facility, or liquidation or dissolution (collectively, the "Releases").

The January 2022 Notes were issued under, and are governed by, an indenture (as supplemented, the "January 2014 Indenture") among Laredo, the guarantors party thereto and Wells Fargo Bank, National Association, as trustee. The January 2014 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, entering into transactions with affiliates and limitations on asset sales. Indebtedness under the January 2022 Notes may be accelerated in certain circumstances upon an event of default as set forth in the January 2014 Indenture.

The issuer will have the option to redeem the January 2022 Notes, in whole or in part, at any time on and after January 15, 2017, at the applicable redemption prices (expressed as percentages of principal amount of 104.219% for the 12-month period beginning on January 15, 2017, 102.813% for the 12-month period beginning on January 15, 2018, 101.406% for the 12-month period beginning on January 15, 2019 and 100.000% beginning on January 15, 2020 and at any time thereafter, together with any accrued and unpaid interest, if any, to the date of redemption. In addition, before January 15, 2017, the issuer may redeem all or any part of the January 2022 Notes at a redemption price equal to the sum of the principal amount thereof, plus a make-whole premium at the redemption date, accrued and unpaid interest, if any, to the redemption date. Furthermore, before January 15, 2017, the issuer may, at any time or from time to time, redeem up to 35% of the aggregate principal amount of the January 2022 Notes with the net proceeds of a public or private equity offering at a redemption price of 105.625% of the principal amount of the January 2022 Notes, plus any accrued and unpaid interest to the date of redemption, if at least 65% of the aggregate principal amount of the January 2022 Notes remains outstanding immediately after such redemption and the redemption occurs within 180 days of the closing date of each such equity offering. The issuer may also be required to make an offer to purchase the January 2022 Notes upon a change of control triggering event.

May 2022 Notes

On April 27, 2012, the issuer completed an offering of $500.0 million in aggregate principal amount of 7⅜% senior unsecured notes due 2022 (the "May 2022 Notes"). The May 2022 Notes will mature on May 1, 2022 and bear an interest rate of 7⅜% per annum, payable semi-annually, in cash in arrears on May 1 and November 1 of each year, commencing November 1, 2012. The May 2022 Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by Laredo Midstream, GCM and certain of the issuer 's future restricted subsidiaries, subject to certain Releases.

The May 2022 Notes were issued under, and are governed by, an indenture and supplement thereto, each dated April 27, 2012 (collectively, and as further supplemented, the "2012 Indenture"), among the issuer, Wells Fargo Bank, National Association, as trustee, and the guarantors party thereto.

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The 2012 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, entering into transactions with affiliates and limitations on asset sales. Indebtedness under the May 2022 Notes may be accelerated in certain circumstances upon an event of default as set forth in the 2012 Indenture.

The issuer will have the option to redeem the May 2022 Notes, in whole or in part, at any time on or after May 1, 2017, at the redemption prices (expressed as percentages of principal amount) of 103.688% for the 12-month period beginning on May 1, 2017, 102.458% for the 12-month period beginning on May 1, 2018, 101.229% for the 12-month period beginning on May 1, 2019 and 100.000% beginning on May 1, 2020 and at any time thereafter, together with any accrued and unpaid interest, if any, to the date of redemption. In addition, before May 1, 2017, the issuer may redeem all or any part of the May 2022 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 May 1, 2015, the issuer may, at any time or from time to time, redeem up to 35% of the aggregate principal amount of the May 2022 Notes with the net proceeds of a public or private equity offering at a redemption price of 107.375% of the principal amount of the May 2022 Notes, plus any accrued and unpaid interest to the date of redemption, if at least 65% of the aggregate principal amount of the May 2022 Notes issued under the 2012 Indenture remains outstanding immediately after such redemption and the redemption occurs within 180 days of the closing date of such equity offering. The issuer may also be required to make an offer to purchase the May 2022 Notes upon a change of control triggering event.

2019 Notes

On January 20, 2011, the issuer completed an offering of $350.0 million in aggregate principal amount of the 2019 Notes and on October 19, 2011, the issuer completed an offering of an additional $200.0 million in aggregate principal amount of the 2019 Notes. The 2019 Notes will mature on February 15, 2019 and bear an interest rate of 9½% per annum, payable semi-annually, in cash in arrears on February 15 and August 15 of each year. The 2019 Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by Laredo Midstream, GCM and certain of the issuer's future restricted subsidiaries, subject to certain Releases.

The 2019 Notes were issued under and are governed by an indenture dated January 20, 2011, among Laredo, Wells Fargo Bank, National Association, as trustee, and the guarantors party thereto (as supplemented the "2019 Indenture"). The 2019 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, entering into transactions with 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 2019 Indenture.

The issuer may redeem all or a portion of the 2019 Notes at any time on or after February 15, 2015, on not less than 30 or more than 60 days' prior notice in amount of $2,000 or whole multiples of $1,000 in excess thereof, 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% beginning on February 15, 2017 and at any time thereafter, together with accrued and unpaid interest, if any, thereon to the applicable date of redemption (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date). The issuer may also be required to make an offer to purchase the 2019 Notes upon a change of control triggering event.

We intend to use all of the net proceeds of this offering, together with a portion of the net proceeds from our common stock offering, to redeem all of our outstanding 2019 Notes.

As of March 2, 2015, we had a total of $1.5 billion of senior unsecured notes outstanding, comprising the January 2022 Notes, the May 2022 Notes and the 2019 Notes.

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DESCRIPTION OF NOTES

The notes offered hereby (the "notes") will be issued under a base indenture to be dated as of the Issue Date (the "Base Indenture") among us, the guarantors and Wells Fargo Bank, National Association, as trustee, as supplemented by a supplemental indenture dated as of the Issue Date (the "Supplemental Indenture" and, the Base Indenture as supplemented by the Supplemental Indenture, the "Indenture") creating the notes. The notes will be a series of senior debt securities described in the accompanying base prospectus. To the extent this description is inconsistent with the description in the accompanying base prospectus, this description will control and replace the inconsistent provision in the accompanying base prospectus. The following is a summary of the material provisions of the notes and the Indenture and the terms used therein. Because this "Description of Notes" is only a summary of the provisions of the notes and the Indenture, you should refer to such documents for a complete description of the obligations of the Company and the Guarantors thereunder and your rights as a Holder.

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, other than issue date, issue price and the first interest payment date (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 Notes," references to the notes include the notes and any Additional Notes actually issued.

You will find the definitions of capitalized terms used in this "Description of Notes" under the heading " Certain Definitions." For purposes of this description, references to "the Company," "we," "our" and "us" refer only to Laredo Petroleum, Inc., the issuer of the notes, and not to any of its Subsidiaries.

The registered holder of a 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 issued under the Indenture.

Brief Description of the notes and the Guarantees

The Notes

The notes will:

- be general unsecured senior obligations of the Company;
- rank equally in right of payment with all existing and future senior Indebtedness of the Company, including the Existing Senior Notes;
- rank senior in right of payment to any future subordinated Indebtedness of the Company;
- rank effectively junior in right of payment to the Company's existing and future secured Indebtedness, including Indebtedness under the Senior Credit Agreement, to the extent of the value of the assets of the Company constituting collateral securing such Indebtedness; and
- be fully and unconditionally guaranteed by the Guarantors on a senior basis.

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The Guarantees

Each guarantee of the notes will:

- be a general unsecured senior obligation of the Guarantors;
- rank equally in right of payment with all existing and future senior Indebtedness of the Guarantors, including its guarantee of the Existing Senior Notes;
- rank senior in right of payment to any future subordinated Indebtedness of the Guarantors; and
- rank effectively junior in right of payment to all existing and future secured Indebtedness of the Guarantors, including any guarantee of Indebtedness under the Senior Credit Agreement, to the extent of the value of the assets of the Guarantor constituting collateral 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. However, our Restricted Subsidiaries that guarantee or become an obligor in respect of Indebtedness of the Company or any Restricted Subsidiary exceeding $5.0 million will be required to guarantee the notes, pursuant to a full and unconditional guarantee on a senior unsecured basis by such Restricted Subsidiary of the Company'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.

In the event of a bankruptcy, administrative receivership, composition, insolvency, liquidation or reorganization of any non-guarantor Subsidiary, such Subsidiary will pay the holders of its liabilities, including trade payables, before such Subsidiary will be able to distribute any of its assets to the Company or the Guarantors. As of December 31, 2014, on a pro forma basis after giving effect to (i) this offering and the application of all of the net proceeds to redeem a portion of the 2019 Notes as described herein and (ii) the application of a portion of the net proceeds from our common stock offering to redeem the remaining 2019 Notes in their entirety after repayment of outstanding borrowings under our senior secured credit facility, the Company and the Guarantors would have had approximately $1.3 billion of senior unsecured indebtedness outstanding (including the notes) and the Company would be able to draw approximately $900 million of secured debt under the Senior Credit Agreement, subject to compliance with financial covenants set forth therein, which debt would be effectively senior to the notes and Guarantees (to the extent of the value of the assets securing such Indebtedness). Subject to the covenants set forth therein, the Indenture permits the Company and the Guarantors to incur additional Indebtedness, including secured Indebtedness.

Principal, Maturity and Interest

The Company will issue notes in an initial aggregate amount of $350 million, maturing on March 15, 2023. The Indenture provides for the issuance of an unlimited amount of Additional Notes having identical terms and conditions to the notes offered hereby in all respects other than the date of issue, the issue price and, 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, including the covenant described below under the caption " Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock." The notes offered hereby 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. For purposes of this "Description of Notes," reference to the notes includes any Additional Notes, unless otherwise indicated. There can be no

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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. The notes will mature on March 15, 2023.

Interest on the notes will accrue at the rate of 6 1/4% per annum and will be payable semiannually in cash on each March 15 and September 15, commencing September 15, 2015, to the Holders of record on the immediately preceding March 1 and September 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.

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 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.

Method of Payment

The notes shall be payable as to principal, premium, if any, and interest and additional interest, if any, at the office or agency of the Company maintained for such purpose; *provided*, *however*, that (i) payments in respect of the notes represented by the Global Notes (as defined below) (including principal, premium, if any, and interest and additional interest, if any) shall be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company ("DTC") with respect thereto; and (ii) payments in respect of the notes represented by any Certificated Notes (as defined below) (including principal, premium, if any, and interest and additional interest, if any) shall be made (subject (in the case of payments of principal or premium, if any) to surrender of such note at such office or agency): (a) if the Holder thereof has specified by written notice to the Trustee a U.S. dollar account maintained by such Holder with a bank located in the United States of America for such purpose no later than 15 days immediately preceding the relevant payment date (or such later date as the Trustee may accept in its discretion), by wire transfer of immediately available funds to such account so specified or (b) otherwise, at the option of the Company, by check mailed to the Holder of such note at its address set forth in the security register of Holders.

Paying Agent and Registrar

The Trustee will initially act as paying agent and registrar. The Company may change any paying agent or registrar without prior notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

Guarantees

The payment of the principal of and premium, if any, and interest on the notes, when and as the same become due and payable, will be guaranteed, jointly and severally, on a senior unsecured basis pursuant to the guarantee provisions of the indenture, by the Guarantors. On the Issue Date, the Company's existing subsidiaries, Laredo Midstream Services, LLC and Garden City Minerals, LLC, will be Restricted Subsidiaries and Guarantors, and are referred to in this "Description of Notes" as the

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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 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 Company or any of its direct or indirect domestic Restricted Subsidiaries in an aggregate principal amount exceeding $5.0 million, the Company 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 offering memorandum, the Company has no Foreign Subsidiaries and no Non-Guarantor Restricted Subsidiaries.

The obligations of each Guarantor under its Guarantee are limited to the maximum amount that, 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 non-paying Guarantor in a pro rata amount based on the adjusted net assets of each Guarantor determined in accordance with GAAP.

Each Guarantor may consolidate with or merge into or sell its assets to the Company or another Restricted Subsidiary that is a 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 Guarantor will be released automatically:

(1) in connection with any sale or other disposition of all or substantially all of the assets of such 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 Company or a Restricted Subsidiary, if the sale or other disposition of all or substantially all of the assets of such Guarantor complies with the covenant described under " Certain Covenants Asset Sales";

(2) in connection with any sale of all of the Capital Stock of such Guarantor to one or more Persons that are not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale of all such Capital Stock of such Guarantor complies with the covenant described under " Certain Covenants Asset Sales";

(3) if the Company properly designates such 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 Company properly designates such Guarantor as an Unrestricted Subsidiary;

(5) if such Guarantor is released from its guarantee issued pursuant to the terms of any Credit Facility of the Company or any direct or indirect Restricted Subsidiary, and such

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Guarantor is not an obligor under any Indebtedness of the Company or any domestic Restricted Subsidiary (other than the notes) in excess of $5.0 million in aggregate principal amount;

(6) upon the liquidation or dissolution of such 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 clause (1), (2), (3), (4), (5), (6) or (7) above shall occur only to the extent that all obligations of such 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 Company and the domestic Restricted Subsidiaries (other than the notes) having an aggregate principal amount in excess of $5.0 million shall also terminate at such time.

Optional Redemption

On or after March 15, 2018, the Company may redeem all or a portion of the notes, on not less than 30 nor more than 60 days' prior notice and 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 the relevant interest payment date), if redeemed during the twelve-month period beginning on March 15 of the years indicated below:

Year	Redemption Price
2018	104.688%
2019	103.125%
2020	101.563%
2021 and thereafter	100.000%

In addition, at any time and from time to time prior to March 15, 2018, the Company may use funds in an amount not exceeding the amount of the net cash 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 106.25% 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 the relevant 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.

If a Change of Control occurs at any time prior to March 15, 2016, the Company may, at its option, redeem all, but not less than all, of the notes upon not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 110.0% of the principal amount of the notes redeemed,

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plus accrued and unpaid interest, if any, to the redemption date (subject to the rights of Holders of record on the relevant record date to receive interest due on the relevant interest payment date). If the Company elects to exercise this redemption right, the Company must do so by mailing a redemption notice to each Holder at its registered address (or in the case of Global Notes sent, in accordance with the procedures of DTC or any other depository) with a copy to the Trustee within 60 days following the Change of Control (or, at the Company's option, prior to such Change of Control but after the transaction giving rise to such Change of Control is publicly announced). Any such redemption may be conditioned upon the Change of Control occurring if the notice is mailed (or, in the case of Global Notes sent) prior to the Change of Control. If the Change of Control does 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 in the same manner in which the notice of redemption was given. If the Company exercises the Change of Control redemption right, the Company will not be required to make the Change of Control Offer described below under " Change of Control" unless or until there is a default in payment of the redemption price.

The notes may also be redeemed, in whole or in part, at any time or from time to time prior to March 15, 2018 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 March 15, 2018 (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 , 2018, 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 March 15, 2018; *provided*, *however*, that if the period from the redemption date to March 15, 2018 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 March 15, 2018 and the United States Treasury securities that have a constant maturity closest to and less than the period from the redemption date to March 15, 2018 for which such yields are given, except that if the period from the redemption date to March 15, 2018 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 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 sent 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.

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If less than all of the notes are to be redeemed, the Trustee shall select the notes to be redeemed not more than 60 days prior to the redemption date, or otherwise 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 so listed, on a pro rata basis (or, in the case of Global Notes, 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 portion of the principal amount of that note that is to be redeemed. A replacement note in principal amount equal to the unredeemed portion of the original 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, unless the redemption is subject to a condition precedent that is not satisfied or waived. On and after the redemption date, interest ceases to accrue on notes or portions of notes called for redemption, unless the Company defaults in making the redemption payment.

The notice of redemption with respect to the redemption described in the fourth 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 thereof, 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.

Open Market Purchases; No Mandatory Redemption or Sinking Fund

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.

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, unless the Company has given (or if a Change of Control occurs prior to March 15, 2016, within 60 days thereafter will have given) notice of redemption of all the notes as described under " Optional Redemption," 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 an offer (the "Change of Control Offer") on the terms set forth in the Indenture. 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 the relevant 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, unless the Company has given (or if a Change of Control occurs prior to March 15, 2016, within 60 days thereafter will have given) notice of redemption of all the notes as described under " Optional Redemption," the Company must notify the Trustee and give

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written notice of the Change of Control to each Holder, by first-class mail, postage prepaid, at the address appearing for such Holder in the security register (or otherwise in accordance with the procedures of DTC or any other depositary). 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 indentures governing the Existing Senior Notes provide that upon the occurrence of certain change-of-control events, each holder of the Existing Senior Notes will have the right to require the Company to purchase all or any part of such holder's Existing Senior Notes. In such event, the Company may not have available funds sufficient to pay the aggregate purchase price of the Existing Senior Notes delivered by holders exercising such right. The failure of the Company to purchase the delivered Existing Senior Notes may result in the occurrence of a default under the indentures governing the Existing Senior Notes.

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 the Senior Credit Agreement 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 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

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notes, the Company could seek the consent of the lenders holding a certain percentage of the commitments 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 its other debt agreements, including the Senior Credit Agreement, accelerate Indebtedness under those agreements in an aggregate principal amount in excess of $20.0 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, assignment, conveyance, transfer, lease or other disposition, in one or a series of related transactions, of "all or substantially all" of the assets of the Company and the 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, 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 right to require the Company to repurchase their notes under the Indenture as a result of a sale, assignment, conveyance, transfer, lease or other disposition of less than all of the assets of the Company and the Restricted Subsidiaries taken as a whole and the Company elected to contest such election, it is not clear how a court applying New York law would interpret the phrase.

Recent Delaware case law has raised the possibility that the obligation of a Delaware corporation to make a change of control repurchase offer for its debt that arises as a result of a failure of such corporation to have "continuing directors" compose a majority of its Board of Directors may be unenforceable on public policy grounds under Delaware law to the extent such obligation involves a breach of fiduciary duty. Additionally, recent Delaware case law suggests that, in the event that incumbent directors are replaced as a result of a contested election, issuers of debt may nevertheless avoid triggering a change of control under a clause similar to clause (2) of the definition of "Change of Control" under the caption "Certain Definitions," if the outgoing directors were to approve the new directors for the purpose 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 Company in a transaction that 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 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 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 Company, or a transaction involving a recapitalization of the Company, will result in a Change of Control if it is the type of transaction specified within 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 under the following circumstances: (1) upon a Change of Control, if 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

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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 (or, if a Change of Control occurs prior to March 15, 2016, within 60 days thereafter will have 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 and 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 the relevant interest payment date.

The provisions under the Indenture related 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

The Indenture will contain certain covenants, which may be suspended, as follows:

Covenant Suspension

If at any time (a) 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 Company, 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 Company as a replacement agency); and (b) at such time no Event of Default has occurred and is continuing then, beginning on that day and each day thereafter until a Reversion Date, if any (as described in the second succeeding paragraph), the covenants specifically listed under the following captions in this offering memorandum (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) under " Certain Covenants Sale and Leaseback Transactions";

(6) clause (4) 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."

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During any period that the foregoing covenants have been suspended (each such period, a "Suspension Period"), the Company'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 a Reversion Date (or thereafter) under any Suspended Covenant, solely as a result of, or as a result of the continued existence on or after a Reversion Date of facts and circumstances arising from, any actions taken by the Company or any Restricted Subsidiaries thereof, or events occurring, or performance on or after a Reversion Date of any obligations arising from transactions which occurred, during a Suspension Period.

The Indenture will contain certain covenants including, among others, the following:

Incurrence of Indebtedness and Issuance of Disqualified Stock

(a) The Company will not, and will not cause or permit 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 a Restricted Subsidiary), unless such Indebtedness is incurred by 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 Company'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 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) $250.0 million and (y) the sum of $100.0 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 Existing Senior Notes or the notes (excluding any Additional Notes) and any Guarantee of the Existing Senior Notes or the notes (excluding any Guarantee of Additional Notes);

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(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 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 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 Company or a Restricted Subsidiary, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by 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 Company or any Restricted Subsidiary that is permitted to be incurred under the Indenture;

(6) Indebtedness of 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 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) $25.0 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 Company or any Restricted Subsidiary in connection with (A) one or more standby letters of credit issued by 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 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 or clause (2), (3), (11) or this clause (9) of this paragraph (b) of this definition of "Permitted Debt";

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(10) Indebtedness consisting of the financing of insurance premiums in customary amounts consistent with the operations and business of 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 Company or any Restricted Subsidiary; and

(14) Indebtedness of 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) $35.0 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 SFAS 133), 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 Company.

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 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

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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 Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly:

(i) pay any dividend on, or make any distribution to holders of, any shares of the Company's Capital Stock (other than dividends or distributions payable solely to the Company or a Restricted Subsidiary or in shares of the Company's Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock);

(ii) purchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly, the Company'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 Company and other than any acquisition or retirement for value from, or payment to, the Company or any Restricted Subsidiary;

(iii) 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;

(iv) pay any dividend or distribution on any Capital Stock of any Restricted Subsidiary to any Person (other than (i) to the Company or any Restricted Subsidiary or any Guarantor or (ii) dividends or distributions made by a Restricted Subsidiary on a pro rata basis to all stockholders of such Restricted Subsidiary); or

(v) make any Investment in any Person (other than any Permitted Investments);

(any of the foregoing actions described in clauses (i) through (v) 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 Company, whose determination shall be conclusive and evidenced by a board resolution), unless

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(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 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 (as defined below) not effected as Permitted Investments or Permitted Payments) declared or made after the Measurement Date does not exceed the sum of:

(A) 50% of the aggregate Consolidated Net Income of the Company accrued on a cumulative basis during the period beginning on the first day of the Company's fiscal quarter beginning on or immediately prior to the Measurement Date and ending on the last day of the Company'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 Measurement Date by the Company either (i) as capital contributions in the form of common equity or other Qualified Capital Stock to the Company or (ii) from the issuance or sale (other than to any Restricted Subsidiary) of Qualified Capital Stock of the Company or any options, warrants or rights to purchase such Qualified Capital Stock of the Company (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 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 Measurement Date by the Company (other than from any Restricted Subsidiary) upon the exercise of any options, warrants or rights to purchase Qualified Capital Stock of the Company (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 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 Measurement Date by the Company from the conversion or exchange, if any, of debt securities or Disqualified Stock or other Indebtedness of the Company or the Restricted Subsidiaries into or for Qualified Capital Stock of the Company plus, to the extent such debt securities or Disqualified Stock were issued after the Measurement 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 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

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the Measurement 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 Company or to any Restricted Subsidiary from any Person (other than 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 Company'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 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 (i), (ii), (iii) and (iv) 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 Company 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 Company in respect of or (ii) issuance and sale for cash (other than to a Restricted Subsidiary) of, other shares of Qualified Capital Stock of the Company; 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 a Restricted Subsidiary) to the equity capital of the Company in respect of, or (ii) issuance and sale for cash (other than to a Restricted Subsidiary) of, any Qualified Capital Stock of the Company; 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;

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(5) the purchase, repurchase, redemption, defeasance, satisfaction and discharge or other acquisition or retirement for value of Disqualified Stock of the Company in exchange for, or out of the Net Cash Proceeds of a substantially concurrent sale of, Disqualified Stock of the Company 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 Company held by any current or former officers, directors or employees of the Company 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 Company'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 $2.0 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 Company or any Restricted Subsidiary from the sale of Capital Stock of the Company (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 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 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 Company or such Restricted Subsidiary) and approved by the Board of Directors of the Company in an aggregate amount not to exceed $2.0 million outstanding at any one time, the proceeds of which are used solely (i) to purchase Qualified Capital Stock of the Company 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 Company 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 Company 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

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(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 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 $20.0 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 clauses (i), (ii) and (iii) 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 Company will not, and will not cause or permit 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 Company (other than the Company or a Restricted Subsidiary) involving aggregate consideration in excess of $2.0 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 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,

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(2) with respect to any Transaction involving aggregate value in excess of $10.0 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 $25.0 million, such Transaction is approved by a majority of the Disinterested Directors of the Board of Directors of the Company;

provided that this provision shall not apply to:

(1) employee benefit arrangements with any officer or director of 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 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 Company,

(2) 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 Company or the senior management of the Company, such transactions are on terms not materially less favorable to 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 Company,

(3) the payment of reasonable and customary compensation and fees to officers or directors of the Company or any Restricted Subsidiary who are not employees of the Company or any Affiliate of the Company,

(4) loans or advances to officers, directors and employees of the Company or any Restricted Subsidiary made in the ordinary course of business in an aggregate amount not to exceed $2.0 million outstanding at any one time,

(5) 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)(iii) and (15) of the definition thereof (to the extent involving, prior to the making of such Permitted Investment, any Person other than the Company or a Subsidiary of the Company)),

(6) 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 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,

(7) 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 Company or any Restricted Subsidiary and third parties or, if none of the Company nor any Restricted Subsidiary has entered into a similar contract with a third party, on terms no less favorable than

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those available from third parties on an arm's-length basis, as determined (i) in the case of contracts involving aggregate value of $50.0 million or less, by the Board of Directors of the Company or the senior management of the Company or (ii) in the case of contracts involving aggregate value in excess of $50.0 million, by the Disinterested Directors of the Board of Directors of the Company,

(8) any Transaction with a Person that is an Affiliate of the Company solely because the Company owns, directly or through a Subsidiary, an equity interest in, or controls, such Person,

(9) any sale or other issuance of Qualified Capital Stock of the Company to, or receipt of a capital contribution from, an Affiliate (or a Person that becomes an Affiliate) of the Company,

(10) any Transaction between 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 Company or a Restricted Subsidiary, on the other hand; *provided* that such director or directors abstain from voting as a director of the Company or the Restricted Subsidiary, as applicable, in connection with the approval of the Transaction,

(11) indemnities of officers, directors and employees of 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 Company or any Restricted Subsidiary,

(12) (a) guarantees by 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 Company or any Restricted Subsidiary of Capital Stock in Unrestricted Subsidiaries for the benefit of lenders or other creditors of Unrestricted Subsidiaries, and

(13) any transaction in which 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 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 Company will not, and will not cause or permit 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 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:

(1) 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,

(2) any sale, exchange or transfer to any Person not an Affiliate of the Company of the property or assets secured by such Lien,

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(3) any sale, exchange or transfer to any Person not an Affiliate of the Company of all of the Capital Stock held by the Company or any Restricted Subsidiary in, or all or substantially all the assets of, any Restricted Subsidiary creating such Lien, or

(4) if such Lien secures a Guarantee, the release of such Guarantee in accordance with the Indenture.

Asset Sales

(a) The Company will not, and will not cause or permit any Restricted Subsidiary to, consummate any Asset Sale unless (i) 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 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 Company or a Restricted Subsidiary (other than liabilities of the Company or a Restricted Subsidiary that are by their terms subordinated to the notes) as a result of which 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 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 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 Company determined at the time such Asset Sale is made.

(b) During the 365 days after the receipt by the Company or a Restricted Subsidiary of Net Available Cash from an Asset Sale, such Net Available Cash may be applied by the Company or such Restricted Subsidiary, to the extent the Company or such Restricted Subsidiary elects (or is required by the terms of any Pari Passu Indebtedness of the Company or a Restricted Subsidiary), to:

(1) repay (or cash-collateralize) Indebtedness of 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 Company or a Restricted Subsidiary with Net Available Cash received by 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

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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 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 $25.0 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 on a pro rata basis (or in the case of Global Notes, on as nearly a pro rata basis as is practicable, subject to the procedures of DTC or any other depositary), by lot or in accordance with any other method the Trustee considers fair and reasonable 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 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 $25.0 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 (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 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;

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(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 must follow in order to tender their notes and the procedures that Holders 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 o