Exhibit 1

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-v-

PLATINUM MANAGEMENT (NY) LLC;
PLATINUM CREDIT MANAGEMENT, L.P.;
MARK NORDLICHT;
DAVID LEVY;
DANIEL SMALL;
URI LANDESMAN;
JOSEPH MANN;
JOSEPH SANFILIPPO; and
JEFFREY SHULSE,

Defendants.

No. 16-cv-6848 (DLI)(VMS)

DECLARATION OF BART M. SCHWARTZ IN SUPPORT OF HIS APPLICATION FOR AN ORDER AUTHORIZING THE ARABELLA SETTLEMENT AGREEMENT

I, Bart M. Schwartz, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a member of the bar of this Court, and am the Court-appointed Receiver for Platinum Partners Credit Opportunities Master Fund, LP ("PPCO") and certain related entities (collectively, the "Receivership Entities"). I was appointed, on consent, by an order of this Court on December 19, 2016, as amended January 30, 2017 [Docket No. 59-2] (the "Receiver Order"), following an Order to Show Cause filed in this matter by the Securities and Exchange Commission (the "SEC"). *See* Docket Nos. 5 & 6. On March 8, 2017, this Court entered a preliminary injunction, enjoining violation of the federal securities laws, and ordering that I continue to act as Receiver pursuant to the Receiver Order [Docket Nos. 105, 106].[1]

2. This declaration is based on my personal knowledge, books and records of the Receivership Entities, and information I learned from, among others, Guidepost personnel who are working for me on this matter, Platinum employees knowledgeable about PPCO's Arabella

[1] Capitalized terms in my declaration that I do not define are defined in the declaration of Michael E. Baum dated April 24, 2017 (the "Baum Declaration").

investment, Michael E. Baum and other attorneys with Schafer & Weiner, PPLC ("S&W"), a law firm that represents PPCO in the Arabella matters, and Stephen B. O'Connell, an attorney with expertise in oil and gas matters.

3. I submit this declaration in support of my application for an order approving a settlement agreement entered into on March 28, 2017 (the "Arabella Settlement Agreement") between Arabella Petroleum Company, LLC ("APC"), Arabella Exploration, LLC ("AEX"), Arabella Operating, LLC ("AO"), Arabella Exploration, Inc. ("AEI"), the Official Committee of Unsecured Creditors of APC, and me in my capacity as Receiver for PPCO and PPCO subsidiary Platinum Long Term Growth VIII (which I will refer to collectively with PPCO as "PPCO"). The Arabella Settlement Agreement was entered into after a two-day mediation in Austin, Texas before the Honorable Christopher Mott, U.S. Bankruptcy Judge for the Western District of Texas, Austin/El Paso Division (the "Mediation"), and is subject to the approval of this Court and two bankruptcy judges.

4. As described below, and in the accompanying Declarations of Michael E. Baum and Stephen B. O'Connell, the Arabella Settlement Agreement benefits the Receivership Estate in many ways. It puts an end to expensive, time-consuming litigation over rights where PPCO's entitlement to recovery was uncertain. It provides an agreed-upon mechanism to share the distribution of proceeds from potentially valuable property rights as to which multiple entities claimed ownership. Under the Arabella Settlement Agreement, an agreed-upon percentage of the proceeds of the all the disputed rights will flow to the Receivership Estate. It provides for cost-sharing for expenses incurred by parties with liens over property that PPCO claims as collateral. It also provides for releases and other consideration that I deem valuable to the Receivership Estate. As a result of the Arabella Settlement Agreement, the Receivership Estate

is likely to see a sizeable recovery on an investment that appeared to have very little value when I became Receiver.

The Receiver Order

5. Under the Receiver Order, I am empowered to "take custody, control and possession of all Receivership Property," (Receiver Order ¶ 6.B), "manage, control, operate and maintain the Receivership Entities," (Receiver Order ¶ 6.C), "transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business" in the manner I deem "most beneficial" to the Receivership Entities (Receiver Order ¶ 28), and manage and maintain the business operations of the Receivership Entities (Receiver Order ¶ 31).

The Arabella Loan and the Arabella Interests

6. As the Baum Declaration explains, prior to my appointment as Receiver, PPCO advanced $16 million to AEI, a company involved in oil and gas operations in Texas through its subsidiaries, pursuant to a $45 million loan facility (the "Arabella Loan"). The Arabella Loan was secured by all of AEI's assets and guaranteed by AEI's Texas subsidiaries, AEX and AO (together with AEI, the "Arabella Entities"), who had also pledged their assets to secure the Loan (collectively, the "Arabella Interests"). AEI did not repay any of the sums advanced by PPCO. PPCO declared the Arabella Loan in default in mid-2015. Although the Arabella Loan was secured, PPCO had not been able to recover against any of its collateral. *See generally* Baum Decl. ¶¶ 7-8.

The Status of Arabella Interests as of the Appointment Date

7. When I was appointed Receiver on December 19, 2016 (the "Appointment Date"), there was significant ongoing litigation related to the property that secured the Arabella Loan. I learned from S&W, Platinum personnel, and the Guidepost team supporting me that

multiple challenges had been made to the Arabella Interests, and that those claims posed a significant risk of eliminating the security for the Arabella Loan.

8. Shortly after my appointment, I learned that another claimant, Founders Oil and Gas Operating, LLC ("Founders"), was on the verge of foreclosing on certain liens. I was informed that if those liens were foreclosed, PPCO's interest in the working interests created by the Arabella Loan (the "Arabella Working Interests") would have been substantially impaired.

The Mediation and the Arabella Settlement Agreement

9. On March 27 and 28, 2017, I participated in the Mediation, represented by the Arabella Professionals. As a result of the Mediation, I entered into the Arabella Settlement Agreement, subject to court approval. A copy of the Arabella Settlement Agreement is attached to the Baum Declaration as Exhibit A. In my judgment, the Arabella Settlement Agreement is a very favorable result for the Receivership Estate.

10. As described in greater detail in the Baum Declaration, if approved by this Court (and the bankruptcy courts whose approval is also required), the Arabella Settlement Agreement will end prolonged and expensive litigation over the ownership of the Tag-Along Rights and the Arabella Working Interests.

11. Under the Arabella Settlement Agreement, AEX will receive 22.5% of the proceeds of any sale of the Tag-Along Rights, which, prior to the Mediation, both APC and AEX claimed a complete (and exclusive) right. This potential property interest was unknown to me at the time of the Participation Agreement, described further below, and it improves the value of Arabella Interests significantly.

12. AEX will also receive 65% of the net proceeds from the sale of the Arabella Working Interests. As described above, AEX's right to the Arabella Working Interests was

challenged by APC prior to the Mediation. Because PPCO has a secured interest in AEX's property under the Arabella Loan, any proceeds received by AEX will accrue to the benefit of the Receivership Estate.

13. While the Arabella Settlement Agreement does not end the Founders Litigation, it allows for DIP funding for AEX so that AEX can resolve liens and claims against it, thus paving the way to a sale of its property (and hence a recovery by PPCO).

14. In order to receive those benefits, the Receivership Entities gave up certain claimed rights as a compromise. If PPCO had been completely successful in the various actions where the Arabella Interests were at issue, AEX would have had an exclusive right to any proceeds from a sale of the Tag-Along Rights, and would have received 100% of the proceeds from sale of AEX's oil and gas assets. The parties achieved a compromise in the Arabella Settlement Agreement, which allowed both APC and AEX to receive a portion of the proceeds of the disputed property.

15. The Arabella Settlement Agreement also provides for a mutual release of all of the parties (excepting the obligations under the Arabella Loan), but allows the parties to maintain any potential causes of action against former owners, board members, and officers of APC, AEX, AO, and AEI. At the same time, it provides a complete release for the Receivership Entities, as well as for the former owners, members, agents, and principals of PPCO, avoiding any potential obligation to bear costs in connection with such suits.

16. Having participated actively in the Mediation for two days in Texas, and having listened carefully to the guidance provided by Judge Mott and the Arabella Professionals during the Mediation, I believe the Mediation produced a fair and equitable result that confers a significant benefit on PPCO and thus on the Receivership Estate. As a result of the Arabella

Settlement Agreement, I believe the parties will be positioned to liquidate AEX's assets while market prices for similar property are relatively high, as opposed to facing years of expensive litigation with an uncertain outcome.

17. For the reasons stated above, and the reasons set forth in the Baum and O'Connell Declarations, I request that this Court approve the Arabella Settlement Agreement.

The Participation Agreement

18. Shortly after the Appointment Date, I learned that the Arabella Interests were imperiled by the threat of ongoing litigation. I was further advised that there was an immediate need for a minimum of $500,000 to defend Arabella Entities and PPCO against these claims. I was told that the issues in these various litigations were extremely complicated, and that in the end it would cost far more than $500,000 to defend the Arabella Interests. At the time, I understood that the Arabella Loan was being carried on PPCO's books at $5 million, and that Platinum personnel believed the investment was worth substantially less (*i.e.*, approximately $1.5 million).[2] Given the early stage of the Receivership and my limited knowledge of the Receivership Entities' value in December 2016, the uncertainty of recovery of the Arabella Interests, the need to use Receivership Assets to protect other Receivership Assets, and the Receivership Entities' dire cash position, I concluded that it would be imprudent for me to use

[2] A few months prior to my appointment as Receiver, Platinum personnel prepared a precis of PPCO's assets to aid me in connection with my work as the Independent Oversight Advisor. That summary listed the Arabella Loan at $5 million, which is consistent with PPCO's books and records as of the time I became the Receiver. However, it also stated, "The company is in negotiations to settle litigation which could compromise the entirety of our collateral. With a settlement, the hard assets (acreage) will be sold to net us at least the $1.3mm number." I believe the precis was referring to a written settlement offer made by the Chapter 11 Trustee to PPCO in September 2016. That offer called for AEX to receive approximately $1.25 million for the benefit of PPCO. PPCO had not itself commissioned a valuation of Arabella, it had two valuations in its files. The first, done in connection with the Arabella Loan in 2015, valued the Arabella Working Interests at approximately $50 million. The second, which speaks as of January 2016, put the value of the Arabella Working Interests at $3.7 million.

the limited cash available to the Receivership Entities to support the Arabella litigations.[3] At the same time, I understood that if I did nothing, the Arabella Interests would be wiped out.

19. Given the exigent circumstances before me, on December 30, 2016, I entered into an agreement in which an investor called 30294 LLC purchased 45% of PPCO's interest in and under its secured investment in AEI in exchange for $500,000 (the "Participation Agreement"). The $500,000 was paid into an S&W escrow account and used for costs associated with the AEX Bankruptcy Case, to pay S&W and the other lawyers representing PPCO, and to cover professional fees to be incurred by AEI, AEX and AO in defending the Arabella Interests. Without the Participation Agreement, I understood that PPCO would have been required to dedicate cash assets to an investment where recovery was far from certain—something I was not willing to do.

20. I provide the information about the Participation Agreement to give the Court the full context of the Arabella Settlement Agreement. However, I am not currently seeking approval of anything other than the Arabella Settlement Agreement. I expect that other Arabella related matters will be the subject of separate applications to this Court.

The SEC Has Consented to the Relief Requested

21. I understand from my counsel, Cooley LLP, that the SEC Staff consents to the relief requested in this application.

I declare under penalty of perjury that the foregoing is true and correct.

[3] As of my appointment, the Receivership Entities had approximately $3,800,000 in cash. Although we were able to generate more cash assets by late December, the Receivership Entities had had a number of assets that required continued funding to maintain their value (*e.g.*, a portfolio of life insurance policies, litigation funding investments). I also knew that I had to pay staff, professionals, rent, and the like. In short, I expected to have to pay millions of dollars to operate the Receivership Entities and maintain the value of the Receivership assets that I deemed worth preserving with no certainty as to what the future cash flows into the Receivership Estate would be.

Dated: New York, New York
April 25, 2017

Bart M. Schwartz

Exhibit 2

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-v-

PLATINUM MANAGEMENT (NY) LLC;
PLATINUM CREDIT MANAGEMENT, L.P.;
MARK NORDLICHT;
DAVID LEVY;
DANIEL SMALL;
URI LANDESMAN;
JOSEPH MANN;
JOSEPH SANFILIPPO; and
JEFFREY SHULSE,

Defendants.

No. 16-cv-6848 (DLI)(VMS)

DECLARATION OF MICHAEL E. BAUM IN SUPPORT OF THE RECEIVER'S APPLICATION FOR AN ORDER AUTHORIZING THE ARABELLA SETTLEMENT AGREEMENT

I, Michael E. Baum, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am senior counsel at Schafer and Weiner, PLLC ("S&W"). I am over 18 years old and a member of the bar of the State of Michigan. I make this declaration in support of the application of Bart M. Schwartz, the court-appointed Receiver in this case, for an order approving the Arabella Settlement Agreement.[1]

2. The information set forth in this declaration is based on my personal knowledge, information provided to me by my colleagues at S&W, and information contained in depositions and documents produced in the various Arabella matters described in this declaration.

INTRODUCTION

3. In August 2015, S&W was retained by Platinum Partners Credit Opportunities Master Fund, LP ("PPCO") in connection with disputes relating to a secured loan that PPCO

[1] Capitalized terms which are not defined herein are defined in the Declaration of Bart M. Schwartz dated April 25, 2017 (the "Schwartz Declaration").

made to a Cayman Islands company called Arabella Exploration, Inc. ("AEI").[2] Through its subsidiaries, AEI was involved in oil and gas investments in Texas.[3] PPCO is now a Receivership Entity. After the Receiver's appointment, S&W and the other lawyers who were representing PPCO in connection with Arabella matters continued to do legal work in those matters on the understanding, common in receivership cases, that the Receiver would seek this Court's permission to retain us *nunc pro tunc* to the date of his appointment. I understand that the Receiver is not seeking approval of the retention of S&W at this time, but will soon do so in a separate application to this Court.

4. As I discuss below, S&W has been representing PPCO in matters in six different courts relating to the Arabella Loan. I am the S&W lawyer principally responsible for the representation of PPCO in those matters, and am fully familiar with the matters described in this declaration.

5. The principal purpose of my declaration is to explain a settlement agreement reached in late March 2017, after a court-supervised mediation in Texas (the "Arabella Settlement Agreement"). A copy of the Arabella Settlement Agreement is attached hereto as Exhibit A. The Arabella Settlement Agreement is subject to the approval of this Court and three bankruptcy courts. In my judgment, the Arabella Settlement Agreement will confer a significant benefit on the Receivership Estate under circumstances where the Receivership Estate could have lost all value in this secured position. Accordingly, I recommend that the Court approve the Arabella Settlement Agreement.

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[2] I understand that PPCO was referred to me by one of my clients. Neither I nor any person at S&W had any prior relationship with Platinum or any of its principals and do not now have any relationship with Platinum or its principals other than the attorney-client relationship described in this declaration.

[3] PPCO acted through its subsidiary Platinum Long Term Growth VIII, LLC ("PLTG8"), who acted as PPCO's agent in connection with the Arabella Loan (as defined below). As used in this declaration, "PPCO" refers collectively to PPCO and PLTG8.

THE ARABELLA LOAN[4]

6. In September 2014, PPCO advanced $16,000,000 (including prepaid interest) to AEI, which was publicly traded over-the-counter in the Pink Sheets under the ticker symbol "AXPLF," as part of a $45,000,000 credit facility (the "Arabella Loan"). The Arabella Loan was secured by all of AEI's assets and guaranteed by AEI's Texas subsidiaries including, without limitation, Arabella Exploration, LLC ("AEX") and Arabella Operating, LLC ("AO" and together with AEX and AEI, the "Arabella Entities"). The AEX and AO guarantees were secured by all the assets owned by AEX and AO – primarily consisting of various oil and gas interests. The Arabella Loan was a complex, sophisticated secured transaction, and involved numerous agreements and documents, including a Securities Purchase Agreement, a Senior Secured Note Agreement, a Security and Pledge Agreement, and two documents (one to secure collateral in each of two counties) titled Deed of Trust, Security Agreement, Assignment of Production, Financing Statement and Fixture Filing.

7. Except for two payments toward interest in April and May 2015, AEI did not repay any part of the Arabella Loan before it defaulted by failing to make its June 2015 payment. In July 2015, PPCO formally declared AEI in default. At the time, the unpaid obligations under the note were approximately $16,500,000. PPCO issued a second default notice in January 2016, at which point the unpaid obligations had grown to approximately $18,400,000.

8. As I describe below, PPCO's interest in the property of AEI, AEX, and AO (the "Arabella Interests") was challenged because of the manner in which they obtained ownership of

[4] My description of these transfers and the various claims made regarding them is based on the court proceedings described in this declaration. My description of these matters is not an admission by the Receiver or any of the Receiver's professionals with respect to those matters, but rather a description of the allegations made by the various disputants.

the property that was used to secure the Arabella Loan. As a consequence, PPCO has not been able to recover against any of its collateral.

THE TRANSFERS FROM APC TO AEX

9. Prior to, and at the time of the Arabella Loan, Arabella Petroleum Company, LLC ("APC"), was managed by Jason Hoisager, who was also the sole member of APC. Mr. Hoisager was a large shareholder of AEI and its president and CEO. Mr. Hoisager was also the manager of AEX and AEX was the manager of AO at the time of the Arabella Loan. *See* Exhibit B (Excerpts from 2004 Examination Jason Hoisager at pp. 185, 189-190, 250).

10. In April 2013, prior to the Arabella Loan, APC transferred certain property rights and working interests to AEX and approximately thirty other individuals or interest partners (the "Arabella Working Interests"). *See* Exhibit B (Excerpts from 2004 Examination Jason Hoisager at pp. 23-37).

11. Approximately 50% of the Arabella Working Interests were transferred by APC to AEX in exchange for AEX's assumption of a $6 million note. *See* Exhibit C (Excerpts from SEC Form 20-F at pp. F-10 – F-11, F-30). *See* also ¶ 17, *infra*.

THE APC BANKRUPTCY FILING AND PPCO'S HIRING OF THE ARABELLA PROFESSIONALS

12. On July 15, 2015, APC filed a voluntary petition for bankruptcy protection under title 11 of the United States Code, §§101 *et seq*. (the "Bankruptcy Code") in the U.S. Bankruptcy Court for the Western District of Texas, Midland Division, Case No. 15-70098-RBK (the "APC Bankruptcy Case"). Upon information and belief, APC's filing was unrelated to PPCO or the Arabella Loan.[5]

[5] AEI's default, and the actions that PPCO took as a result, are described in ¶¶ 32-37 *infra*.

13. On August 20, 2015, upon motion of the official committee of unsecured creditors of APC (the "APC Committee"), the APC Court appointed Morris D. Weiss as Chapter 11 Trustee of APC (the "Chapter 11 Trustee").

14. After APC filed its bankruptcy case, PPCO retained S&W. PPCO also retained Kessler Collins, P.C. ("Kessler") in Dallas, Texas, with whom S&W worked on a regular basis, as PPCO's local counsel, and it retained O'Connell Law PLLC ("O'Connell") to provide counsel with respect to oil and gas issues. S&W, Kessler and O'Connell are referred to herein collectively as the "Arabella Professionals."

THE APC ADVERSARY PROCEEDING

15. On February 29, 2016, the Chapter 11 Trustee filed an adversary proceeding in the APC Bankruptcy Case (Adv. Proc. No. 16-07002-RB) against PPCO, AEI, AEX, AO, and Mr. Hoisager, among others (the "APC Adversary Proceeding") [APC Bankruptcy Case Docket No. 235]. In the APC Adversary Proceeding, the Chapter 11 Trustee alleged, among other things that:

i. the transfer of oil and gas interests and the operations from APC to AEX and AO was a fraudulent conveyance and should be avoided;

ii. the security interests that AEI, AEX and AO granted to PPCO should be avoided because PPCO knew, *or should have known*, of the fraudulent conveyance from APC to AEX;

iii. the APC bankruptcy estate was owed money for certain joint interest billings (i.e., oil and gas operations-related expenses) that had not been paid by AEX; and

iv. the forgoing unpaid expenses constituted a priority lien impressed upon PPCO's collateral.

16. The claims asserted in the APC Adversary Proceeding posed a serious threat to the Arabella Interests.

A. The Fraudulent Conveyance Claim

17. The Chapter 11 Trustee alleged that the transfer of a portion of the Arabella Working Interests from APC to AEX was fraudulent because APC did not receive reasonably equivalent value for the transfer. The Chapter 11 Trustee alleged that the only consideration paid by AEX was an increase in the amounts booked as due to APC under an agreement between the entities, which was later recharacterized as $3 million of equity in AEX issued to Mr. Hoisager, and the assumption by AEX of an approximate $3 million note issued from APC to Mr. Hoisager. Thus, according to the Chapter 11 Trustee, APC received no consideration for the transfer of a portion of the Arabella Working Interests to AEX, as the consideration flowed directly to Mr. Hoisager.

18. As a subsequent transferee, PPCO could have prevailed on the fraudulent conveyance claim even if the underlying transfer was a fraudulent transfer. To do so, PPCO would have had to prove either (1) that it entered into the Arabella Loan in good faith, for value, and without knowledge of the alleged underlying fraud, or (2) that its interest in the Arabella Loan should be maintained as a result of the expenditures PPCO made to satisfy liens and potential liens and thereby improve the value of AEX's property. These are affirmative defenses on which PPCO bore the burden of proof. To prevail on the first affirmative defense, PPCO needed to prove the good faith and lack of knowledge of Platinum personnel including Mark Nordlicht (who is currently under indictment and unlikely to testify in connection with the APC Adversary Proceeding). To prevail on the second, PPCO needed to show that the money it advanced to AEI was used to improve the value of the property through the payment of debts secured by liens. PPCO was likely to be able to show that some, of the loan proceeds were used in this fashion, but it was not likely to be able to show that all of the loan proceeds were so used.

19. If the Chapter 11 Trustee was successful in the APC Adversary Proceeding against PPCO, PPCO would have lost substantially all interests in its collateral.

B. The JIB Claim

20. The Chapter 11 Trustee also brought a claim for unpaid expenses, which would have created a priority lien against the Arabella Interests. Typically, in oil and gas operations, all of the working interest owners with respect to an oil and gas prospect area execute a joint operating agreement ("JOA") whereby one of the working interest owners or an affiliated company of a working interest owner, acts as an operator. A JOA sets out the rights and obligations of the working interest owners and the operator. There was a JOA between AEX and the other owners of the Arabella Working Interests (the "Arabella JOA").

21. Originally, APC was both the owner of the Arabella Working Interests as well as the operator of the wells. The transfer from APC to AEX and the other owners of the Arabella Working Interests contemplated a transfer of all of the operations to AO.

22. The transfer of the Arabella Working Interests took place at or about the same time deeds of trust were executed by AEX in connection with the Arabella Loan (the "Deeds of Trust"). However, *operation* of the wells was not transferred to AO until the last quarter of 2015. As a result, different entities owned the right to operate the wells, and the property rights in those wells.

23. Between the time that Arabella Working Interests were transferred to AEX and other owners and the time that the operation of the wells was transferred to AO (the "APC Interim Operating Period"), APC claims to have incurred millions of dollars of expenses in operating the wells for which APC had not been reimbursed by the various Arabella Working Interest owners, including AEX and AEI.

24. The JOA obligates the working interest owners to pay their share of day to day operating expenses. Once a month the operator generates invoices detailing these expenses and sends them to the working interest owners. These statements are referred to as a joint interest billings ("JIBs"). The failure to make a JIB payment may give rise for a lien under the express terms of the parties' JOA.

25. Based upon the schedules filed by APC, the Chapter 11 Trustee claimed in the APC Adversary Proceeding that AEX was indebted to APC in the amount of $3,194,968.18.[6]

26. The Chapter 11 Trustee further claimed the collateral granted in connection with the Deeds of Trust was subject to a first priority lien by the Chapter 11 Trustee for the failure to make such JIB payments (the "JIB" or "Operator's Lien"). These allegations, if proved, would have created a secured interest with priority over the Arabella Interests. Accordingly, even if AEX prevailed in defending against the fraudulent transfer action, a multi-million dollar lien would need to be cleared before the Arabella Interests could be monetized if the Chapter 11 Trustee succeeded on the JIB Claim.

FOUNDERS' CLAIMS AGAINST AEX

27. On June 1, 2016, during the APC Bankruptcy Case, the Arabella Working Interest owners elected Founders Oil and Gas Operating, LLC ("Founders") to operate various wells, including the oil and gas properties that were provided as collateral to PPCO in connection with Arabella Loan.

[6] The Statement of Financial Affairs ("SOFA") filed by APC in connection with its original Chapter 11 filing, APC listed at question B-16 approximately $5 million that was owed by all of the Arabella Working Interest owners (except AEX) and $3,194,968.18 that was owed by AEI. *See* Exhibit D. We believed this was a mistake in the SOFA because Arabella Exploration Inc. refers to a Cayman Islands company that never owned any of the Arabella Working Interests.

28. Thereafter, Founders claimed that AEX received authority for expenditures ("AFEs") for work it did improving the property totaling $611,265.96. Founders claimed that these AFEs were sent between August 2016 and September 2016. Founders claimed that:

> On November 8, 2016 Founders sent [AEX] a Non-Consent notice for the above referenced AFEs. Pursuant to the JOAs, the non-consent charges associated with the AFEs are 500% of [AEX's] portion of the cost and expenses in the operations which is $3,056,329.80. Additionally, Founders is owed $148,075.01 for [AEX]'s share of the lease operating expenses.

See Docket Number 35, filed in the AEX Bankruptcy Case (as defined below).

29. In order to receive payment for the AFEs, on December 2, 2016, Founders commenced litigation in the 143rd Judicial District Court of Reeves County, Texas (the "Founders Litigation") seeking to foreclose on the Arabella Working Interests owned by AEX.

30. In essence, Founders took a claim for approximately $600,000 (for services rendered improving the property) and used that claim to allege that, under the Arabella JOAs, AEX owed over $3,000,000 to Founders. On that basis, Founders had placed liens against the Arabella Working Interests. Foreclosure on these liens would have destroyed PPCO's interest in the Arabella Working Interests created through the Arabella Loan.

THE MECHANICS' AND MATERIALMAN'S LIENS

31. The Arabella Interests were also impacted by Mechanics' and Materialman's Liens ("M&M Liens") in the face amount of $2.5 million. The M& M Liens were placed on the property by contractors and others who claimed to have performed work on the underlying property. Some portion of the M&M Liens likely reflected *bona fide* work performed by the lienholders. The M&M Liens had to be cleared (*i.e.*, paid or declared invalid) in order to effect a sale of the Arabella Interests. Under Texas law, M&M Liens are only valid where the work was provided to the title owner of the property. As discussed below, the Arabella Settlement

Agreement acknowledges that AEX has title to its portion of the Arabella Working Interests, thus allowing AEX to challenge the M&M Liens to the extent they reflect work performed at the request of APC and others.

THE AEI LIQUIDATION

32. As discussed above, AEI failed to make payments to PPCO that were due under the Arabella Loan. AEI's failure to make those payments constituted an Event of Default. PPCO notified AEI of the default in July 2015 and, after giving AEI time to remedy, declared that all unpaid obligations, plus fees and expenses, were immediately due and payable.

33. As a result of AEI's default, PPCO was able to appoint Charles ("Chip") L. Hoebeke II of Rehmann Turnaround and Receivership Group as (a) the sole manager of AEX, and (b) the sole manager of AO.

34. On May 19, 2016, PPCO placed AEI into a liquidation by filing its Winding Up petition in the Grand Court of the Cayman Islands ("AEI Court"), In the Matter of the Companies Law (2013 Revision) (As Amended) and In the Matter of Arabella Exploration, Inc., Cause No. FSD 72 of 2016, RMJ ("AEI Case").

35. On June 16, 2016, the Cayman Court entered its Order appointing Christopher Kennedy and Matthew Wright, of RHSW Caribbean, 2nd Floor, Windward 1, Regatta Office Park, P.O. Box 897, Grand Cayman, Cayman Islands, as Joint Provisional Liquidators ("JPLs") of AEI.

36. On July 7, 2016, the AEI Court entered a Winding Up Order appointing the JPLs as the Joint Official Liquidators (the "Cayman Liquidators") to wind up and liquidate AEI with, among others, the powers set forth in Part II of Schedule 3 of the Cayman Islands' Companies Law (2013 Revision).

37. The Winding Up Order affirmed and ratified the appointment of Mr. Hoebeke as the person responsible to liquidate AEX and AO. Mr. Hoebeke has also been appointed as the Chief Restructuring Officer (the "CRO") of AEX by the AEX Court in the AEX Bankruptcy Case.

GUARANTY OF FEES

38. After the motion to dismiss that we made on behalf of PPCO in the APC Adversary Proceeding on the ground that PPCO was not liable as a subsequent transferee of the alleged fraudulent transfer from APC to AEX was denied (which occurred on June 8, 2016), PPCO represented to me that it was having significant liquidity problems, and would be unable to pay S&W.

39. On July 1, 2016, in order to reassure (and guaranty) that the Arabella Professionals and other professionals who were providing services to the Arabella Entities would be paid, PPCO entered into a Guaranty (the "Guaranty"), a copy of which is attached hereto as Exhibit E.

40. On July 12, 2016, PPCO, AEX, and AO executed an amendment to the Guaranty (the "Amendment to Guaranty"), a copy of which is attached here to as Exhibit F. The Amendment to Guaranty provided security for the Guaranty. The Guaranty and the Amendment to Guaranty are referred to herein collectively as the "Guaranty of Fees."

THE PARTICIPATION AGREEMENT

41. On December 19, 2016, Bart M. Schwartz was appointed by this Court as the Receiver of PPCO and other entities. Shortly after his appointment, on December 30, 2016, the Receiver, on behalf of PPCO, entered into a participation agreement (the "Participation

Agreement"), a copy of which is attached hereto as Exhibit G. The Participation Agreement's effective date is December 28, 2016.

42. Under the Participation Agreement, 30294, LLC, a Michigan limited liability company (the "Participating Purchaser") agreed to purchase 45% of PPCO's interest in the Arabella Loan in exchange for providing $500,000 to pay the Arabella Professionals, the fees of Mr. Hoebeke and Rehmann Turnaround and Receivership Group, and other professionals who had provided legal or other services to AEX and AEI. [7] These funds were paid into a trust account controlled by S&W.

43. As of the Participation Agreement, the Arabella Interests were under attack as a result of the APC Adversary Proceeding and the Founders Litigation. The threat posed by the Founders Litigation was particularly acute, as Founders was on the verge of foreclosing its claimed liens. In order to mount an effective defense against the Founders Litigation, action needed to be taken immediately. In this regard, it is important to understand that the Founders Litigation was not a single case, but one of a number of state court proceedings in Texas.

44. Although the Receiver Order contained a stay of litigation, I was concerned that arguing that the Founders Litigation was subject to that stay would not have protected PPCO because (1) I did not think it was clear that the AEX property at issue in the Founders Litigation was Receivership Property, (2) in any event, I believed Founders would claim that the AEX property at issue in the Founders Litigation was not Receivership Property, and (3) I believed that Founders would have been able to foreclose on some or all of the liens before PPCO would be able to establish that the Receiver Order stayed that litigation (assuming it did). Given these uncertainties, I believed that the far safer course was for the Receiver to defend against the

[7] 30294, LLC is controlled by Craig Bush, a lawyer who is now a private equity investor. https://www.linkedin.com/in/craig-bush-958a9651.

Founders Litigation, and so advised the Receiver's staff. I also advised the Receiver's staff that if AEX filed for bankruptcy, AEX's property—including the collateral at risk because of the Founders Litigation—would be protected from foreclosure because of the automatic stay.

45. I advised the Receiver's staff that defending against the Founders Litigation and putting AEX into bankruptcy required an immediate payment of $500,000 to pay a portion of the receivables owed to the Arabella Professionals and various professionals working for Arabella Entities, and/or to provide retainers for work going forward. Over the long term, I expected that it would cost far more than $500,000 to effectively defend the Arabella Interests, and so advised the Receiver's staff.

46. AEX did not have the cash needed to pay its professionals, including its counsel and Rehmann Turnaround and Receivership Group, to initiate a bankruptcy proceeding. AEX and its professionals had incurred substantial fees and were unwilling to do additional work for AEX unless they were paid at least some of what they were owed, and a retainer for work going forward.

47. The Arabella Professionals were in a similar position. S&W, a bankruptcy boutique with eleven, could not continue to bear the strain of nonpayment for its work, nor was it in a position to advance PPCO's expenses. When the Participation Agreement was being discussed, S&W had last received payment from PPCO in March 2016, and PPCO's outstanding balance due to S&W was over $400,000. I advised the Receiver's staff that S&W, Kessler and O'Connell could not continue to work without being paid at least some of their past-due receivables.

48. Because I understood that PPCO did not have sufficient cash to underwrite the actions I believed were urgently necessary to maintain the Arabella Interests for the benefit of

PPCO, Mr. Hoebeke and I approached multiple potential parties concerning investing in the Arabella Loan. We found only one party, the Participating Purchaser, willing to take that risk. At the time, given the Founders Litigation and other challenges, recovery on the Arabella Loan was far from certain, and it was seen as very possible that there would be no recovery for an investor. I therefore recommended that the Receiver enter into the Participation Agreement as the only viable approach to saving PPCO's Arabella Interests.

49. As a result of the funding received through the Participation Agreement, Mr. Hoebeke, with the authority of the Cayman Liquidators, was able to file a voluntary petition for chapter 11 bankruptcy protection for AEX in the U.S. Bankruptcy Court for the Northern District of Texas, Fort Worth Division, Case No. 17-40120-RFN-11 ("AEX Bankruptcy Case") on January 8, 2017. This action protected AEX's assets in the face of total loss by foreclosure as a result of the Founders Litigation.[8]

50. S&W received a $180,000 distribution from the $500,000 received under the Participation Agreement as partial payment of its past-due fees. The other Arabella Professionals received distributions of $20,000 each.[9] A significant portion of these payments were secured by virtue of the Guaranty of Fees.[10] The remaining $280,000 received under the Participation Agreement paid fees incurred by professionals working for AEX and AEI, made

[8] Additional work to protect the Arabella Interest has been undertaken subsequent to the AEX Bankruptcy Case. On April 4, 2017, AO filed a petition for bankruptcy protection under chapter 11 in the U.S. Bankruptcy Court for the Northern District of Texas, Ft. Worth Division, Case No. 17-41479-RFN (the "AO Bankruptcy Case"). AO also filed a Motion for Joint Administration with the AEX Bankruptcy Case (*See* AEX Bankruptcy Case Docket No. 138). In that Joint Administration Motion, AEX and AO request that Mr. Hoebeke be appointed to serve as the CRO of AO.

[9] Kessler and O'Connell had receivables of $30,000 and $70,000 respectively as of the Participation Agreement.

[10] I believe that all of these fees were secured. As the Schwartz Declaration notes, there is a difference of opinion concerning the Guaranty of Fees that the Receiver's counsel and I are currently discussing.

payment to AEX's counsel, and allowed for the payment of retainers in connection to the AEX Bankruptcy Case and the AEI Case, among other things.

THE TAG-ALONG RIGHTS

51. After PPCO entered the Participation Agreement, the Chapter 11 Trustee, as the person responsible in the APC Bankruptcy Case, and Mr. Hoebeke, as the CRO in the AEX Bankruptcy Case, were made aware of certain reversionary rights with respect to two tracts of property which allowed the owner of those reversionary interests the opportunity to tag-along with any sale by the majority working interest owners and to receive a pro-rata benefit of the sale price (the "Tag-Along Rights"). Neither I nor the other Arabella Professionals had previously been aware of the Tag-Along Rights. The parties to the Arabella Settlement Agreement estimate that the Tag-Along Rights are worth between $6.8 and $9 million.

52. The Chapter 11 Trustee argued that it was entitled to the Tag-Along Rights as it held record title of the assets in question, and filed motions in the APC Bankruptcy Case to obtain authority to execute the necessary documents to effectuate the Tag-Along Rights. Mr. Hoebeke, believing that the Tag-Along Rights were arguably AEX's property, filed motions to effectuate ownership of the same property. If the Tag-Along Rights were the property of APC, they would not be part of the Arabella Interests (*i.e.*, Receivership Property). If the Tag-Along Rights were the property of AEX, then they would be part of the Arabella Interests (*i.e.*, part of the security for the Arabella Loan).

53. AEX received its putative interests in the Tag-Along Rights as the result of a transfer from APC which had not been recorded. APC claimed that this transfer was not

effective as to the Chapter 11 Trustee (who is a bona fide purchaser for value without notice[11]), and if it was effective was a fraudulent conveyance. To establish a right to the Tag-Along Rights, AEX needed to demonstrate that the owners of the underlying properties were on notice of reservation of AEX's position by virtue of references to AEX's rights in documents recorded by others. Whether that was so was disputed by the Chapter 11 Trustee. Even if this were established, AEX still needed to defend against APC's allegation that it received the Tag-Along Rights as a result of a fraudulent transfer.

54. The dispute over the Tag-Along Rights highlights the complexity and interrelatedness of the ongoing legal disputes between the various parties with respect to the Arabella Interests.

THE MEDIATION

55. With the approval and encouragement of the APC Bankruptcy Case court, APC, the Chapter 11 Trustee, AEX, AEI, AO, the APC Committee, Mr. Hoebeke, Mr. Hoisager, and the Receiver agreed to enter into a mediation in an effort resolve the various disputes between the interested parties, including but not limited to ownership of the Tag-Along Rights, the transfers made by APC to AEX and AO, and aspects of the Founders Litigation.

56. All of the interested parties recognized the value of resolving disputes and moving quickly to monetize the Arabella assets because many, if not all, of the wells and tracts of land at issue are located in the Permian Basin, which is currently considered very valuable property.[12]

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[11] *See* 11 U.S.C. § 544(a)(3).

[12] *See, e.g.*, https://www.bloomberg.com/news/articles/2016-11-15/permian-s-wolfcamp-holds-20-billion-barrels-of-oil-u-s-says (Oil explorers have been flocking to the Permian Basin in West Texas and New Mexico to tap extremely rich deposits that are generating profits despite recent slumps in crude oil prices. The U.S. Geological Survey reported that one portion of the Permian Basin known as the Wolfcamp formation was found to hold 20 billion barrels of oil trapped in four layers of shale beneath the desert in West Texas). http://www.forbes.com/sites/rrapier/2016/11/21/the-permian-basin-keeps-on-giving/#5e759f88615a (U.S. Geological Survey announced the largest estimate of continuous oil that it has ever assessed is located in the

57. The parties further agreed that a mediation would be most successful if the mediator was a sitting bankruptcy judge not involved in any of the various bankruptcy cases, but who nevertheless was familiar with both oil and gas law as well as the intricacies of bankruptcy and receivership law. The bankruptcy judge presiding over the APC Bankruptcy Case agreed to ask his co-jurist, The Hon. H. Christopher Mott, U.S. Bankruptcy Judge for the Western District of Texas, Austin/El Paso Division, if he would be willing to serve as a mediator. Judge Mott agreed.

58. On March 27 and March 28, 2017 over 20 individuals (including me) appeared at the mediation, which lasted from morning until late into the evening each day (the "Mediation").

59. As a result of the Mediation, the parties to the Arabella Settlement Agreement reached an agreement that resolved all issues among them, other than issues with respect to Mr. Hoisager, against whom the Mediation Parties retained their claims. *See* Exhibit A.

60. The Arabella Settlement Agreement is subject to the approval of this Court as well as the APC Court, the AEX Court, and the AO Court.[13] *See* Exhibit A ¶ 10.

61. For the reasons set forth below, I recommended to the Receiver that he enter into the Arabella Settlement Agreement.

THE TERMS OF THE ARABELLA SETTLEMENT AGREEMENT

62. Among other things, the Arabella Settlement Agreement accomplishes the following:

Wolfcamp shale in the Midland Basin portion of Texas' Permian Basin; *See also* https://www.nytimes.com/2017/01/17/business/energy-environment/exxon-mobil-permian-basin-oil.html?_r=0

[13] Under the Arabella Settlement Agreement, this Court's approval needed to be requested within two weeks of the settlement. Exhibit A ¶ 10. We received an extension of time from the other parties to the Arabella Settlement Agreement to make this application.

a. It resolves all disputes relating to the Tag-Along Rights, the proceeds of which the parties to the Arabella Settlement Agreement believe could be worth as much as $9 million (the "Tag-Along Proceeds"). The parties agreed that the Chapter 11 Trustee would be entitled to 77.5% of the Tag-Along Proceeds and AEX would be entitled to 22.5% of the Tag-Along Proceeds. The parties determined these percentages through a negotiation supervised by Judge Mott that took into consideration, among other things, record title.

b. It provides that APC will make available to AEX a Debtor-In-Possession loan of up to $1 million ("DIP Loan") that AEX can use to resolve any claims of Founders arising on or before February 28, 2017.

c. It obligates AEX, as current holder of record title to the Arabella Working Interests transferred to it by APC, to resolve all issues with Founders – the current operator – in its bankruptcy case.

d. After March 1, 2017, the cost for expenses owing to Founders will be shared 65% by AEX and 35% by APC.

e. The parties agreed to work together to sell the assets in each debtor's respective bankruptcy case under 11 U.S.C. § 363.

f. The net proceeds of the sale of oil and gas assets will be distributed 65% to AEX and 35% to APC. As with the Tag-Along Proceeds, in negotiating these percentages, the parties took into account record title.

g. APC will have the right to file objections to and resolve claims of Arabella Working Interest owners (but not AEX or AEI), who owe JIB receivables to APC in the APC Case, and AEX will pursue objections to and resolutions of the validity and priority of any M&M Liens against the oil and gas assets in the AEX case.

h. The parties entered into mutual releases.

i. All causes of action as to the former owners, board members, officers, etc. of APC, AEX, AO and AEI are reserved with respect to each estate.

j. All potential claims against former owners, members, agents, and principals of PPCO in connection to the Arabella Loan are released.

k. All potential claims against the Receivership Entities are being released (except with respect to the obligations set forth in the Arabella Settlement Agreement).

63. I believe that it is difficult to place a value on the Arabella Interest either before or after the Arabella Settlement Agreement. However, if one takes into account all the fees (legal, experts, etc.) that would have been incurred to litigate these matters to the end, and the significant risk factor involved in litigation (*i.e.*, the potential that the Arabella Interests could have been totally lost), it is clear that AEX's—and thus PPCO's—position is greatly improved as a result of the Arabella Settlement Agreement. Certainly, the Arabella Settlement Agreement was a marked improvement over previous settlement offers made to PPCO by the Chapter 11 Trustee.

64. Arabella Settlement Agreement resolves APC's claim that AEX and PPCO received the Arabella Working Interests through a fraudulent conveyance, a claim that could have totally destroyed the Arabella Interests. The Arabella Settlement Agreement also resolves APC's multi-million dollar claim for unpaid JIB receivables, and allows the Receiver to lift APC's JIB Lien. Litigating these issues would have been time consuming and costly, and there was significant litigation risk—if PPCO lost, the Arabella Interests would have been totally wiped out.

65. The Arabella Settlement Agreement also provides a clearer path forward for clearing liens held by other entities. As a result of the Arabella Settlement Agreement, AEX will be better situated to clear the M&M Liens. Moreover, now that APC and AEX have agreed on a division of the proceeds of the sale of the Arabella Working Interests that AEX holds title to, APC and AEX's interests are aligned in defending against the Founders Litigation.

66. Finally, the Arabella Settlement Agreement provides a clear path to monetizing the Arabella Interests. It allows AEX to receive a portion of the proceeds from the sale of the Tag-Along Rights—assets to which APC had record title—and allows AEX to receive a majority of the proceeds from any future sale of the Arabella Working Interests it has record title to.

CONCLUSION

67. The Arabella matters described in this declaration are very complex, expensive to defend, and uncertain in terms of their recovery. The factual and legal issues are complicated, and hotly disputed by the parties. Given that backdrop, the Arabella Settlement Agreement is a favorable resolution that confers many benefits to the Receivership Estate.

68. For the reasons set forth above, I strongly support the Receiver's application for an order approving the Arabella Settlement Agreement.

[Signature on Next Page]

Respectfully submitted,

SCHAFER AND WEINER, PLLC

MICHAEL E. BAUM (P29446)
Proposed Counsel for the Receiver
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Bloomfield Hills, MI 48304
(248) 540-3340
mbaum@schaferandweiner.com

Dated: April 24, 2017

EXHIBIT A

EXECUTION VERSION

MEDIATION SETTLEMENT AGREEMENT

Arabella Petroleum Company, LLC, a Texas limited liability company ("**APC**"), Arabella Exploration, LLC, a Texas limited liability company ("**AEX**"), Arabella Operating, LLC, a Texas limited liability company ("**AO**"), the Official Committee of Unsecured Creditors of APC ("**APC Committee**"), and Bart M. Schwartz, in his capacity as the SEC Receiver ("**SEC Receiver**") for Platinum Partners Credit Opportunities Master Fund, LP and its subsidiary Platinum Long Term Growth VIII, LLC (collectively, "**Platinum**") hereby enter into this Mediation Settlement Agreement on March 28, 2017 ("**Settlement Agreement**"). APC, AEI, AEX, AO and the SEC Receiver shall each be known as a "**Party**" and together as the "**Parties**."

RECITALS

WHEREAS, APC is a debtor in Chapter 11 Case No. 15-70098-TMD ("**APC Case**") pending in the U.S. Bankruptcy Court for the Western District of Texas, Midland Division ("**APC Court**");

WHEREAS, AEX is a debtor-in-possession in Chapter 11 Case No. 17-40120-RFN ("**AEX Case**") pending in the U.S. Bankruptcy Court for the Northern District of Texas, Fort Worth Division ("**AEX Court**");

WHEREAS, AO is a wholly owned subsidiary of Arabella Exploration, Inc., a Cayman Islands company ("**AEI**"), and is operating under the management of Charles Hoebeke II, of Rehmann Turnaround and Receivership Group ("**Mr. Hoebeke**");

WHEREAS, the SEC Receiver was appointed by the U.S. District Court for the Eastern District of New York, Case No. 16-cv-06848 ("**SEC Receivership Court**") as SEC Receiver on December 19, 2016 as a result of a complaint filed by the U.S. Securities and Exchange Commission. The SEC Receiver's powers and authority derive from the amended order appointing receiver ("**Amended Receiver Order**") entered by the SEC Receivership Court;

WHEREAS, Morris D. Weiss, in his capacity as Chapter 11 Trustee of APC ("**Chapter 11 Trustee**"), as Plaintiff, has sued, among others, AEI, AEX, AO and Platinum as defendants in Adversary Proceeding No. 16-07002-RBK which is pending in the APC Court ("**Adversary Proceeding**");

WHEREAS, disputes have arisen between APC, AEX and the SEC Receiver relating to TAR (defined below);

WHEREAS, on March 27 and 28, 2017, the Parties participated in a mediation of their disputes before U.S. Bankruptcy Judge H. Christopher Mott, sitting in the U.S. Bankruptcy Court for the Western District of Texas, acting as a judicial mediator ("**Mediator**");

WHEREAS, the Parties acknowledge that *bona fide* disputes and controversies exist between them, both as to liability and the amount thereof, if any, and by reason of such disputes and controversies, they desire to compromise and settle the claims and causes of action which the Parties have or may have to the extent set forth in this Settlement Agreement. It is further expressly understood and agreed by all Parties that this is a compromise of disputed claims, and nothing contained herein shall be construed as an admission of liability by any Party, any and all such liability being expressly denied.

NOW THEREFORE, in consideration of the covenants, representations, warranties and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the Parties, and each Party intending to be legally bound hereby, the Parties agree as follows:

AGREEMENT

1. **Incorporation of Recitals.** The above Recitals are hereby incorporated by reference into, and made part of, this Settlement Agreement as if each of the Recitals is fully stated herein.

2. **Proceeds Relating to the Samson and Brigham Tag-Along Rights.** The Parties agree to resolve all disputes relating to the Samson Exploration, LLC and Brigham Operating, LLC Tag-Along Rights ("**TAR**"), the proceeds of which the Parties anticipate to be approximately $9 million ("**TAR Proceeds**") as follows: 77.5% of the TAR Proceeds shall be disbursed to APC, and 22.5% of the TAR Proceeds shall be disbursed to AEX within 10 days after the Effective Date.

3. **Debtor-In-Possession Loan.** Out of APC's share of the TAR Proceeds, APC will make available to AEX a Debtor-In-Possession loan of up to $1 million ("**DIP Loan**") for the purpose of resolving any claims of Founders Oil & Gas Operating, LLC ("**Founders**") arising on or before February 28, 2017. The DIP Loan will be secured by a first priority priming lien on all assets of AEX (excluding causes of action under Chapter 5 of the Bankruptcy Code), and may be used solely for the purpose of paying Founders. Beginning on the date that APC funds the DIP Loan, the DIP Loan will bear interest at a rate of 2% per annum for the first 180 days. Any amount of the DIP Loan outstanding after 180 days shall bear interest at a rate of 5% per annum. The DIP Loan will be due and payable in full upon the earlier of the (a) sale of the Oil and Gas Assets (defined below), to be paid from AEX's allocation of Net Proceeds (defined below) at closing; or (b) 12 months after APC funds the DIP Loan. AEX shall bear the expense of any claim of Founders, J. Cleo Thompson, and Energen Resources Corporation arising on or before February 28, 2017, including any alleged non-consent penalties based on AFEs issued by Founders prior to February 28, 2017, regardless of whether such amount exceeds the amount of the DIP Loan. Mr. Hoebeke, the Chapter 11 Trustee and their respective counsel agree to promptly schedule a meeting with Founders to resolve any and all disputes with Founders.

4. **Founders.** Any expenses owing to Founders and any other operator of the Oil and Gas Assets which arise on or after March 1, 2017, shall be shared 65% by AEX and 35% by APC. Revenues arising on or after March 1, 2017 through the date of the closing of the sale of Oil & Gas Assets will also be shared 65% by AEX and 35% by APC. AEX shall provide APC and the SEC Receiver with all reports received from operators (including but not limited to JIBs and AFEs) for expenses and revenues for the prior month. All revenues and expenses that are provided for in this paragraph will be payable, accounted for, and distributed at the closing of the sale of the Oil & Gas Assets.

5. **Sale Process.**

a. The Parties agree to fully cooperate and use their reasonable best efforts to file companion motions to sell Oil and Gas Assets under 11 U.S.C. § 363 ("**363 Sale**") in the APC Case, AEX Case and any subsequently filed AO bankruptcy case.

b. The 363 Sale motions shall require all-cash bids, without financial contingencies.

c. Platinum shall not be entitled to credit bid at the 363 Sale.

d. Any decisions about whether to sell certain Oil and Gas Assets shall be finally determined by the Party that has record title to such assets. In the event that a Party with record title removes any Oil and Gas Asset from sale, the Net Proceeds from any subsequent sale of the excluded asset shall be distributed in accordance with Paragraph 6.

e. Any material decision delegated to the Consulting Parties (defined below) under the orders approving the bidding procedures, shall be first discussed in good faith by the Consulting Parties. If the Consulting Parties do not agree, AEX shall make the disputed decision. All other Consulting Parties shall have the right to object to AEX's decision, and the Parties agree to an expedited hearing on any such objections. The "**Consulting Parties**" is defined as AEX, APC, the APC Committee, AO and the SEC Receiver.

6. **Share of Net Proceeds from Sale of Oil and Gas Assets.** Net Proceeds from the sale of the Oil and Gas Assets will be distributed 65% to AEX and 35% to APC. "**Net Proceeds**" is defined as the gross proceeds from the sale of the Oil and Gas Assets, less (a) direct costs of sale; (b) amounts secured by valid and enforceable mineral liens that are senior to Platinum's deed of trust; (c) *ad valorem* taxes through the date of closing of the sale of the Oil and Gas Assets; (d) royalty payments required to maintain the underlying leases of the Oil and Gas Assets

("**Royalty Claims**"); and (e) cure costs (excluding any amounts owed to Founders, J. Cleo Thompson, and Energen Resources Corporation which amounts will be paid as provided for under Paragraphs 3 and 4 above) that are required to assume and assign any executory contracts and unexpired leases which are required to preserve or maintain an Oil and Gas Asset to the extent not paid or assumed by the buyer of the Oil and Gas Assets. "**Oil and Gas Assets**" is defined as (y) all mineral interests owned by APC, AEX, and AO that are specifically identified by APC, AEX, AO or their agents to be included in the 363 Sale (defined below); and (z) the JIB receivables owned by APC with operator liens (excluding those JIB receivables owed by AEX to APC, which claims and liens shall be released promptly upon the direction of the SEC Receiver). Oil and Gas Assets shall not include any causes of action held by any Party.

7. **Share of Proceeds from Other Mineral Interests.** Proceeds from mineral interests owned by APC, AEX or AO that are not specifically identified to be included in the 363 Sale will be paid in accordance with record title to such mineral interests. If record title to such mineral interests is held by APC, then APC will receive 77.5% of such proceeds, and AEX will receive 22.5% of such proceeds. If record title to such mineral interests is held by AEX or AO, then APC will receive 35% of such proceeds, and AEX or AO, as the case may be, receive 65% of such proceeds.

8. **Claims Objections.** APC will have the right to file objections to and resolve claims of working interest owners who owe JIB receivables to APC in the APC Case. AEX will pursue objections to and resolutions of the validity and priority of any mineral liens against the Oil & Gas Assets in the AEX Case. APC will pursue objections to and resolutions of the allowance and classification of claims asserted in the APC Case. APC, AEX, and AO will coordinate efforts to object to and resolve Royalty Claims.

9. **Abatement and Dismissal of Pending Proceedings.** All contested matters (including APC's motion for relief from stay in the AEX Case) between the Parties and the Adversary Proceeding shall be abated as to the Parties. Within 30 days after distribution of the Net Proceeds, such contested matters and the Adversary Proceeding shall be dismissed with prejudice as to the Parties. All deadlines in the TAR orders entered in the APC Case and the AEX Case, respectively, shall be tolled until 30 days after the Effective Date.

10. **Approval by Courts.** This Settlement Agreement is binding upon the Parties, subject only to approval of (a) the SEC Receivership Court, with respect to the SEC Receiver; (b) APC Court, with respect to APC; and (c) the AEX Court, with respect to AEX; and (d) only if AO files for Chapter 11 bankruptcy protection, the court presiding over the chapter 11 bankruptcy case of AO (the "**AO Court**", together with the SEC Receivership Court, the APC Court, and the AEX Court, collectively, the "**Courts**"). Each respective Party shall use their best efforts to file (within 14 calendar days from the date of this Settlement Agreement), a motion to

approve this Settlement Agreement ("**Settlement Approval Motion**"), and each respective Party shall diligently seek approval of this Settlement Agreement by their respective court. In the event that any of the Courts deny approval of this Settlement Agreement, this Settlement Agreement shall be null and void, and no statements made by the Parties in this Settlement Agreement, the Settlement Approval Motion to approve the Settlement Agreement, or at the hearing on any Settlement Approval Motion, may be used for any purpose whatsoever by the Parties.

11. **Effective Date.** The effective date of this Settlement Agreement shall be the date that the last of the Courts approves this Settlement Agreement ("**Effective Date**").

12. **Mutual Releases as to APC, AEX, AO and Platinum Only.**

a. On the Effective Date, APC, the Chapter 11 Trustee, AEX, AO, Platinum (which for the purposes of this release means all Receivership Entities, as that term is defined in the Amended Receiver Order or any further receiver order entered by the SEC Receivership Court) and the SEC Receiver hereby forever release and discharge each other (and all of their current (and with respect to Platinum only, current and past) attorneys, managers, employees, officers, and agents) from any and all claims, demands, or suits, known or unknown, fixed or contingent, liquidated or unliquidated, from the beginning of time through the Effective Date of this Settlement Agreement, arising from or related to the events and transactions which are the subject matter of this Settlement Agreement, the Adversary Proceeding, the APC Case, the AEX Case, and AO, including but not limited to any claims and causes of action that have been or could be asserted by the Chapter 11 Trustee in the Adversary Proceeding and any claims and causes of action among and between APC, AEX, AO and Platinum under Chapter 5 of the Bankruptcy Code.

b. Notwithstanding anything in this Settlement Agreement to the contrary, AEX and AO hereby affirm that Platinum's note, deed of trust, security agreement and other documents signed in connection therewith ("**Loan Documents**") are valid and enforceable in accordance with their terms, and all monies due under the Loan Documents are due to Platinum without any claim, or right of offset or defense, of any kind whatsoever, and all liens and security interests under the Loan Documents are valid and enforceable in accordance with their terms. The releases contained in this Settlement Agreement including, without limitation, this Paragraph 12, do not release the Loan Documents, including, without limitation, the obligations or liens and security interests contained therein.

c. For clarity, nothing contained in this Settlement Agreement or the releases hereunder shall release:

i. Any claims against any past or current officers, directors, employees or agents of any of the Receivership Entities, by the SEC Receiver or any of the Receivership Entities (as defined under the Amended Receiver Order or any further receiver order entered by the SEC Receivership Court);

ii. Any claims by any Parties against any former officers, directors, members, managers, employees or agents of APC, AEX or AO, including, without limitation, Mr. Jason Hoisager and/or his spouse, Molly Hoisager; and

iii. Any obligations of the Parties under this Settlement Agreement or the transactions contemplated herein.

13. **Mediator Shall Not Be Called As Witness.** All signatories to this Settlement Agreement hereby release the Mediator from any and all responsibility arising from the drafting of this Settlement Agreement, and by signing this Settlement Agreement acknowledge that they have been advised by the Mediator that this Settlement Agreement should be independently reviewed by their own counsel before executing it. The Parties and their counsel expressly agree that the Mediator shall not be called as a witness in the event of any dispute over this Settlement Agreement or otherwise.

14. **Representations and Warranties.** The Parties represent and warrant that: (a) the person signing this Settlement Agreement on behalf of such Party has full authority from the Party to execute and perform this Settlement Agreement on behalf of such Party, subject to approval of the Courts as set forth under this Settlement Agreement; (b) each Party has carefully reviewed this Settlement Agreement; (c) each Party has consulted with its own counsel concerning this Settlement Agreement; (d) any questions that each Party has pertaining to this Settlement Agreement have been answered and fully explained by the Party's own counsel; and (e) the Party's decision to execute this Settlement Agreement is not based upon any statement or representation, either written or oral, made by any person or entity other than those statements contained in this Settlement Agreement, and specifically is not based on or induced by any statement or representation made by the other Party, its counsel or the Mediator.

15. **Notice.** Any notices sent to the Parties under this Settlement Agreement shall be sent by email to the following individuals:

If to AEX or AO

Chip Hoebeke
Rehmann Turnaround and Receivership Group
2330 East Paris Ave SE
Grand Rapids, MI 49516
chip.hoebeke@rehmann.com

With copies to:

Raymond Battaglia, Esq.
66 Grandburg Circle
San Antonio, TX 78218
rbattaglialaw@outlook.com

John T. Piggins, Esq.
David A. Hall, Esq.
Rachel L. Hillegonds, Esq.
PO Box 306
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Patrick Murphy, Esq.
Murphy Mahon Keffler Farrier LLC
505 Pecan Street, Ste. 201
Fort Worth, Texas 76102
pmurphy@murphymahon.com

If to APC

Morris D. Weiss, Esq.
Waller Lansden Dortch & Davis, LLC
100 Congress Ave., 18th Floor
Austin, TX 78701
Morris.weiss@wallerlaw.com

With copies to:

Eric J. Taube, Esq.
Mark C. Taylor, Esq.
Waller Lansden Dortch & Davis, LLC
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16. **Miscellaneous.**

a. **APC Funds.** The SEC Receiver and Platinum confirm that neither the SEC Receiver nor Platinum have any claim, secured or otherwise, in the APC Case, and all distributions and funds received by APC under this Settlement Agreement shall not be subject to any claim or lien by Platinum or the SEC Receiver. The SEC Receiver shall remain a "Party-in-Interest" in the APC Case.

b. **Mutual Drafting.** This Settlement Agreement has been drafted and edited by all Parties. Therefore, this Settlement Agreement shall not be construed against any Party on the basis that one or more of the Parties was the principal drafter of this Settlement Agreement.

c. **Counterparts.** This Settlement Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document. Further, facsimile copies or electronic signatures shall be treated as originals for all purposes.

d. **Interpretation.** The descriptive headings of the sections are for reference only and will in no way affect or be used to construe or interpret this Settlement Agreement. All references to sections and subsections contained in this Agreement are references to the sections and subsections of this Settlement Agreement. The word "including" means "including without limitation." All pronouns and any variation thereof will be deemed to refer to masculine, feminine, neuter, singular or plural as the context may require.

e. **Attorney Fees.** Each Party shall be responsible for its own costs and attorneys' fees incurred with respect to this Settlement Agreement and any transactions contemplated hereby.

f. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

g. **Further Assurances.** From time to time after the date of this Settlement Agreement, and without further consideration, the Parties agree to work cooperatively to do all such other acts and things, all in accordance with applicable law, as may be necessary or appropriate to more fully and effectively carry out the purposes and intent of this Agreement.

h. **If any dispute arises relating to this Settlement Agreement (including implementation and interpretation of the settlement contemplated hereby), the Parties each agree that any such disputes shall be submitted by the Parties to the Mediator for resolution by mediation.**

17. **Entire Agreement.** This Settlement Agreement constitutes the entire agreement and understanding between the Parties relating to settlement and compromise of the disputes under this Settlement Agreement, whether written or oral. This Settlement Agreement supersedes, cancels, and replaces any and all prior and contemporaneous agreements, understandings, representations and statements between the Parties or their agents, heirs, and all of their successors and assigns pertaining to the subject matter of this Settlement Agreement, all of which are merged herein. No modification or addition to this Settlement Agreement shall be deemed to be effective unless in writing and signed by all Parties to this Settlement Agreement.

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EXECUTION VERSION

ADDENDUM TO MEDIATION SETTLEMENT AGREEMENT

Arabella Petroleum Company, LLC, a Texas limited liability company ("**APC**") and, Arabella Exploration, Inc., a Cayman Islands company ("**AEI**") hereby enter into this Addendum to Mediation Settlement Agreement on March 28, 2017 ("**Addendum**").

WHEREAS, APC is a debtor in Chapter 11 Case No. 15-70098-TMD ("**APC Case**") pending in the U.S. Bankruptcy Court for the Western District of Texas, Midland Division ("**APC Court**");

WHEREAS, AEI is in liquidation under the Winding Up Order in the Matter of the Companies Law (2013 Revision) (As Amended) and in the Matter of Arabella Exploration, Inc., Cause No. FSD 72 of 2016 (RMJ) ("**AEI Cayman Case**") pending in the Grand Court for the Cayman Islands ("**AEI Cayman Court**");

WHEREAS, AEI filed a Chapter 15 Petition for Recognition of a Foreign Proceeding in Case No. 17-40119-MXM15 ("**AEI Chapter 15**") pending in the U.S. Bankruptcy Court for the Northern District of Texas ("**AEI Chapter 15 Court**");

WHEREAS, Morris D. Weiss, Chapter 11 Trustee of APC ("**Chapter 11 Trustee**"), as Plaintiff, has sued, among others, AEI as a defendant in Adversary Proceeding No. 16-07002-RBK which is pending in the APC Court ("**Adversary Proceeding**");

WHEREAS, on March 27 and 28, 2017, APC and AEI participated in a mediation of their disputes and of the disputes between and among multiple other parties before U.S. Bankruptcy Judge H. Christopher Mott, sitting in the U.S. Bankruptcy Court for the Western District of Texas, acting as a judicial mediator ("**Mediator**");

WHEREAS, APC and AEI acknowledge that *bona fide* disputes and controversies exist between them, both as to liability and the amount thereof, if any, and by reason of such disputes and controversies, they desire to mutually release each other from any and all claims and causes of action which APC and AEI have or may have on the terms set forth in the Settlement Agreement. It is further expressly understood and agreed by APC and AEI that this is a compromise of disputed claims, and nothing contained herein shall be construed as an admission of liability by any Party, any and all such liability being expressly denied.

NOW THEREFORE, in consideration of the releases contained in this Addendum, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by APC and AEI, and each of them intending to be legally bound hereby, APC and AEI agree as follows:

1. **AEI Releases APC.** As of the AEI Effective Date (defined below), AEI hereby forever releases and discharges APC from all liabilities, claims, demands, or suits against, or obligations to, AEI (and all of its attorneys, employees, officers, and agents), known or unknown, fixed or contingent, liquidated or unliquidated, from the beginning of time through the AEI Effective Date, including the Adversary Proceeding; *provided, however*, that AEI hereby expressly reserves and retains, and hereby excludes from the foregoing release, (a) all claims by AEI against Jason Hoisager and/or his spouse, Molly Hoisager; (b) all claims against any present and former officers, directors, employees, agents, attorneys, accountants or other professional person affiliated with AEI; and (c) all claims against Jett Capital Advisors, LLC and Marcum, LLP.

2. **APC Releases AEI.** As of the AEI Effective Date, APC hereby forever releases and discharges AEI from all liabilities, claims, demands, or suits against, or obligations to, APC (and all of its attorneys, employees, officers, and agents), known or unknown, fixed or contingent, liquidated or unliquidated, from the beginning of time through the AEI Effective Date, including the Adversary Proceeding; *provided, however*, that APC hereby expressly reserves and retains, and hereby excludes from the foregoing release, all claims by APC against Jason Hoisager and/or his spouse, Molly Hoisager.

3. This Addendum is binding upon AEI and APC, subject only to approval of (a) the APC Court, with respect to APC; and (b) the AEI Cayman Court and/or the AEI Chapter 15 Court, with respect to AEI, (collectively, the "**Courts**"). Each respective Party shall use their best efforts to file (within 14 days from the date of this Addendum) a motion to approve this Addendum ("**Settlement Approval Motion**"), and AEI and APC shall diligently seek approval of this Addendum by their respective Courts. In the event that any of the Courts deny approval of this Addendum, this Addendum shall be null and void, and no statements made by AEI or APC in this Addendum, the Settlement Approval Motion to approve the Addendum, or at the hearing on any Settlement Approval Motion, may be used for any purpose whatsoever by AEI or APC.

4. **Effective Date.** The effective date of this Addendum shall be the date that the last of the Courts approves this Addendum ("**AEI Effective Date**").

5. **Mutuality of Release.** This Addendum is specifically intended to effectuate mutual releases between APC and AEI, and shall only be effective if binding upon both parties.

6. **Impact on Settlement Agreement.** This Addendum in no way impacts or has any effect on the Settlement Agreement or the Effective Date of the Settlement Agreement.

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EXECUTION VERSION

[SIGNATURE PAGE TO MEDIATION SETTLEMENT AGREEMENT AND ADDENDUM]

ARABELLA PETROLEUM COMPANY, a Texas limited liability company

By: _____
Morris D. Weiss, Chapter 11 Trustee

ARABELLA EXPLORATION, INC., a Cayman Islands company

By: _____
Robert Forshey, its Counsel

ARABELLA EXPLORATION, LLC, a Texas limited liability company

By: _____
Charles Leonard Hoebeke, II, CRO

ARABELLA OPERATING, LLC, a Texas limited liability company

By: _____
Charles Leonard Hoebeke II, Manager

BART M. SCHWARTZ, IN HIS CAPACITY AS SEC RECEIVER

By: _____
Bart M. Schwartz, in his capacity as the SEC Receiver in the SEC Receivership Court for Receivership Entities including but not limited to Platinum Partners Credit Opportunities Master Fund, LP and its subsidiary Platinum Long Term Growth VIII, LLC

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF ARABELLA PETROLEUM COMPANY, LLC

By: _____
Susan M. Baletka, Authorized Representative for Baker Hughes Oilfield Operations, Inc., as Chairperson for the APC Committee

EXHIBIT B

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
MIDLAND/ODESSA DIVISION

In re:	§	
	§	CASE NO. 15-70098-rbk
Arabella Petroleum	§	
Company, LLC,	§	
	§	
Debtor.	§	CHAPTER 11

2004 EXAMINATION OF THE DEBTOR

REPRESENTED BY

JASON TODD HOISAGER

AUGUST 14, 2015

ORAL DEPOSITION OF JASON TODD HOISAGER, produced as a witness at the instance of the The Committee, and duly sworn, was taken in the above-styled and numbered cause on the 14th day of August, 2015, from 9:12 a.m. to 2:12 p.m., before Destiny M. Moses, CSR in and for the State of Texas, reported by machine shorthand, at the law offices of Kelly Hart & Hallman, LLP, 201 Main Street, Suite 2500, Fort Worth, Texas 76102, pursuant to the Federal Rules of Bankruptcy Procedure, the provisions stated on the record, and the Notice attached hereto.

A P P E A R A N C E S

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FOR THE ARABELLA PETROLEUM, LLC, THE DEBTOR, AND JASON HOISAGER:

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documents are in effect, but I don't recall. So out of an abundance of caution I'll mention them, but I don't have them in front of me so I can't tell you directly.

Q. Okay. And do you recall loans being made pursuant to these agreements?

A. If so, they were several years ago, but I don't recall to be honest with you.

Q. And who signed the loan agreement?

A. I signed the loan agreements.

Q. For both entities?

A. In my capacity for each, yes.

Q. And we'll talk about that a little bit more later, but just wanted to make sure.

Number 11 asks for documents evidencing each form or each transfer of any form of property from the Debtor to AEI, AELLC, AO or yourself between July 10th, 2011 to the present.

Are there -- are there documents that would -- that would evidence transfers of property from the Debtor to any of those entities?

A. Yes.

Q. Okay. What types of documents are we talking about there?

A. Well, there are some purchase and sale agreements from the Debtor and Arabella Exploration,

L.L.C. There's assignments of the leasehold interest for oil and gas lease -- leases.

Q. Okay.

A. I don't know if this would fall in but a cost-sharing agreement.

Q. You talked about the cost-sharing agreement yesterday at the 2004 Exam, right?

A. I did.

Q. And as I understand it, the cost-sharing agreement was created because the Debtor and AELLC and maybe AO and maybe AEI share offices; is that right?

A. That's correct.

Q. Okay. And the cost-sharing agreement related to sharing the lease expenses or whatever other expenses go along with that; is that correct?

A. That's correct.

Q. Okay. How many purchase and sale agreements are there between the Debtor and AELLC?

A. There are two of them that I recall sitting here right now.

Q. Okay. Tell me about the first one. What was the subject of that purchase and sale agreement?

A. The property transferred or --

Q. Yes, that would -- for example.

A. There were five properties that I remember.

Each of them being in Reeves County, Texas.

Q. Okay. And I'll call that purchase and sale agreement number one.

A. Okay.

Q. Okay. So purchase and sale agreement number one, what was the date on that approximately?

A. Let's call it October 2012.

Q. Right. And were the only parties to that the Debtor and AELLC?

A. They were the only parties to that document.

Q. And you said there were five properties that were transferred pursuant to that -- to PS -- or purchase and sale agreement number one, right?

A. Yes.

Q. And which five properties were those?

A. You're testing my memory here, but I believe it's the -- and please forgive if I make a mistake. The East Half of Section 103, Block 1, H&TC Railroad Company Survey in Reeves County.

Q. Okay.

A. The West Half of Section 138, Block 1, H&TC Railroad Company Survey in Reeves County.

Q. Okay.

A. The Middle 320 Acres of Section 140, Block 13, H&GN Railroad Company Survey, Reeves County, Texas.

Q. Okay.

A. The East Half of Section 180, Block 13, H&GN Railroad Company Survey, Reeves County, Texas. And it's the East Half of Section 24, I forget the block, but it's the Public School Land Survey, Reeves County, Texas.

Q. And why did the Debtor enter into that purchase and sale agreement to transfer those five properties?

A. The Debtor had leasehold interest in all those properties. The Debtor had a desire to sell the leasehold interest and all of those properties, so the Debtor did so to not only AELLC but about 30 other people as well.

Q. So you said this was October 2012, correct?

A. Roughly --

Q. Roughly?

A. -- I can't remember if it was end of September or first of October, but, yes, 2012.

Q. Fair enough. And so prior to October 2012, did the Debtor own 100 percent of the working interests in these five properties?

A. The debtor controlled 100 percent of the working interest by that time period. I don't recall exactly what happened. This was a number of years ago, obviously. But we did pull together 100 percent of

their interest and were able to represent that we owned it and sell it.

For instance, we had a farmout agreement on one of them. I don't know if that's considered -- if that qualifies for your question.

Q. Now, you're a landman by trade, am I right?

A. That is how I started, yes.

Q. Back before you got into the exploration and production and operating business right?

A. Yes.

Q. You were a landman?

A. Correct.

Q. Okay. And so as a landman, you're familiar with terms like working interests, farmout agreements, and royalty interests, correct?

A. I am.

Q. Okay. And is it your belief as we sit here today that prior to purchase and sale agreement number one, the debtor owned 100 percent of the working interests in the five properties that were sold pursuant to that agreement?

A. With the caveat that one was a farm out agreement that required some kind of drill-to-earn type mechanism so it's a complicated question, but if you exclude that, yes.

Q. Okay. And do you believe as we sit here today that the debtor had fulfilled its obligations under that farmout agreement that you're talking about here?

A. I do.

Q. I mean, at the time of this purchase and sale agreement number one?

A. Well, yes.

Q. Who was that farmout agreement with?

A. Comstock Resources.

Q. And purchase and sale agreement number one was -- we said was between the Debtor and AELLC, right?

A. That's correct.

Q. But you also said the Debtor sold other portions of its working interest to about 30 other parties; is that right?

A. That's correct.

Q. So were there separate purchase and sale agreements with each of the other 30 parties?

A. That's correct.

Q. And does the debtor have copies of purchase and sale agreement number one and copies of the purchase and sale agreements with all the other 30 parties that we just talked about?

A. They do.

Q. And it could produce them if it wanted to,

correct?

A. Correct.

Q. Okay. And does the Debtor have a copy of the farmout agreement with Comstock?

A. Yes, it does.

Q. And it could produce that if it wanted to, right?

A. Yes.

Q. So under purchase and sale agreement number one, how much working interest in these five properties was assigned to AELLC?

A. I don't recall the exact amount. Roughly, 5 or 6 percent.

Q. Only 5 to 6 percent?

A. I believe so, but I am operating off of my memory.

Q. And in total, about how much of the working interest -- Debtor's working interest in these five properties were assigned to the other 30 parties all together?

A. 100 percent.

Q. Okay. So after this purchase and sale agreement number one, Debtor no longer owned any interest?

A. That's what I remember, yes.

Q. In these five properties?

A. That's correct.

Q. And what did the Debtor receive in return from Arabella -- I'm sorry -- from AELLC in exchange for the assignment of this 5 to 6 percent working interest?

A. The Debtor received cash, and I believe an obligation to drill the first well, if I remember correctly.

Q. And how much cash about?

A. I don't recall. I can tell you that from all the working interest partners, AELLC included, the terms were the same, where they received, you know, dollar for dollar what they had paid to the lessors or signors of the different oil and gas leases.

Q. So each of these five properties is a separate oil and gas lease?

A. Well, there's actually multiple leases that make up each of these five properties.

Q. When we're looking at these five properties, is there -- is there another term that the Debtor might use to describe them, like a certain prospect?

A. Originally, we called them prospects. Now we refer to them by their lease name if that's helpful.

Q. Sure. So the East Half of Section 103 and then, I forget, you said it was Block 1?

A. Block 1 H&TC. We call that Johnson 103.

Q. Okay. And the West Half of Section 138, Block 1 H&T, what is that?

A. That is Johnson 138.

Q. And the Middle 320 Acres, Block 13, H&G Survey?

A. Graham.

Q. And the East Half of Section 180?

A. Locker state.

Q. And the East Half of Section 24, public school?

A. S.M. Prewitt, P-r-e-w-i-t-t.

Q. So just to wrap that up, after purchase and sale agreement number one, the Debtor owned no more -- to Debtor's knowledge, Debtor owned no more working interest in the Johnson 103, Johnson 138, Graham Locker State or S.M. Prewitt properties?

A. That's correct.

Q. And that happened in October of -- about October 2012, right?

A. Correct.

Q. And it's your testimony that the Debtor received -- well, that the Debtor was the original lessee of each of those properties, right?

A. I don't represent that at all.

Q. Okay. But at the time of the sale, Debtor owned 100 percent of the working interests in these

properties?

A. Subject to the farmout agreement but yes.

Q. Subject to the farm out agreement. And that was in October 2012.

At that time did the Debtor own other interests in oil and gas properties?

A. I don't recall. It's entirely possible, but I don't recall.

Q. And it's also your testimony that whatever the Debtor paid to obtain those properties in the first place was what it obtained for assigning them to AELLC and -- or the working interest to AELLC and the other 30 parties; is that right?

A. I'm sorry, you're asking if the terms were the same?

Q. Right.

A. Could you restate it? I apologize.

Q. Okay. So did the Debtor -- maybe you could tell me again. Maybe I misunderstood. What did the Debtor get in exchange for assigning these working interests out?

A. It received a reimbursement dollar for dollar for what it paid for the leases, a promise -- I believe there's a commitment to drill the first well. Is that what you're looking for?

Q. I guess so the Debtor didn't make a profit?
A. The Debtor did not make a profit, no.
Q. So it sold it at cost in effect?
A. I believe so.
Q. Okay. So purchase and sale agreement number two -- you said there were two of them, correct?
A. Yes.
Q. And when did the other one take place?
A. I believe it was April of 2013.
Q. And who was purchase and sale -- who were the parties of purchase and sale agreement number two?
A. AELLC, I believe is what you're referring to as number two.
Q. Okay. So the debtor and AELLC were, again, the parties to purchase and sale agreement number two?
A. Yes. So the debtor would call purchase and sale agreement number two -- it would be several documents, one of them being to AELLC, but also working interest partners who made up the rest of it.
Q. Understood. I think I understand that.
A. Okay. I just wanted to make sure we're clear.
Q. Right. So there were maybe 30 different purchase and sale agreements that took place in April 2013?
A. Roughly.

Q. One of them was with AELLC?

A. Correct.

Q. What property -- and we'll just -- for simplicity, we'll just refer to all of that as purchase and sale agreement number two.

A. Okay.

Q. So what properties were sold pursuant to purchase and sale agreement number two?

A. You're going to test my memory. Section 12, Block 51, Township 8, I believe, T&P Railroad Company Survey, Reeves County. We called that the Woods Lease. Section 3, Block C6, PSL, Reeves County, we called that the Emily Bell Lease. Section 55, Block 55, Township 5, T&P Railroad Company Survey, Reeves County, the Allar State Lease.

Section 61, Block 34, I believe it's H&GN Railroad Company Survey in Ward County was our Jackson Lease. There was a Section 44 -- and you'll have to forgive me I'm going to get the block and township wrong -- Block fifty-something, township something in Loving County was our Johnson 44 lease. They had a lease in Pecos County that we called the Weatherby State. I believe it's Section 32, Block 49, Township 8, if I remember correctly.

And then we had a group of leases that

covered several tracks, and I'm not going to attempt their legal descriptions, but we called them the Jobe Leases. There was a Jobe Lease 1 and a Jobe Lease 2 is what I remember.

Q. Was there a Mendel Lease?

A. No. There is a Mendel Lease, but not -- not in that purchase and sale agreement.

Q. Okay. So in some -- subject to the purchase and sale agreement number two, which we've talked about and defined, it was the Debtor sold its interest in the Woods Lease, the Emily Bell Lease, Aller State Lease, the Jackson Lease, the Johnson 44 Lease, Weatherby State Lease, and the Jobe 1 and Jobe 2 Leases?

A. Correct.

Q. And when the Debtor sold its interest in those leases, did it own 100 percent of the working interest in those leases?

A. No, and some of the leases they did not own 100 percent.

Q. And can you recall which ones it did not own 100 percent?

A. For instance, the Woods Lease, they did not own 100 percent. And some of the Jobe Leases -- and forgive me, I don't recall which ones, but it was not 100 percent. And I believe that's it, if my memory

serves me correctly.

Q. And the Woods Lease, approximately, at the time of purchase and sale agreement number two, how much did the Debtor own?

A. 70 percent.

Q. 70 percent working interest?

A. That's correct.

Q. And Jobe 1?

A. I can't --

Q. Maybe 50 percent?

A. No, it was a very high number, but I don't recall.

Q. Okay. But I could say over 50 percent would be safe?

A. I believe you could say, yes.

Q. And same for Jobe 2?

A. Yes, over 50 percent.

Q. And after purchase and sale agreement number two, did the Debtor still own any working interest in any of these leases we've talked about?

A. No, they did not.

Q. So all of its working interest were assigned out?

A. Yes.

Q. And were the parties to whom the interest were

assigned in purchase and sale agreement number two the same entities to which interests were assigned in purchase and sale agreement number one?

A. A lot of them, yes, but there were certainly new cases.

Q. Okay. And how much of the Debtor's working interest in these leases were assigned to AELLC?

A. Roughly, 50 percent.

Q. So it was a much larger percentage than in purchase and sale agreement number one?

A. Correct.

Q. And what did AELLC pay the Debtor in exchange for those working interests?

A. Again, it's the same as the first one. The same terms that everyone else paid which were reimbursement of cost for the leasehold interest.

Q. Can you quantify that at all, even a general number?

A. $12 million was the total amount paid to leasehold and program two -- or PSA 2 and PSA 1 was close to 2 million.

Q. So in total not just AELLC -- is what you're saying that all of the entities to whom working interest were assigned be a purchase and sale agreement number two, the total amount paid to the debtor was 12 million?

A. Yes.
Q. And of that amount, how much did AELLC pay?
A. The 6 million.
Q. And that was, again, on a cost basis, right?
A. That's correct.
Q. And how did AELLC pay the Debtor $6 million? In other words, was it in the form of a wire transfer or a check or what happened?
A. No, the Debtor had to borrow money to purchase the leasehold, and they borrowed the money from me personally.
Q. Let me see if I can characterize it. So what you're saying is you had a loan agreement with the Debtor?
A. Correct.
Q. And you loaned the Debtor roughly $6 million?
A. Correct.
Q. That it used as part of the amount to buy these interests and these properties, right?
A. That's correct.
MR. TAYLOR: Objection, mischaracterizes. You said the Debtor.
Q. (BY MR. HAMM) Okay.
A. I apologize, if you don't mind repeating.
Q. Sure.

MR. BESIKOF: Can we stipulate that an objection by anyone is good for everybody? So I don't have to join in other objections that other people raise.

MR. HAMM: That's fine.

MR. BESIKOF: Okay. Thank you.

Q. (BY MR. HAMM) Okay. So the $6 million that AELLC paid for these properties in purchase and sale agreement number two was -- did you get $6 million from AELLC?

MR. BESIKOF: Objection to the form.

A. I'm sorry, are you asking if I got $6 million? What time period?

Q. (BY MR. HAMM) Well, we're talking about purchase and sale agreement number two.

A. That's correct.

Q. And you said that AELLC paid you $6 million or maybe I don't understand. Please explain.

A. Okay. So the Debtor Arabella Petroleum Company, L.L.C. had deals in place to purchase acreage, leasehold acreage, that made up the PSA number two.

The Debtor could not pay for those working interests or the leasehold interest, however you want to characterize them, so I lent the Debtor money to pay for the working interest that constituted the purchase and

sale agreement two.

Q. And how much did you loan to the debtor?

A. I would have to go back to my records, but it was several million dollars.

Q. More than 3 million?

A. Yes.

Q. More than 6 million?

A. Yes.

Q. More than 10 million?

A. No.

Q. And when did you loan the debtor that money?

A. Over a period of time in 2012 and 2013.

Q. And were each of those loans documented or were they all just made pursuant to this master loan agreement?

A. Pursuant to a master loan agreement.

Q. But these properties cost 12 million, right?

A. Total that's what I remember, yes.

Q. But you didn't loan the debtor 12 million, did you?

A. No, I did not.

Q. But all of the -- and Debtor sold -- let me just -- I'm just trying to make sure I know all the facts so bear with me, please.

A. Yes, sir.

Q. So when the Debtor sold its property interest pursuant to purchase and sale agreement number two, is it true that the Debtor sold those interests at cost to it?

A. I'm sorry, say that again. I just want to make sure I follow you correctly.

Q. Right. What I'm trying to figure out is just to confirm that the Debtor didn't sell these property interests for a profit. In other words, whatever it cost the Debtor to obtain the properties that were sold via purchase and sale agreement number two, that's what it sold them for?

A. Correct.

Q. So it sold approximately 50 percent of its interest in these properties to AELLC at cost, right?

A. Yes.

Q. Which was for about 6 million, right?

A. Correct.

Q. And in return, what did AELLC give to you?

A. What did AELLC give to you?

MR. BESIKOF: Objection, form.

Q. (BY MR. HAMM) How did AELLC pay for these properties?

A. Because the Debtor owed me $6 million. The properties were sold to AELLC, and the note was

transferred over to AELLC. I forgave the debt to the Debtor, and AELLC now owed me the $6 million, roughly $6 million.

Q. Okay. So no actual cash got transferred; is that right?

A. There weren't cash bouncing between bank accounts if that's what you're referring to, but that was the transaction.

Q. After purchase and sale agreement number two, did the Debtor still own any interest in any oil and gas properties?

A. In any oil and gas properties? I don't recall. Yes, I believe so.

Q. Can you tell me which ones?

A. There's one lease that comes to mind called the -- we call it the Roarke Prospect. It was in Winkler County. I don't recall the section. The Debtor may have started acquiring interest in what we refer to as the Cox Prospect.

And then we had some -- the Debtor had some small leasehold interest in various scattered tracts from what I recall. And I'm unsure of the time period, but I believe it was all about the same time.

Q. What happened to the Debtor's interest in those properties?

with the Bank of Texas?

A. I'd have to go back to look for sure. I believe May, maybe before, maybe after.

Q. But the Debtor wasn't conducting -- wasn't acting as an oil and gas operating company after January 1st, 2015, right?

A. No.

Q. So why did the Debtor decide to get out of the business of owning working interests of oil and gas properties?

A. The Debtor was never set up to own working interests and wells, develop properties, anything like that. It was always -- prior to 2012 it would acquire leasehold interest and sell it. It never participated in wells. And it decided to get into operating because it seemed to be better suited for that at the time.

Q. Okay. And what made it better suited to be an operating company?

A. In the process of hiring staff at the time and it gave -- with the staff that it was acquiring it, you know, had a knowledge to actually be able to drill and operate wells.

Q. And why did the Debtor choose to get out of the business of operating?

A. We were not being very successful.

gas. We -- Arabella Petroleum, the Debtor, initially acquired the leasehold interest and sold the leasehold interest and wanted to get into operations and ultimately successfully did so in 2012.

Arabella Exploration, L.L.C. was founded in 2008, and the purpose was always to have working interest in oil and gas properties, wells, drilling completion, whatever it is.

Arabella Exploration, Inc. was created later as a subsequent -- I guess, as a result of a business transaction, a merger with a Lone Oak Acquisition Corp.

Arabella Operating, L.L.C. was created after that -- after that transaction.

Q. Okay. In 2012 the Debtor, you said, became involved in operations, correct?

A. That's correct.

Q. The Debtor was -- still had leases at the time right? You've talked about --

A. Some leaseholds, yes.

Q. You've talked about PSA 1 and PSA 2 today.

A. Yes, sir.

Q. So -- so it still had leases at the time. Is there a reason why it didn't continue to hold leases?

A. Because --

MR. BESIKOF: Objection, form.

A. -- the leases come along with the working interest and the working interest is not a very passive form of investment whatsoever. As a matter of fact, there's usually liabilities that come with those, and Arabella Petroleum, you know, was never set up to have that working interest nor did it want to have the working interest.

Q. (BY MR. BUGG) Explain that to me because I'm -- I don't understand why you say that.

MR. BESIKOF: Objection to form.

A. The working interest, you have to pay some share of the working interest, pay for the cost associated with the --

Q. (BY MR. BUGG) You have to pay for the cost of drilling the well associated with your proportionate share of the ownership interest, right?

A. Yes.

Q. And why didn't ABC have -- why wasn't it set up to do?

A. Well, we felt like it was outside of the business model for that.

Q. It had acquired leases?

A. Yes, sir.

Q. And its business model was to do what with

EXHIBIT C

20-F 1 v364183_20f.htm FORM 20-F

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

FORM 20-F

£ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

£ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended

OR

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

OR

S SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report: **December 24, 2013**

For the transition period from _____ to _____

Commission file number: **000-54293**

LONE OAK ACQUISITION CORPORATION
(Exact name of the Registrant as specified in its charter)

Cayman Islands
(Jurisdiction of incorporation or organization)

500W. Texas Avenue
Suite 1450
Midland, Texas 79701
(Address of principal executive offices)

Jason Hoisager
Arabella Exploration, Limited Liability Company
500W. Texas Avenue
Suite 1450
Midland, Texas 79701
Telephone: 432 897-4755
Fax No.: 800 729-0160
(Name, Telephone, E-mail and/or Facsimile Number and Address of Company Contact Person)

ARABELLA EXPLORATION, LIMITED LIABILITY COMPANY
NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

3. OIL AND GAS PROPERTIES

The following is an analysis of capitalized costs for oil and gas properties as of June 30, 2013 and December 31, 2012:

	June 30, 2013	December 31, 2012
Proved properties	$ 2,062,006	$ 500,883
Unproved properties	6,178,989	1,031,211
Total capitalized costs	8,240,995	1,532,094
Less accumulated depletion	(61,434)	(15,858)
Total	$ 8,179,561	$ 1,516,236

4. ASSET RETIREMENT OBLIGATION

Changes in our asset retirement obligations ("ARO") for the six months ended June 30, 2013 and 2012 are as follows:

	2012	2011
Beginning of period	$ 2,963	$ 2,796
Additions to ARO from new properties	2,470	-
Accretion expense	198	100
End of period	$ 5,631	$ 2,896

5. RELATED PARTY TRANSACTIONS

Arabella Petroleum Company, LLC ("Petroleum") is the operator of certain wells in which we hold working interests and also shares office facilities and employees. Our sole member is also the sole member of Petroleum and certain costs of operations totaling $65,955 and $45,404 were allocated to us by Petroleum in the six months ended June 30, 2013 and 2012, respectively.

Petroleum, as operator of certain oil and gas wells in which we held working interest during the six months ended June 30, 2013 and 2012, billed us oil and gas property costs and lease operating expenses under joint interest billings. These costs totaled $298,515 and $0 for the six months ended June 30, 2013 and 2012, respectively.

In the six months ended June 30, 2013 and 2012, Petroleum assigned oil and gas properties to us, and we recorded those properties at their historic cost to Petroleum of $6,095,237 and $0, respectively.

ARABELLA EXPLORATION, LIMITED LIABILITY COMPANY
NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

5. RELATED PARTY TRANSACTIONS, continued

We have been dependent upon informal loans from its sole member to fund our acquisition of oil and gas properties and meet our operating cash flow requirements. The loans are unsecured and the member intends to formalize the note as a ten year non interest bearing note due in ten years. In the six months ended June 30, 2013 and 2012, we have imputed interest on the note at 3.25% and included the amount as member contributions of $2,662 and $0, respectively, in the statement of member's equity. These loans are included in non current liabilities because the member has committed to not require repayment in the next twelve months at June 30, 2013 and December 31, 2012.

6. SUBSEQUENT EVENTS

Subsequent to June 30, 2013, oil and gas properties totaling $832,379 were transferred to us from Petroleum. The transfer of these oil and gas properties was recognized and recorded on our Balance Sheet based upon Petroleum's historic cost with an equal and offsetting increase in Loans due to our sole member. Our financial statements are presented on a combined basis to include our financial position, results of operations, changes in member's equity and cash flows with the related financial statements associated with assets and debt to our sole member, transferred to us from Arabella Petroleum, LLC, subsequent to June 30, 2013, as if the transfers took place at the later of January 1, 2012 or the date the properties were acquired by Arabella Petroleum, LLC. in accordance with Accounting Standards Codification ("ASC") 805-50-45 issued by the Financial Accounting Standards Board ("FASB").

7. SUPPLEMENTAL OIL AND GAS RESERVE INFORMATION (UNAUDITED)

The estimates of proved oil and gas reserves utilized in the preparation of the combined financial statements were prepared by independent petroleum engineers. Such estimates are in accordance with guidelines established by the SEC and the FASB. All of our reserves are located in the United States. For information about our results of operations from oil and gas activities, see the accompanying combined statements of operations.

We emphasize that reserve estimates are inherently imprecise. Accordingly, the estimates are expected to change as more current information becomes available. In addition, a portion of our proved reserves are classified as proved undeveloped, which increases the imprecision inherent in estimating reserves which may ultimately be produced.

At December 31, 2011, we had no significant proved reserves and accordingly, our reserve information is as of December 31, 2012 and for the year then ended. Properties assigned to us and subsequently sold were treated as unproved properties.

The following table sets forth our estimated proved reserves together with the changes therein (Oil and NGL in Bbls, gas in Mcf, gas converted to BOE by dividing Mcf by six) for the year ended December 31, 2012 and for the six months ended June 30, 2013, giving effect to reserves associated with properties owned by Petroleum during the period and subsequently transferred to us:

ARABELLA EXPLORATION, LIMITED LIABILITY COMPANY
NOTES TO COMBINED FINANCIAL STATEMENTS

7. SUBSEQUENT EVENTS AND PROFORMA FINANCIAL INFORMATION

At December 31, 2013 and 2012, the oil and gas properties totaling $1,090,429 that were owned by Petroleum prior to 2013 and transferred to the Company in 2013 were recorded on the Balance Sheets, because the Company and Petroleum are under common control. In 2013 Petroleum transferred additional oil and gas properties totaling $6,157,314 to the Company that were originally acquired by Petroleum during the first six months of 2013. These additional property transfers were recorded in 2013 at Petroleum's historical cost because they were not owned under common control at December 31, 2012. These additional property transfers were recorded as non-cash transactions in 2013 that increased the loans due to sole member by $6,157,314.

The accompanying proforma condensed balance sheet is unaudited and illustrate the effect of property transfers from Petroleum as if the transfer described in the previous paragraph occurred on December 31, 2012. The proforma combined balance sheet as of December 31, 2012, is based on the historical balance sheets of the Company and the properties of Petroleum at that date and assumes the transfer of properties then owned by Petroleum took place at that date. The proforma statements of operations for the year ended December 31, 2012, is not presented because the property transfers had no impact on the historical statements of operations of the Company. The proforma condensed statements of cash flows for the year ended December 31, 2012 is not presented because the property transfers had no impact on cash flows from operations, cash flows from investing or cash flows from financing activities. The property transfers were recorded as non-cash transactions in 2013 that increased the loans due to sole member by $6,157,314.

The proforma condensed combined financial statements may not be indicative of the actual results of the transfers. The accompanying proforma condensed combined financial statements should be read in connection with the historical financial statements of the Company, including the related notes, and other financial information included in this filing.

EXHIBIT D

Case No. 15-70098 (RBK)

Arabella Petroleum Company, LLC
SCHEDULES OF ASSETS AND LIABILITIES
ATTACHMENT B16

(B16) Accounts Receivable

DESCRIPTION AND LOCATION OF PROPERTY	CURRENT VALUE OF DEBTOR'S INTEREST IN PROPERTY
Working Interest Owner Accounts Receivable	
Andrew Jackson, 711 W. Tennessee, Midland, TX 79701	$171,970.63
Angler Oil & Gas, P.O. Box 50938, Midland, TX 79710	$15,045.10
Arabella Exploration Inc., 509 Pecan Street Suite 200, Forth Worth, TX 76102	$3,194,968.18
BBS Capital Fund, LP, 5524 E. Astrid Ave., Scottsdale, AZ 85254	$75,543.43
BDV Investments, 3813 Danfield, Norman, OK 73072	$25,361.65
Bear Max, LLC, 4547 Cascade Shoreline Drive, Tyler, TX 75709	$80,993.12
BOG Resources, LP, 2 San Subia Court, Odessa, TX 79765	$22,637.69
Box Six Seven Four, LC, 5002 Monument Ave, Richmond, VA 23230	$6,516.21
Bradford Grant Davis, 1472 East Bald Mountain Circle, Alpine, UT 84004	$3,170.79
Cavalier Wahoo, LLP, 3190 Brandy Sta. SE, Atlanta, GA 30339-4403	$109,013.77
Craig L. Massey, 5002 Monument Ave, Richmond, VA 23230	$1,936.19
Danaikil Exploration, LP Attn: Michael Seay, 2301 Cedar Springs Road, Suite 345, Dallas, TX 75201	$262,411.84
Darrell Don Wilson, 9230 Highway 279, Brownwood, TX 76801	$36,655.24
Dehnad Resources, LLC, 3202 Chelsea Place, Midland, TX 79705	$453,661.50
Delaware Basin Resources, LLC, 110 W. Louisiana Ave #500, Midland, TX 79701	$19,760.97
Dingus Investments, Inc, P.O. Box 11120, Midland, TX 79702	$105,704.50
Dolores McCall, P.O. Box 2206, Midland, TX 79702	$37,306.69
Don H. Wilson, Inc., 3499 FM 2022, Elkhart, TX 75839	$426,258.38
Drilling Acquisitions, LLC Attn: Robert Strohbach, 2352 Hoxie Drive, Tunstin, CA 92782	$287,697.06
EHI, LC, 117 South 14th Street Ste 300, Richmond, VA 23219	$43,503.05
Evan Energy Investments, LC, 5002 Monument Ave, Richmond, VA 23230	$15,634.32
EWD Permian, Ltd-1 Attn: Eddy Moore, 3232 McKinney Ave Ste 1400, Dallas, TX 75204	$2,561.77
Harley S. Bassman, 55 Emerald Bay, Laguna Beach, CS 92651	$22,531.87
Hauser Holdings, LLC, 50 South 6th St. #1480, Minneapolis, MN 55402	$27,703.25
Henry Taw Production, LP, 3525 Andrews Hwy, Midland, TX 79703	$383,626.46
Horizon Reserves, Inc., P.O. Box 3130, Midland, TX 79702	$162,737.21
JAM Oil & Gas, LP, P.O. Box 12770, Odessa, TX 79768	$243,519.48
Larry Bartlett, P.O. Box 1619, Rockdale, TX 76567	$3,309.85
Linkee Operating, Inc., P.O. Box 938, Sundown, TX 79372	$154,616.00
Lisa Burnett, P.O. Box 2206, Midland, TX 79702	$240,211.87
Lynx Production Company Attn: Will Craine, 600 Marienfeld Ste 918, Midland, TX 79701	$80,145.82
M&J Assets, Inc., 85 Sam Clemente, Odessa, TX 79765	$343,940.55
Macfarlane Arabella, LLP Attn: Elaine Ricca, 1491 Richmond Road, Staten Island, NY 10304	$60,983.85
Melinda Brown, P.O. Box 2206, Midland, TX 79702	$51,328.99
Mithrail Holdings, LLC, 7500 Turtle Creek Blvd, Dallas, TX 75225	$40,474.82
NOG, LLC, P.O. Box 6970, Edmond, OK 73083	$6,174.46
Oso Capital II, LP, P.O. Box 882, Midland, TX 79701	$15,270.27
Parsley Energy, LP, P.O. Box 11090, Midland, TX 79702	$148,519.21
Raven Resources, LLC, P.O. Box 6970, Edmond, OK 73083	$615.28
RDT Investments, LLC, 3201 Wimberley Creek Dr., Yukon, OK 73099	$386,709.37
Royce Fletcher, 300 Neches St, Jacksonville, TX 75766	$13,474.16
Ryan Dehnad, 3202 Chelsea Place, Midland, TX 79705	$42,042.22
Safari Energy, LP, P.O. Box 52368, Midland, TX 79710	$56,075.54

Case No. 15-70098 (RBK)

Arabella Petroleum Company, LLC
SCHEDULES OF ASSETS AND LIABILITIES
ATTACHMENT B16

(B16) Accounts Receivable

DESCRIPTION AND LOCATION OF PROPERTY	CURRENT VALUE OF DEBTOR'S INTEREST IN PROPERTY
Sago Energy, LP, P.O. Box 12770, Midland, TX 79701	$25,723.65
Scott Archer, 2390 E Camelback Rd, Phoenix, AZ 85016	$12,298.51
Split Rock Energy, P.O. Box 50505, Midland, TX 79710	$46,643.18
Tango Investments, LLC, 4109 Warnock Ct, Fort Worth, TX 76109	$2,680.05
The de Compiege Property Company No. 20, Ltd., P.O. Box 1071, 500 W. Texas Ave Ste 940, Midland, TX 79702	$12,872.79
The Diane Zugg Revocable Trust, 19 La Promesa Circle, Odessa, TX 79765	$7,701.31
TLM2, Ltd., 808 W. Wall Street, Midland, TX 79701	$28,981.15
Two Hats Ventures, LLC, P.O. Box 50428, Midland, TX 79791-0428	$3,549.53
V-F Petroluem, Inc, P.O. Box 1889, Midland, TX 79702	$3,508.41
	$8,026,281.39
Mineral Owner Receivable	
Jack E. Brown & Etta B Brown, P.O. Box 701, Abilene, TX 79604	$80.96
Steven L. Burleson, P.O. Box 2479, Midland, TX 79702	$28.07
Jim Sam Camp, General Partner of The Camp Family Interest Partnership, Sugarland, 2519 Fairway DriveTX 77478	$21.05
Jim Sam Camp, General Partner of The Camp Family Interest Partnership, Sugarland, 2519 Fairway DriveTX 77478	$107
Jim Sam Camp, General Partner of The Camp Family Interest Partnership, Sugarland, 2519 Fairway DriveTX 77478	$107
Michael Kurt Chapman	$107.99
Ava Gerke, P.O. Box 44, Pecos, TX 79772	$54.00
Glen Kirk, P.O. Box 44, Pecos, TX 79772	$21.05
Michael Kurt Chapman	$15.88
Rosetta Resources Operating, P.O. Box 203385, Dallas, Tx 75320	$37.33
Marjo B. Skiles, P.O. Box 506, Marfa, TX 79843	$77.81
Jo Evelyn Turner, F/K/A Jo Evelyn Brownlee, Midland, 3217 Mark Lane 79707	$52.55
	$712.67
Total	**$8,026,994.06**

EXHIBIT E

GUARANTY

This Guaranty (the "Guaranty") is effective as of this 1st day of July, 2016 ("Effective Date"), by and among **Platinum Long Term Growth VIII, LLC**, a Delaware limited liability company ("Platinum" or "Guarantor"), Schafer and Weiner, PLLC, a Michigan professional limited liability company ("S&W"), Kessler Collins P.C., a Texas professional corporation ("Kessler"), Stephen B. O'Connell, ("SBO"), Solomon Harris, a Cayman Island law firm ("Solomon"), RHSW Caribbean, ("RHSW Caribbean"), and Law offices of Ray Battaglia PLLC, ("Battaglia"), Forshey Prostok L.L.P., a Texas limited liability partnership ("Forshey") and Rehmann Turnaround and Receivership Services LLC, a Michigan limited liability company ("Rehmann," together with S&W, Kessler, SBO, Solomon, RHSW Caribbean, Battaglia, and Forshey, the "Professionals"). Guarantor and Professionals are each a "Party" and together are the "Parties."

RECITALS

A. On September 2, 2014, Platinum, as administrative agent ("Agent"), entered into a transaction with Arabella Exploration, Inc., a Cayman Islands company (the "Borrower") and its Subsidiaries (defined below) (the "Secured Transaction"). The Secured Transaction was documented by the following documents, and any documents related thereto or therein (collectively, the "Note Documents"):

i. The Senior Secured Note Agreement dated September 2, 2014 (as amended and supplemented from time to time) (the "Note Agreement") (the "Note" and "Notes" are defined therein);

ii. The Deed of Trust, Security Agreement, Assignment of Production, Financing Statement and Fixture Filing dated September 2, 2014 (the "Deed of Trust");

iii. The Security and Pledge Agreement dated September 2, 2014 between Borrower and Agent;

iv. Those certain guarantees dated September 2, 2014 by and from (a) Arabella Exploration, LLC ("AEX") to Agent, (b) Arabella Operating, LLC ("AO") to Agent, and (c) AEX Midstream, LLC ("Midstream") to Agent (collectively, the "Guarantees"; AEX, AO and Midstream, together, the "Subsidiaries"); and

v. The Securities Purchase Agreement dated September 2, 2014.

B. Under the Note Documents, Borrower is responsible, among other things, to pay fees and expenses, including attorneys' fees, relating to, among other things, Agent's exercise of its rights under the Note Documents.

C. Borrower failed, among other things, to make payments under the Note, and that failure constituted an Event of Default under the Note Documents.

D. On July 7, 2015 and January 21, 2016, Agent properly declared and issued notices of default and Agent properly accelerated the obligations there under.

E. In a letter dated May 27, 2016 ("Letter"), Agent exercised its rights under the Note Documents and exercised its rights as attorney-in-fact to appoint a new independent manager.

F. In conjunction with and as referenced in the Letter, Agent executed company resolutions for AEX and AO ("Resolutions") and, among other things, (i) appointed Charles Leonard Hoebeke II of Rehmann Turnaround and Receivership Group ("New Manager") as the manager of AEX and AO and (ii) terminated Jason Hoisager as manager of AEX and AO.

G. Agent also commenced litigation against Borrower in the Cayman Islands, Cause No. FSD 72 of 2016 (NRLC) Arabella Exploration Inc. On June 16, 2016, the Grand Court of the Cayman Islands at the Laws Courts, George Town, Grand Cayman, Cayman Islands ("Grand Court") appointed Christopher Kennedy and Matthew Wright of RHSW Caribbean as joint provisional liquidators ("JPLs") of Borrower ("Grand Order"). The hearing to appoint official liquidators for the Borrower has been scheduled for July 7, 2016, at 10:30 a.m. If the JPLs are appointed as Joint Official Liquidators then any reference in this document to JPL or JPLs shall be a reference to the Joint Official Liquidators.

H. The Grand Order authorizes the JPLs to take such steps as may be necessary or expedient to protect Borrower's assets including, but not limited to, voting Borrower's membership interests in AEX and AO. With the authority granted to the JPLs, the JPLs executed a corporate resolution of Borrower and appointed New Manager as the sole Manager of AEX and AO under their respective operating agreements (a copy of the corporate resolution, including all exhibits thereto, is attached as **Exhibit A**).

I. Guarantor is financially interested in the Borrower and its Subsidiaries.

J. Guarantor seeks (i) an orderly winding up of Borrower and its Subsidiaries, and (ii) to preserve and protect the Collateral, including, but not limited to the assets of AEX and AO.

K. Guarantor has agreed to execute and deliver this Guaranty in order to assure the payment of the Professionals.

L. The Professionals are willing to provide services to assist with the orderly liquidation (and/or reorganization) as detailed above, but only if Platinum provides this Guarantee.

NOW THEREFORE in consideration of the matters set forth in the Recitals above which are all expressly adopted and incorporated by reference into this Guaranty, and the covenants, representations, warranties and agreements contained herein, and for other good and valuable consideration, the receipt of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

1. Continuing Guarantee of Payment and Performance. For good and valuable consideration, and subject to the Recitals, Guarantor absolutely and unconditionally guarantees full and punctual payment and satisfaction of the Professionals' fees and expenses related to any work performed by the Professionals in connection with the Secured Transaction and the Note Documents, (the "Professional Fees"). Professional Fees shall not include the fees and expenses related to services to sue or otherwise challenge the Secured Transaction or the Note Documents. Moreover, each of the Professionals shall provide New Manager with a budget of the fees (the "Fee Budget") they each expect to incur on a regular basis. The Fee Budget shall be provided to the New Manager and the Professionals shall at a minimum, provide advance notice to the New Manager before they exceed a pre-agreed "cap." This is a guaranty of payment and performance and not of collection. Except for any money advanced by the Guarantor after the date of this Guaranty to protect its collateral under the Note Documents, Guarantor shall make any payments to Professionals from the first monies recovered by Platinum from AEX, AO, or any other claims related to AEX or AO, including, but not limited to, claims against Jason Hoisager, William B. Heyn or any former board member of Borrower, in legal tender of the United States of America, without set-off or deduction or counterclaim. The Professionals shall share the Professional Fees pro-rata. Under this Guaranty, Guarantor's liability is limited to, and only recoverable from, the assets of AEX, AO, and the recovery of any claims related to AEX and AO, and Guarantor's obligations are continuing.

2. Duration of Guaranty. Subject to the Recitals, this Guaranty will take effect when received by each of the Professionals without the necessity of any acceptance by the Professionals, or any notice to Guarantor, and will continue in full force until all of Guarantor's obligations under this Guaranty shall have been performed in full.

3. Guarantor's Representations and Warranties. Guarantor represents and warrants to Professionals that (a) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (b) Guarantor has the full power, right and authority to enter into this Guaranty; (c) the provisions of this Guaranty do not conflict with or result in a default under any agreement or instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor, and (d) Guarantor has been advised by S&W to seek the advice of independent counsel prior to the execution of this Guaranty and have either done so or expressly waived the right to do so.

4. Subordination of Borrower's Debts to Guarantor. Guarantor agrees that the Professional Fees, whether now existing or hereafter created, shall be superior to any claim that Platinum may now have or hereafter acquire as Agent under the Note Documents, against Borrower and/or the Subsidiaries, regardless of the solvency of Borrower and/or the Subsidiaries, subject only to any funds advanced by Platinum after the date of this Guaranty to protect the Collateral under the Note Documents.

5. Miscellaneous Provisions. The following miscellaneous provisions are part of this Guaranty.

A. Amendments. This Guaranty constitutes the entire understanding of the Parties as to the matters set forth in this Guaranty. Reference of the Note Documents is made

only for the purpose of context, and this Guaranty in no way changes or affects any term, obligation, or requirement under the Note Documents and shall not be considered as a Note Document. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the Party sought to be charged or bound by the alteration or amendment.

B. Attorney's Fees and Expenses. Guarantor agrees to pay upon demand all of the Professionals' costs and expenses, including attorneys' fees, incurred in connection with the enforcement of this Guaranty. Professionals may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement.

C. Caption Headings. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

D. Governing Law. This Guaranty shall be interpreted and enforced in accordance with the laws and in the State of New York, without reference to the principles governing the conflicts of laws applicable in that or any other jurisdiction. The Parties irrevocably consent to the exclusive jurisdiction and venue in any court of competent jurisdiction in the State of New York, in connection with any matter based upon or arising out of this Guaranty or any of the matters contemplated herein. Further, each Party agrees that process may be served upon them in any manner authorized by the laws of the State of New York. Each Party waives and covenants not to assert or plead any objection which they might otherwise have to such jurisdiction, venue and such process.

E. Integration. Guarantor further warrant, represent and agree to each of the following: (i) Guarantor has read and fully understands the terms of this Guaranty; (ii) Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; (iii) the Guaranty fully reflects Guarantor's intentions and parole evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds the Professionals harmless from all losses, claims, damages, and costs (including Professionals' attorney's fees) suffered or incurred by Professionals as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

F. Interpretation. All pronouns and any variation thereof will be deemed to refer to the masculine, feminine, neuter, singular or plural as the context may require. The words "Borrower," "Guarantor," and "Professionals" include the heirs, successor, assigns, and transferees of each of them. Any provision of this Guaranty which is finally determined to be invalid or unenforceable in any jurisdiction or under any circumstance shall be ineffective to the extent of such invalidity or unenforceability only without invalidating or rendering unenforceable the remaining provisions hereof in such jurisdiction or under such circumstances and without affecting the Parties' intent.

G. Notices. Unless otherwise provided in this Guaranty, all notices, requests, demands, claims and other communications hereunder shall be in writing. Any notice, request, demand, claim or other communication shall be deemed duly given (a) two (2) Business Days after it is sent by registered or certified mail, return receipt requested, postage prepaid; (b) one (1) Business Day after it is sent for Business Day delivery via reputable nationwide overnight courier service; (c) on the date sent after transmission by facsimile or (d) via electronic email with written confirmation, in each case to the intended recipient as set forth below (or at such other address for a Party hereto as shall be specified in writing in a notice given in accordance with this Section).

If to the Guarantor:
Platinum Long Term Growth VIII, LLC
c/o Isaac Barber
152 W. 57th Street, 54th Floor
New York, New York 10019
ibarber@platinumlp.com

If to Schafer and Weiner, PLLC:
Schafer and Weiner, PLLC
c/o Michael E. Baum, Esq.
40950 Woodward Ave., Ste. 100
Bloomfield Hills, MI 48304
mbaum@schaferandweiner.com

If to the Kessler Collins P.C.:
Kessler Collins P.C.
c/o Daniel P. Callahan, Esq.
2100 Ross Avenue, Suite 750
Dallas, Texas 75201
DPC@kesslercollins.com

If to SBO Law:
SBO Law
c/o Stephen B. O'Connell, Esq.
711 West Seventh Street
Austin, Texas 78701
soconnell@sbolaw.net

If to the Joint Provisional Liquidators:
RHSW Caribbean
c/o Christopher Kennedy, and
c/o Matthew Wright
2nd Floor, Windward 1
Regatta Office Park
P.O. Box 897
Grand Cayman, Cayman Islands
CKennedy@RHSWCaribbean.com

If to Solomon Harris:
Solomon Harris
c/o Laura Hatfield
First Caribbean House, 3rd Floor
PO Box 1990
Grand Cayman KY1-1104
Cayman Islands
LHatfield@solomonharris.com

If to Rehmann:
Rehmann Turnaround and Receivership Services
c/o Charles Loenard Hoebeke II,
New Manager of AEX and AO
2330 East Paris Ave SE
Grand Rapids, MI 49516
Chip.Hoebeke@rehmann.com

If to Forshey & Prostok, L.L.P:
Forshey & Prostok, L.L.P.
c/o J. Robert Forshey, Esq.
Fort Worth, Texas 76102
bforshey@forsheyprostok.com

If to Ray Battaglia:
Law offices of Ray Battaglia PLLC
66 Granburg Circle
San Antonio, TX 78218
rbattaglialaw@outlook.com

H. No Waiver by Lender. Professionals shall not be deemed to have waived any rights under this Guaranty unless such waiver is expressly given in writing and signed by Professionals. No delay or omission on the part of Professionals in exercising any right shall operate as a waiver of such right or any other right. A waiver by any Professional of a provision of this Guaranty shall not prejudice or constitute a waiver of that or any other Professionals' rights otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Professionals, nor any course of dealing between Professionals and Guarantor, shall constitute a waiver of any of any Professionals' rights or any of Guarantor's obligations as to any future transactions. Whenever the consent of the Professionals is required under this Guaranty, the granting of such consent by Professionals in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in Professionals' sole discretion.

I. Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the Parties, their successors and assigns.

J. Jury Waiver. **AFTER CONSULTING ITS COUNSEL, GUARANTOR ACKNOWLEDGES THAT THE RIGHT TO A TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, BUT THAT THE RIGHT MAY BE WAIVED. GUARANTOR KNOWINGLY, VOLUNTARILY, IRREVOCABLY AND WITHOUT COERCION WAIVES ALL RIGHTS TO TRIAL BY JURY OF ALL DISPUTES BETWEEN GUARANTOR AND PROFESSIONALS. PROFESSIONALS SHALL NOT BE DEEMED TO HAVE GIVEN UP THIS WAIVER OF JURY TRIAL UNLESS THE PARTY CLAIMING THAT THIS WAIVER HAS BEEN RELINQUISHED HAS A WRITTEN INSTRUMENT SIGNED BY PROFESSIONALS STATING THAT THIS WAIVER HAS BEEN GIVEN UP.**

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

THE UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL OF THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO PROFESSIONALS AND THAT THE GUARANTY WILL CONTINUE UNTIL THE PROFESSIONAL FEES ARE PAID IN FULL. NO FORMAL ACCEPTANCE OF THIS GUARANTY BY PROFESSIONALS IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE.

PLATINUM LONG TERM GROWTH VIII, LLC,

By: Platinum Partners Credit Opportunities Master Fund LP,
Its: Member

By: David Sherb
Its: Authorized Signatory

Dated: July 1, 2016

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

The foregoing instrument was acknowledged before me this 1st day of July, 2016 by

Notary Public
Print Name: Ruthella Francis
County, BRONX
My Commission Expires: 1/8/2019

RUTHELLA FRANCIS
NOTARY PUBLIC-STATE OF NEW YORK
No. 01FR6158783
Qualified in Bronx County
My Commission Expires January 08, 2019

RUTHELLA FRANCIS
NOTARY PUBLIC-STATE OF NEW YORK
No. 01FR6158783
Qualified in Bronx County
My Commission Expires January 08, 2019

EXHIBIT F

AMENDMENT TO GUARANTY

This Amendment to Guaranty (the "Amendment") is effective as of this 12th day of July, 2016 ("Effective Date"), by and among **Platinum Long Term Growth VIII, LLC**, a Delaware limited liability company ("Platinum" or "Guarantor"), Schafer and Weiner, PLLC, a Michigan professional limited liability company ("S&W"), Kessler Collins P.C., a Texas professional corporation ("Kessler"), Stephen B. O'Connell, ("SBO"), Solomon Harris, a Cayman Island law firm ("Solomon"), RHSW Caribbean, ("RHSW Caribbean"), and Law offices of Ray Battaglia PLLC, ("Battaglia"), Forshey Prostok L.L.P., a Texas limited liability partnership ("Forshey") and Rehmann Turnaround and Receivership Services LLC, a Michigan limited liability company ("Rehmann," together with S&W, Kessler, SBO, Solomon, RHSW Caribbean, Battaglia, and Forshey, the "Professionals"). Guarantor and Professionals are each a "Party" and together are the "Parties."

RECITALS

A. On September 2, 2014, Platinum, as administrative agent ("Agent"), entered into a transaction with Arabella Exploration, Inc., a Cayman Islands company (the "Borrower") and its Subsidiaries (defined below) (the "Secured Transaction"). The Secured Transaction was documented by the following documents, and any documents related thereto or therein (collectively, the "Note Documents"):

i. The Senior Secured Note Agreement dated September 2, 2014 (as amended and supplemented from time to time) (the "Note Agreement") (the "Note" and "Notes" are defined therein);

ii. The Deed of Trust, Security Agreement, Assignment of Production, Financing Statement and Fixture Filing dated September 2, 2014 (the "Deed of Trust");

iii. The Security and Pledge Agreement dated September 2, 2014 between Borrower and Agent;

iv. Those certain guarantees dated September 2, 2014 by and from (a) Arabella Exploration, LLC ("AEX") to Agent, (b) Arabella Operating, LLC ("AO") to Agent, and (c) AEX Midstream, LLC ("Midstream") to Agent (collectively, the "Guarantees"; AEX, AO and Midstream, together, the "Subsidiaries"); and

v. The Securities Purchase Agreement dated September 2, 2014.

B. Under the Note Documents, Borrower is responsible, among other things, to pay fees and expenses, including attorneys' fees, relating to, among other things, Agent's exercise of its rights under the Note Documents.

C. Borrower failed, among other things, to make payments under the Note, and that failure constituted an Event of Default under the Note Documents.

D. On July 7, 2015 and January 21, 2016, Agent properly declared and issued notices of default and Agent properly accelerated the obligations there under.

E. In a letter dated May 27, 2016 ("Letter"), Agent exercised its rights under the Note Documents and exercised its rights as attorney-in-fact to appoint a new independent manager.

F. In conjunction with and as referenced in the Letter, Agent executed company resolutions for AEX and AO ("Resolutions") and, among other things, (i) appointed Charles Leonard Hoebeke II of Rehmann Turnaround and Receivership Group ("New Manager") as the manager of AEX and AO and (ii) terminated Jason Hoisager as manager of AEX and AO.

G. Agent also commenced litigation against Borrower in the Cayman Islands, Cause No. FSD 72 of 2016 (NRLC) Arabella Exploration Inc. On June 16, 2016, the Grand Court of the Cayman Islands at the Laws Courts, George Town, Grand Cayman, Cayman Islands ("Grand Court") appointed Christopher Kennedy and Matthew Wright of RHSW Caribbean as joint provisional liquidators ("JPLs") of Borrower ("Grand Order"). The hearing to appoint official liquidators for the Borrower has been scheduled for July 7, 2016, at 10:30 a.m. If the JPLs are appointed as Joint Official Liquidators then any reference in this document to JPL or JPLs shall be a reference to the Joint Official Liquidators.

H. The Grand Order authorizes the JPLs to take such steps as may be necessary or expedient to protect Borrower's assets including, but not limited to, voting Borrower's membership interests in AEX and AO. With the authority granted to the JPLs, the JPLs executed a corporate resolution of Borrower and appointed New Manager as the sole Manager of AEX and AO under their respective operating agreements (a copy of the corporate resolution, including all exhibits thereto, is attached as **Exhibit A**).

I. Guarantor is financially interested in the Borrower and its Subsidiaries.

J. Guarantor seeks (i) an orderly winding up of Borrower and its Subsidiaries, and (ii) to preserve and protect the Collateral, including, but not limited to the assets of AEX and AO.

K. On July 1, 2016, Guarantor executed and delivered a guaranty ("Guaranty") in order to assure the payment of the Professionals. The Professionals are willing to provide services to assist with the orderly liquidation (and/or reorganization) as detailed above, but only if Platinum provided the Guaranty.

L. Guarantor and the Professionals have agreed to amend the Guaranty, subject to the terms and conditions of this Amendment.

NOW THEREFORE in consideration of the matters set forth in the Recitals above which are all expressly adopted and incorporated by reference into this Guaranty, and the covenants, representations, warranties and agreements contained herein, and for other good and valuable consideration, the receipt of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

1. Incorporation by Reference: All definitions and terms used in the Guaranty and all recitals above are hereby incorporated into this Amendment.

2. Security for Guaranty. Guarantor is securing payment of the Professional Fees under this Guaranty by providing for the benefit of the Professionals a first out participation in Guarantor's security interests under the Secured Transaction, which shall be paid, and become immediately due and payable, if Guarantor either (a) forecloses on any of its Collateral under the Note Documents, or (b) sells or otherwise assigns the Note and the Note Agreement. This grant of security shall be limited to any Professional Fees that (i) have been approved as part of the Budget in accordance with that certain Forbearance Agreement executed by AEX, AO and Agent, (the "Forbearance Agreement"), (ii) has been approved as part of the Fee Budget and (iii) which accrued prior to the execution of the Forbearance Agreement (and Professional Fees shall so be defined in this Amendment, the Guaranty and the Forbearance Agreement, notwithstanding any other definition).

3. Full Force and Effect. Except as modified under this Amendment, the Guaranty remains unmodified and in full force and effect. Any capitalized terms set forth in this Amendment that are not defined here in shall have the meaning given to them in the Guaranty. This Amendment supersedes all prior amendments and/or modifications of the Guaranty.

PLATINUM LONG TERM GROWTH VIII, LLC,

By: Platinum Partners Credit Opportunities Master Fund LP,
Its: Member

By: David Steinberg
Its: Authorized Signatory

Dated: 7/15/2016

STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

The foregoing instrument was acknowledged before me this 15th day of July, 2016 by David Steinberg

Notary Public
Print Name: Ruthella Francis
Bronx County, New York

RUTHELLA FRANCIS
NOTARY PUBLIC-STATE OF NEW YORK
No. 01FR6158783
Qualified in Bronx County 20 1 6
My Commission Expires January 08, 2018

My Commission Expires:_____

ACKNOWLEDGED AND AGREED BY:

ARABELLA EXPLORATION, LIMITED LIABILITY COMPANY

By: Charles Leonard Hoebeke II
Title: Manager

Dated: 7/25/16

ARABELLA OPERATING, LLC

By: Charles Leonard Hoebeke II
Title: Manager

Dated: 7/25/16

EXHIBIT G

PARTICIPATION AGREEMENT

Platinum Long Term Growth VIII, LLC, a Delaware limited liability company, a wholly owned subsidiary of Platinum Partners Credit Opportunities Master Fund, LP, a Delaware limited partnership ("Platinum"), and 30294, LLC, a Michigan limited liability company (the "Participation Purchaser"), enter into this Participation Agreement (the "Agreement") and, as of December 28, 2016, agree as follows:

RECITALS

A. On September 2, 2014, Platinum loaned $16,000,000, as part of a $45,000,000 credit facility to Arabella Exploration, Inc., a Cayman Islands company ("Arabella") (the "Secured Loan"). Arabella's three wholly owned subsidiaries, Arabella Exploration, Limited Liability Company, a Texas limited liability company ("AEX"), Arabella Operating, LLC, a Texas limited liability company ("AO") and AEX Midstream, LLC, a Texas limited liability company ("Midstream" and together with Arabella, AEX and AO the "Arabella Parties") guaranteed the Secured Loan. The Secured Loan was documented by the following documents, and any documents related thereto or therein (collectively, the "Note Documents"):

1. The Senior Secured Note Agreement dated September 2, 2014 (as amended and supplemented from time to time) (the "Note Agreement", attached hereto as **Exhibit 1**) (the "Note" and "Notes" are defined therein, and attached hereto as **Exhibit 2**);

2. The Deed of Trust, Security Agreement, Assignment of Production, Financing Statement and Fixture Filing dated September 2, 2014 (the "Deed of Trust") (attached hereto as **Exhibit 3**);

3. The Security and Pledge Agreement dated September 2, 2014 between Platinum and Arabella (attached hereto as **Exhibit 4**);

4. Those certain guarantees dated September 2, 2014 to Platinum by and from (a) AEX, (b) AO and (c) Midstream (collectively, the "Guarantees") (attached hereto as **Exhibit 5**); and

5. The Securities Purchase Agreement dated September 2, 2014 (attached hereto as **Exhibit 6**).

B. Arabella failed to make payments due under the Note, and Arabella's failure to make payments under the Note constituted an Event of Default[1] under the Note Documents.

C. Based on the occurrence of the Event of Default, Platinum notified Arabella of the default by a Notice of Default dated July 7, 2015 ("First Notice") and declared that the entire

[1] Capitalized terms not otherwise defined have the meanings given to them in the Note Documents.

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unpaid Obligations of the Note, plus all fees and expenses, were immediately due and payable. As of July 7, 2015, the unpaid Obligations of the Note was $16,542,753.29.

D. Following continued failure to pay the Obligations, a second letter was sent by Platinum's attorneys, Schafer and Weiner, PLLC, to Arabella dated January 21, 2016 ("Second Notice") seeking other remedies against Arabella and referencing that the unpaid Obligations of the Note had increased to $18,475,699.

E. By subsequent emails between Arabella and Platinum's counsel, Platinum agreed to forbear payment of the Obligations until April 15, 2016. No payments were made by April 15, 2016.

F. As of May 13, 2016, the unpaid Obligations had increased to $19,659,002 inclusive of interest and exclusive of all expenses incurred by Platinum to enforce the Obligations under the Note Agreement.

G. On or about May 19, 2016, Platinum filed its Winding Up Petition in the Grand Court of the Cayman Islands ("Cayman Court"), in the Matter of the Companies Law (2013 Revision) (As Amended) and in the Matter of Arabella Exploration, Inc., Cause No. FSD 72 of 2016, RMJ ("Case") ("Winding Up Petition").

H. On June 16, 2016, the Cayman Court entered its Order appointing Christopher Kennedy and Matthew Wright, of RHSW Caribbean, 2nd Floor, Windward 1, Regatta Office Park, P.O. Box 897, Grand Cayman, Cayman Islands, as Joint Provisional Liquidators ("JPLs") of Arabella ("Grand Order").

I. On that same day, the JPLs terminated and removed the acting managers of AEX and AO, and appointed Charles L. Hoebeke II of Rehmann Turnaround and Receivership Group (the "Manager") as (i) the sole Manager of AEX, and (ii) the sole Manager of AO by corporate resolution.

J. On July 7, 2016, the Grand Court entered a Winding Up Order in the Case ("Winding Up Order"). Under the Winding Up Order, the Grand Court appointed the JPLs as Joint Official Liquidators ("JOLs") to wind up Arabella with, among others, the powers set forth in Part II of Schedule 3 of the Cayman Islands' Companies Law (2013 Revision).

K. The JOLs and the Manager are presently exercising their duties and responsibilities as set forth in the Winding Up Order.

L. On December 19, 2016, the United State District Court for the Eastern District of New York ("Court") entered its Order Appointing Receiver ("Receiver Order") in case number 16-cv-6848(KAM)(VMS). Under the Receiver Order, the Court found that the appointment of a receiver is necessary and appropriate, and appointed Bart Schwartz as Receiver for the Receivership Estate (as defined under the Receiver Order) and, among other things, the Receiver Order authorizes the receiver to act on behalf of Platinum.

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M. Participation Purchaser has offered to purchase 45% of Platinum's interest in, to and under the Note, Note Documents and Secured Loan in exchange for $500,000 plus any future advances made by Participation Purchaser, in its discretion, to fund professional fees and costs ("Purchase Price"). The Purchase Price shall accrue interest at ten (10%) per annum (the "Interest"). Platinum agrees that Participation Purchaser will receive 45% of any monies recovered by Platinum relating to the Notes, Note Documents and Secured Loan (the "Participation").

N. Platinum acknowledges and agrees that the Purchase Price shall be used exclusively to fund professional fees and by its signature to this Agreement authorizes the funds to be so disbursed upon receipt of same in the trust account of its counsel, Schafer and Weiner, PLLC.

O. Platinum and Participation Purchaser acknowledge that upon any recovery made to satisfy the obligations of the Note Documents such recoveries shall be paid in the following order: (i) the Purchase Price, (ii) to any professionals for fees and expenses not yet otherwise paid, in particular, Platinum acknowledges and agrees that all of Platinum's past professional fees and associated costs, including for collection, which are currently due and owing, (which remain unpaid after payment of any such fees from the original Purchase Price of $500,000) are to be paid exclusively from Platinum's portion of such recoveries only and not Participation Purchaser's portion of said recovery, (iii) to Interest, and (iv) the remaining balance shall be divided fifty-five percent (55%) to Platinum and forty-five percent (45%) to the Participation Purchaser.

NOW THEREFORE, in consideration of the foregoing and the mutual promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, intending to be legally bound hereby, the parties agree as follows:

TERMS AND CONDITIONS

1. The above Recitals are specifically incorporated into this Agreement.

2. Upon execution and delivery of this Agreement, and in consideration of the simultaneous payment by Participation Purchaser to Platinum of the Purchase Price, Platinum hereby sells and grants to Participation Purchaser, and Participation Purchaser hereby purchases and accepts from Platinum, the Participation.

3. Platinum acknowledge and agree that the Participation purchased by Participation Purchaser simultaneously confers upon Participation Purchaser 45% of the rights and interest in the Note Documents including, without limitation, the Note and any guaranty or any collateral or security given for the Note or any guaranty.

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Purchase Price, (ii) to any professional fees and costs that remain unpaid; (iii) to the Interest and (iv) the remaining balance shall be divided fifty-five percent (55%) to Platinum and forty-five percent (45%) to the Participation Purchaser.

5. By entering into this Agreement, Participation Purchaser acknowledges that Platinum does not waive, relinquish or lose any rights under the Note except as required to provide payment for Participation. For clarity, Platinum retains the right to manage, perform, and enforce the terms of the Note and to exercise and enforce all privileges and rights exercisable by it thereunder, in its sole and unfettered discretion, including the right to amend the Note, however, notwithstanding the above, Platinum agrees that any settlement or sale regarding any and all collateral, or the sale of any and all collateral under the Note Documents is subject to Participation Purchaser's consent which shall not be unreasonably withheld. This Agreement shall not be construed to create a fiduciary relationship between Platinum and Participation Purchaser. Participation Purchaser also acknowledges and agrees that Platinum's actions hereunder are strictly administrative, any repayment of principal or interest to Participation Purchaser is solely dependent on Arabella under the Note Documents and Participation Purchaser may not, at any time, seek repayment from Platinum for any Participation. Except for gross negligence, willful misconduct or actual fraud, Participation Purchaser hereby exonerates Platinum of and from any obligation or liability, and Platinum undertakes no guaranties, express or implied, for any loss, depreciations of or failure to realize on the Note, or any collateral securing the Note, or for failure to collect or receive payments of any sums owing from Arabella under the Note, or for any mistake, omission, or error of judgment in passing upon or accepting the Note, the collateral, if any, for the Note, or in making any advances of monies or extensions of credit to Arabella, or in making any examinations, audits, or reviews of the affairs of Arabella, or in granting to Arabella extensions of time for payment of the Note, or in administering or monitoring the collateral, if any, for the Note. Moreover, Platinum does not assume and does not have any obligation or liability, and Platinum undertakes no guaranties, express or implied, with respect to the existing or future financial worth or responsibility of Arabella, or of any of the account debtors of Arabella with respect to the genuineness or value of the collateral, if any, or with respect to the payment or the collectability of the Note.

6. Platinum acknowledge that Participation Purchaser may in its discretion retain professionals to advise and assist it with respect to this Agreement, and the collection of the amounts due for the Participation. Moreover, the Participation Purchaser and Platinum further agree that all communication regarding any settlement or sale of any and all collateral under the Note Documents, shall be open and continuous with the Participation Purchaser and his counsel, such that Participation Purchaser and his counsel, are kept fully apprised of each step of any litigation process involving any and all of the collateral under the Note Documents regardless of whether in state or federal court proceedings. Such fees and expenses shall be due to Participation Purchaser as part of the obligations to satisfy the Participation and paid as part of the professional fees set forth in Paragraph 4(ii).

7. Participation Purchaser represents to Platinum that it accepts (and is able to bear) the financial risks inherent in the Participation and does not foresee the occurrence of any event which would alter that ability. Further, Participation Purchaser accepts the full risk of non-

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payment of the Participation and agrees that Platinum shall not be responsible for the performance or observance by Arabella of any terms, covenants, or conditions under the Note.

8. Participation Purchaser further acknowledges that it has had an opportunity to review and investigate the creditworthiness of Arabella, the value and extent of the collateral, if any, Platinum's rights against Arabella and Arabella's assets, and the desirability of purchasing the Participation. Participation Purchaser also acknowledges that it is experienced and knowledgeable in financial matters, that it is not purchasing the Participation for purposes of investment gain (other than the possible payment of interest thereon), and that it has all necessary information to make an independent and informed judgment with respect to the financial status and condition of Arabella. Furthermore, Participation Purchaser acknowledges that it is not relying on any opinions, representations, warranties, or advice of Platinum or its agents on entering into this Agreement.

9. Nothing in this Agreement will be construed to limit or restrict Platinum from, in any way, exercising any rights or remedies arising from and under the Note or Note Documents. Contemporaneously, Platinum authorizes Participation Purchaser, who shall have the same rights and powers as Platinum under the Note Documents, to enforce the Note or Note Documents as Platinum's agent including, but not limited to, exercising any rights or remedies arising from the Note or Note Documents or as provided for under applicable law.

10. If any party threatens to sue Platinum, Participation Purchaser, or both based upon an alleged preferential or fraudulent transfer received or alleged to have been received from Arabella or based on another theory as a result of any transaction with Arabella related to this Agreement, then, and in any such event, any sums paid in satisfaction or compromise of such suit, claim action or demand, and any expenses and attorneys' fees paid or incurred in connection therewith, will be added to the obligations to be paid as provided in this Agreement.

11. All notices, waivers, requests or other communications required or permitted by this Agreement (each, a "Notice", collectively, "Notices"), to be effective, shall be in writing, properly addressed, and shall be delivered by (a) electronic mail, (b) personal delivery with signed receipt, (c) established overnight commercial courier with delivery charges prepaid or duly charged, or (d) registered or certified mail, return receipt requested, first class postage prepaid as follows:

If to Participation Purchaser:

30294, LLC
C/O Craig Bush
4755 Dover Road
Bloomfield Hills, MI 48304

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With a copy to:

Sean P. Fitzgerald, Esq.
Kreis Enderle Hudgins Borsos, PC
40 Pearl Street NW, Floor 5
Grand Rapids, MI 49503-3021
Sean.Fitzgerald@KreisEnderle.com

If to Platinum:

David Steinberg
Platinum Partners
250 W. 55th St., 14th Floor
New York, NY 10019

With a copy to:

Michael E. Baum, Esq.
Schafer and Weiner, PLLC
40950 Woodward Ave., Ste. 100
Bloomfield Hills, MI 48304
mbaum@schaferandweiner.com

at the address set forth above or to any other address or addresses as any party entitled to receive notice under this Agreement shall designate, from time to time, by Notice given to the others in the manner provided in this Paragraph 11. Notices given by personal delivery shall be deemed to have been received upon receipt as indicated by the date of the signed receipt. Notices given by overnight courier shall be deemed to have been received on the date of delivery by such overnight commercial courier (or, if delivered on a Saturday, Sunday or legal holiday, the next business day). Notices given by certified mail shall be deemed to have been received on the date received.

12. Miscellaneous Provisions.

a. Each party hereby certifies and warrants to each counter-party that (i) it has read and understands, and is in full concurrence with, the provisions contained within this Agreement, (ii) the individual executing this Agreement for that party has the necessary authority to bind that party, and (iii) it has entered into and executed this Agreement voluntarily and with full knowledge of its significance, meaning and binding effect.

b. Whenever possible, each provision of this Agreement will be interpreted as effective and valid under applicable law and according to the overall intent of the parties. If any provision of this Agreement is held to be prohibited by or

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invalid or inoperative under applicable law by a court of competent jurisdiction, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement or detracting from the intent of the parties. If any term or provision in this Agreement is determined to be invalid or inoperative, all of the remaining terms and provisions shall remain in full force and effect.

c. All definitions and references to an agreement, instrument or document mean such agreement, instrument or document together with all exhibits and schedules thereto. The words "herein," hereof" and "hereunder," and words of similar import, refer to this Agreement as a whole and not to any particular provision of this Agreement. All pronouns and any variation thereof will be deemed to refer to the masculine, feminine, neuter, singular or plural as the context may require.

d. This Agreement shall be governed, construed and enforced according to the laws of the state of Michigan. The parties hereby agree that courts of the United States District Court for the Eastern District of Michigan have the exclusive jurisdiction to hear and determine any and all disputes, controversies, or claims arising out of, or relating to this Agreement and any other agreement between any of the parties hereto and contemplated hereunder.

e. This Agreement is personal and may not be assigned, transferred or conveyed by either party in whole or in part without the prior written consent of either party which shall not be unreasonably withheld.

f. Subject to paragraph 11(e), this Agreement is binding upon and inures to the benefit of each party's successors and assigns.

g. This Agreement may be executed in multiple counterparts, each of which shall be considered as an original document, and all of which together shall constitute one and the same Agreement. Facsimile or electronic transmissions, including without limitation e-mail .pdf signatures, of executed counterparts (with reproduced signatures) shall be deemed an executed counterpart. This Agreement shall be fully executed only when all of the parties have executed at least one, but not necessarily the same, counterpart.

h. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof. All provisions, covenants and representations of the Note Documents remain in full force and effect, except as modified by this Agreement, which shall prevail in the event of any conflict between then. The parties are aware that there shall be no presumption about mutual drafting. This Agreement may be modified or waived only by a

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separate writing executed by the parties, expressly modifying or waiving this Agreement.

13. **PARTICIPATION PURCHASER AND PLATINUM ACKNOWLEDGE AND AGREE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE, BUT THAT IT MAY BE WAIVED. PARTICIPATION PURCHASER AND PLATINUM, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS CHOICE, KNOWINGLY AND VOLUNTARILY, WITHOUT COERCION AND FOR ITS MUTUAL BENEFIT WAIVE ANY RIGHT TO A TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS AGREEMENT, THE NOTE DOCUMENTS OR THE OBLIGATIONS OWED TO PLATINUM. NEITHER PARTICIPATION PURCHASER NOR PLATINUM WILL BE DEEMED TO HAVE RELINQUISHED THIS JURY TRIAL WAIVER UNLESS SUCH RELINQUISHMENT IS IN A WRITTEN INSTRUMENT SIGNED BY THE PARTY TO BE CHARGED.**

WHEREOF, the undersigned parties, intending to be legally bound hereby, have caused this Agreement to be executed as of the date first above written.

PARTICIPATION PURCHASER
30294, LLC

By: Craig C. Bush

Title: Managing Member

Dated: 12-28-2016

PLATINUM LONG TERM
GROWTH VIII, LLC

By: Platinum Partners Credit Opportunities Master Fund, LP, its Member

By: Robert Rittereiser on behalf of BART M. SCHWARTZ AS RECEIVER

Name: Bart Schwartz

Its: Court Appointed Receiver

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Exhibit 3

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-v-

PLATINUM MANAGEMENT (NY) LLC;
PLATINUM CREDIT MANAGEMENT, L.P.;
MARK NORDLICHT;
DAVID LEVY;
DANIEL SMALL;
URI LANDESMAN;
JOSEPH MANN;
JOSEPH SANFILIPPO; and
JEFFREY SHULSE,

Defendants.

No. 16-cv-6848 (DLI)(VMS)

DECLARATION OF STEPHEN B. O'CONNELL IN SUPPORT OF THE RECEIVER'S APPLICATION FOR AN ORDER AUTHORIZING THE ARABELLA SETTLEMENT AGREEMENT

I, Stephen B. O'Connell, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a lawyer and a shareholder at O'Connell Law PLLC, proposed counsel to Bart M. Schwartz, the court-appointed Receiver in this case. I am over 18 years old and am a member of the bar of the State of Texas. I make this declaration in support of the Receiver's application for an order approving the Arabella Settlement Agreement. This declaration is based on my personal knowledge, certain documents provided to me by Platinum relating to the assets of AEX, and information I learned from documents produced in the various Arabella matters described in the declaration of Michael E. Baum, dated April 24, 2017 (the "Baum Declaration") and Bart M. Schwartz, dated April 25, 2017 (the "Schwartz Declaration"). [1]

2. I first became involved in the litigation surrounding the Arabella Entities in October 2015 when I was retained by Platinum Partner Credit Opportunities Master Fund, LP ("PPCO") to conduct an analysis of the Mechanics' and Materialman's Liens ("M&M Liens")

[1] Capitalized terms in my declaration that I do not define are defined in Baum and Schwartz Declarations.

that had been placed against the Arabella Working Interests.[2] I have 33 years' experience working on oil and gas issues, and am familiar with the legal issues involved in oil and gas exploration and production in Texas.

3. After conducting a thorough review of the M&M Liens, I continued to perform work for PPCO relating to the Arabella Entities, providing legal advice on oil and gas issues, and coordinating with Schafer & Weiner PLLC ("S&W") and Kessler Collins, P.C. ("Kessler") on filings and in hearings. After the Receiver's appointment, I continued to do legal work on the understanding, common in receivership cases, that the Receiver would seek this Court's permission to retain me *nunc pro tunc* to the date of his appointment. I understand that the Receiver is not seeking approval of my retention at this time, but will do so in a separate application to this Court.

4. More recently, I provided advice about the Arabella Entities' Tag-Along Rights—contractual rights that were unknown to S&W, Kessler or me until January 2017.

5. On March 27 and March 28, 2017, in order to resolve the various disputes mentioned in the Application, a mediation was conducted in Austin, Texas before the Honorable Christopher Mott, U.S. Bankruptcy Judge for the Western District of Texas, Austin/El Paso Division (the "Mediation"). The Receiver attended the Mediation represented by me and lawyers from S&W and Kessler.

6. As a result of the Mediation, the parties to the Arabella Settlement Agreement reached an agreement that resolved all issues among them, other than issues related to Jason

[2] I had no prior relationship Platinum or any of its principals and do not now have any relationship with Platinum or its principals other than the attorney-client relationship described in this declaration. I was not involved in the formation of the Participation Agreement, and was not aware of efforts to secure an outside investor until the last week of December 2016. I received a $20,000 part-payment of my past-due fees because of that agreement.

Hoisager, a former principal of the Arabella Entities. The Arabella Settlement Agreement is subject to the approval of this Court.

7. In my judgment, the Arabella Settlement Agreement is a very favorable resolution of the Arabella matters for the Receivership Entities, and I recommended to the Receiver that he enter into the Agreement.

8. I have read the description of the litigation risks associated with the various Arabella matters in the Baum Declaration, and I agree with that description. In particular, with respect to the Tag-Along Rights, an area where I have considerable expertise, I can say that there was significant litigation risk associated with AEX's claim to those rights. While AEX had colorable factual and legal arguments, the Chapter 11 Trustee also had colorable factual and legal arguments. Litigating over the Tag-Along Rights would have been time-consuming and expensive, and there was a very real possibility that AEX would not have prevailed on its claim to the Tag-Along Rights.

9. I have read the description of the benefits of the Arabella Settlement Agreement in the Baum and Schwartz Declarations, and I agree with those descriptions. The Arabella Settlement Agreement allows PPCO, through its investment in AEX, to share in the proceeds of the sale of property that, absent the settlement or protracted litigation, it would not have been able to share in. It also resolves or provides a pathway to resolving the many liens placed on the property (the M&M Liens, the JIB Lien and the Founders Liens). As a practical matter, these liens must be cleared (*i.e.*, paid or declared invalid) in order for the property to be sold. I think it is also important for the Court to understand that there is a significant value associated with resolving the Arabella matters at this time. Currently property prices in the region are very high.

The Arabella Settlement Agreement allows the Receiver to liquidate the Arabella Interests now, thus allowing him to take advantage of current market prices.

10. For the reasons set forth above, and elaborated on in much greater detail in the Schwartz Declaration and the Baum Declaration, I firmly believe that the Arabella Settlement is a very good result for PPCO, and that the Arabella Settlement Agreement should be approved be approved by this Court.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York
April 24, 2017

Stephen B. O'Connell

Exhibit 4

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, -v- PLATINUM MANAGEMENT (NY) LLC; PLATINUM CREDIT MANAGEMENT, L.P.; MARK NORDLICHT; DAVID LEVY; DANIEL SMALL; URI LANDESMAN; JOSEPH MANN; JOSEPH SANFILIPPO; and JEFFREY SHULSE, Defendants.	No. 16-cv-6848 (DLI)(VMS) ECF CASE

[PROPOSED] ORDER AUTHORIZING
THE ARABELLA SETTLEMENT AGREEMENT

Upon (i) the Receiver's letter application dated April 25, 2017; (ii) the Declaration of Bart M. Schwartz, dated April 25, 2017, attached thereto as Exhibit 1; (iii) the Declaration of Michael E. Baum, dated April 24, 2017 (and the exhibits thereto) attached thereto as Exhibit 2; (iv) the Declaration of Stephen B. O'Connell, dated April 24, 2017;

NOW, THEREFORE after due deliberation and sufficient case appearing therefor, and no objection to the relief requested having been raised, it is hereby:

ORDERED that the Receiver's application is granted, and pursuant to the application, the Receiver's entry into the Arabella Settlement Agreement, attached as Exhibit A to the Declaration of Michael E. Baum is approved.

Dated: Brooklyn, New York
April __, 2017

SO ORDERED:

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THE HON. DORA LIZETTE IRIZARRY
CHIEF UNITED STATES DISTRICT JUDGE
EASTERN DISTRICT OF NEW YORK