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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 30, 2014

Petro River Oil Corp.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
Of Incorporation)

000-49760
(Commission
File Number)

98-0611188
(IRS Employer
Identification No.)

**1980 Post Oak Blvd., Suite 2020
Houston, TX 77056**
(Address of principal executive offices)

Registrant's telephone number, including area code: **(469) 828-3900**

(Former Name or Former Address if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

The information disclosed in Items 2.01 and 3.02 is incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On May 30, 2014, Petro River Oil Corp. (the "Company"), entered into a Subscription Agreement, attached hereto as Exhibit 10.1 (the "Subscription Agreement"), pursuant to which the Company purchased a 50% interest in Bandolier Energy LLC ("Bandolier"). The Company has the right to appoint a majority of the board of managers of Bandolier. Thereafter, Bandolier, pursuant to that certain Securities Purchase Agreement, effective January 1, 2014 and attached hereto as Exhibit 10.2 (the "Securities Purchase Agreement"), acquired from Nadel and Gussman, LLC, Charles W. Wickstrom, and Shane E. Matson, in an all-cash transaction, all of the issued and outstanding equity of Spyglass Energy Group, LLC ("Spyglass"), the owner of oil and gas leases, leaseholds, lands, and options and concessions thereto, located in Osage County, Oklahoma. The Company has filed a request for confidential treatment for certain terms of the Subscription Agreement and the Securities Purchase Agreement, including the purchase price and capital contribution paid by the Company.

Subsequent to the transactions described above, Bandolier assigned a 51% interest in Spyglass to PO1, LLC ("PO1"), a wholly-owned subsidiary of the Company, pursuant to an Assignment and Assumption Agreement, dated as of May 30, 2014 and attached hereto as Exhibit 10.3 (the "Assignment"). Pursuant to the terms of the Assignment, PO1 has 180 days to pay Bandolier an amount equal to the aggregate initial capital contributions made by all Series A members of Bandolier pursuant to the Subscription Agreement, otherwise the assignment of the 51% interest to PO1 shall be cancelled.

The foregoing description of the transactions and agreements does not purport to be complete and is qualified in its entirety by the Subscription Agreement, the Securities Purchase Agreement and the Assignment, which are filed as exhibits hereto and incorporated by reference herein.

Item 3.02 Unregistered Sales of Equity Securities.

The Company's Executive Chairman, Scot Cohen, is a manager of, and investor in, Pearsonia West Investment Group, LLC ("PWIG"), a special purpose vehicle formed for the purpose of investing in Bandolier with the Company. The Board of Directors of the Company was informed of Mr. Cohen's participation in these transactions and pre-approved of them in accordance with the Company's Code of Ethics. In connection with PWIG's investment in Bandolier, the Company and PWIG entered into an agreement, dated May 30, 2014 and attached hereto as Exhibit 10.4 (the "Exchange Agreement"), granting the members of PWIG an option, exercisable at any time prior to May 30, 2017, to exchange their pro rata share of the Bandolier interests for shares of the Company's common stock, at a price of \$0.08 per share of common stock, subject to adjustment (the "Option"). The Option, if fully exercised, would result in the Company issuing 55,000,000 shares of its common stock to the members of PWIG. The Option was issued in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Act"), under Section 4(a)(2) of the Act.

The foregoing description of the transactions and agreements does not purport to be complete and is qualified in its entirety by the Exchange Agreement, which is filed as an exhibit hereto and incorporated by reference herein.

Item 8.01 Other Events.

On June 5, 2014 the Company issued a press release discussing these matters, which is filed as Exhibit 99.1 to, and incorporated by reference in, this report.

Item 9.01 Financial Statements and Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1*	Subscription Agreement, dated as of May 30, 2014, by and among Bandolier Energy LLC and the undersigned purchasers
10.2*	Securities Purchase Agreement, effective as of January 1, 2014, by and among Nadel and Gussman, LLC, Charles W. Wickstrom, Shane E. Matson and Bandolier Energy, LLC
10.3	Assignment and Assumption Agreement, dated as of May 30, 2014, by and between Bandolier Energy, LLC and PO1, LLC
10.4	Agreement, dated as of May 30, 2014, by and between Petro River Oil Corp. and Pearsonia West Investment Group, LLC
99.1	Press Release, dated June 5, 2014

* The Company has requested confidential treatment with respect to portions of this exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, and these confidential portions have been redacted from the filing made herewith. A complete copy of this exhibit, including the redacted terms, has been separately filed with the Securities and Exchange Commission.

SIGNATURE PAGE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: June 5, 2014

Petro River Oil Corp.

By: /s/ Scot Cohen

Name: Scot Cohen

Title: Executive Chairman

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- 10.1* Subscription Agreement, dated as of May 30, 2014, by and among Bandolier Energy LLC and the undersigned purchasers
- 10.2* Securities Purchase Agreement, effective as of January 1, 2014, by and among Nadel and Gussman, LLC, Charles W. Wickstrom, Shane E. Matson and Bandolier Energy, LLC
- 10.3 Assignment and Assumption Agreement, dated as of May 30, 2014, by and between Bandolier Energy, LLC and PO1, LLC
- 10.4 Agreement, dated as of May 30, 2014, by and between Petro River Oil Corp. and Pearsonia West Investment Group, LLC
- 99.1 Press Release, dated June 5, 2014

* The Company has requested confidential treatment with respect to portions of this exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended, and these confidential portions have been redacted from the filing made herewith. A complete copy of this exhibit, including the redacted terms, has been separately filed with the Securities and Exchange Commission.

BANDOLIER ENERGY LLC

SUBSCRIPTION AGREEMENT

To the Undersigned Purchasers:

Bandolier Energy LLC, a Delaware limited liability company (the “Company”), hereby agrees with each of you, as an undersigned purchaser identified in this Subscription Agreement (this “Agreement”), as follows, it being understood and agreed that the representations, warranties and agreements set forth herein by each of you are several in nature:

1. Sale and Purchase of Limited Liability Company Interest.

The Company has been formed under the laws of the State of Delaware and has proposed to enter into an Amended and Restated Limited Liability Company Agreement with each of you, in substantially the form attached hereto as **Exhibit A** with such modifications as may be mutually agreed upon prior to execution thereof and as the same may be modified in accordance with the terms of any subsequent amendment thereto (the “Company Agreement”). Capitalized terms used herein without definition have the meanings set forth in the Company Agreement.

Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the respective parties contained herein:

(a) the Company agrees to sell to you, and you irrevocably subscribe for and agree to purchase from the Company, the number of Series A Units set forth on your signature page attached hereto (represented, collectively, by the “Interests”); and

(b) the Company agrees that you shall be admitted as a Member, upon the terms and conditions, and in consideration of your agreement to be bound by the terms and provisions of the Company Agreement and this Agreement, with a Capital Commitment in the amount set forth on your signature page attached hereto (your “Line of Equity”), a portion of which (the “Initial Capital Contribution”) in the amount set forth on your signature page attached hereto shall be due at Closing (as defined below).

Subject to the terms and conditions hereof and of the Company Agreement, your obligation to subscribe and pay for your Interests at the time contemplated therein shall be complete and binding upon the execution and delivery of this Agreement.

2. Execution of Company Agreement.

You hereby agree to become a party to, to be bound by, and to comply with the provisions of the Company Agreement. To that end, prior to Closing (as defined below), you shall execute and deliver to the Company an executed signature page, in counterpart, to the Company Agreement, which shall be deemed an original and, together with all other counterparts, shall constitute one and the same instrument.

3. Payment of Line of Equity.

You hereby agree that, subsequent to your funding of your Initial Capital Contribution, the remainder of your Line of Equity, or any portion thereof, shall be due upon any duly issued Capital Calls in accordance with the terms of Section 6.2 of the Company Agreement.

4. Acquisition of Spyglass Energy Group, LLC.

You hereby acknowledge and agree that, upon consummation of the transactions contemplated hereby, the Company shall utilize your and the other purchasers' Initial Capital Contributions to acquire all of the issued and outstanding membership interests of Spyglass Energy Group, LLC, in exchange for the payment of an agreed-upon purchase price and related closing costs (the "Spyglass Transaction"), and for other business purposes as determined by the Board (as that term is defined in the Company Agreement) of the Company and consistent with the Company Agreement.

5. Closing.

5.1 The closing and effectiveness (the "Closing") of the sale to you, and the subscription for and purchase by you, of the Interests, and your admission as a Member, shall take place on such date and at such time as the Company shall designate following your full execution of this Agreement and the satisfaction of the conditions set forth in Sections 5.2 and 5.3 (the "Closing Date").

5.2 Your obligation to consummate the transactions described herein is subject to the satisfaction of the following conditions:

(a) the Company Agreement shall have been duly authorized, executed and delivered by all parties thereto (other than you) and shall be in full force and effect;

(b) the Company's representations and warranties being accurate and true in all material respects as of the Closing Date (unless as of a specific date therein in which case they shall be accurate and true as of such date);

(c) the performance in all material respects of all obligations, covenants and agreements of Company that are required to be performed at or prior to the Closing Date; and

(d) the satisfaction of all conditions to the closing of the Spyglass Transaction other than the payment of the purchase price thereunder.

5.3 The Company's obligation to consummate the transactions described herein is subject to the satisfaction of the following conditions:

(a) your representations and warranties being accurate and true in all material respects as of the Closing Date (unless as of a specific date therein in which case they shall be accurate and true as of such date);

(b) your performance in all material respects of all obligations, covenants and agreements that are required to be performed by you at or prior to the Closing Date;

(c) you shall have delivered, or caused to be delivered, your Initial Capital Contribution to the Company, by wire transfer of immediately available funds, to an account designated by the Company in writing to you; and

(d) the satisfaction of all conditions to the closing of the Spyglass Transaction other than the payment of the purchase price thereunder.

6. Termination.

6.1 Termination. Subject to the provisions of Section 6.2, this Agreement may be terminated at any time prior to the Closing Date by any of the following:

(a) by the mutual written agreement of the Company and both of you;

(b) by the Company, by written notice to you, if there has been a material violation or breach of any of your covenants or agreements made herein, or if any representation or warranty of yours contained herein is materially inaccurate or misleading or, following the use of reasonable efforts by the Company, the Closing is not effected by [], 2014; or

(c) by you, by written notice to the Company, if there has been a material violation or breach of any of the Company's covenants or agreements made herein, or if any representation or warranty of the Company contained herein is materially inaccurate or misleading or, following the use of reasonable efforts by the Company, the Closing is not effected by [], 2014.

6.2 Effect of Termination. If this Agreement shall be terminated as provided in Section 6.1, then this Agreement shall forthwith become void and there shall be no continuing obligation on the part of the parties; provided, that no party shall be relieved of any liability as a result of a breach of any of such party's representations, warranties, covenants or agreements contained herein.

7. Representations and Warranties of the Company.

7.1 The Representations and Warranties. The Company represents and warrants that each of the following statements shall be true and correct as of the Closing Date:

(a) Formation and Standing. The Company is duly formed and validly existing as a limited liability company under the laws of the State of Delaware and, subject to applicable law, has all requisite limited liability company power and authority to carry on its business as proposed to be conducted in the Company Agreement.

(b) Authorization of Agreement, etc. The execution and delivery of this Agreement and the Company Agreement have been authorized by all necessary action on behalf of the Company and this Agreement and the Company Agreement, when executed and delivered by the Company, are legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

(c) Compliance with Laws and Other Instruments. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of the Company Agreement, or any agreement or other instrument to which the Company is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Company or its business or properties.

(d) Offer of Interests. Neither the Company nor anyone acting on its behalf has taken or will take any action that would subject the issuance and sale of the Interests to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act").

7.2 Survival of Representations and Warranties. All representations and warranties made by the Company in Section 7.1 shall survive the execution and delivery of this Agreement, any investigation at any time made by you or on your behalf and the issue and sale of Interests.

8. Representations and Warranties of the Purchaser.

8.1 The Representations and Warranties. As to yourself only, you represent and warrant to the Company and each other Person who is, or in the future becomes, a Member, that each of the following statements shall be true and correct as of the Closing Date:

(a) Representation of Investment Experience and Ability to Bear Risk. You (i) are knowledgeable and experienced with respect to the financial, tax and business aspects of the ownership of the Interests and of the business contemplated by the Company and are capable of evaluating the risks and merits of purchasing the Interests and, in making a decision to proceed with this investment, have not relied upon any representations, warranties or agreements, other than those set forth in this Agreement and the Company Agreement, if any, and (ii) can bear the economic risk of an investment in the Company for an indefinite period of time, and can afford to suffer the complete loss thereof.

(b) Accredited Investor. You are an accredited investor within the meaning of Rule 501(a) of Regulation D promulgated under the Securities Act.

(c) The Interests have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with the registration requirements of the Securities Act or pursuant to an exemption from such registration requirements. You hereby agree that any disposition of the Interests, including the transactions contemplated hereunder, and irrespective of whether the Interests are certificated, shall include the following legend:

“THE LIMITED LIABILITY COMPANY INTERESTS OF THE COMPANY (THE “INTERESTS”) HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”) OR ANY STATE SECURITIES LAWS OR THE LAWS OF ANY OTHER NATION OR JURISDICTION AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED UNLESS THE SAME HAVE BEEN INCLUDED IN AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY HAS BEEN RENDERED TO THE COMPANY THAT AN EXEMPTION FROM REGISTRATION UNDER APPLICABLE SECURITIES LAWS IS AVAILABLE.

IN ADDITION, TRANSFER OR OTHER DISPOSITION OF THE INTERESTS IS RESTRICTED AS PROVIDED IN THE LIMITED LIABILITY COMPANY AGREEMENT OF THE COMPANY.”

(d) Transfers and Transferability. You understand and acknowledge that the Interests have not been registered under the Securities Act or any state securities laws and are being offered and sold in reliance upon exemptions provided in the Securities Act and state securities laws for transactions not involving any public offering and, therefore, cannot be resold or transferred unless they are subsequently registered under the Securities Act and such applicable state securities laws or unless an exemption from such registration is available. You also understand that the Company does not have any obligation or intention to register the Interests for sale under the Securities Act, any state securities laws or of supplying the information which may be necessary to enable you to sell Interests; and that you have no right to require the registration of the Interests under the Securities Act, any state securities laws or other applicable securities regulations. You also understand that sales or transfers of Interests are further restricted by the provisions of the Company Agreement.

You represent and warrant further that you have no contract, understanding, agreement or arrangement with any person to sell or transfer or pledge to such person or anyone else any of the Interests for which you hereby subscribe (in whole or in part); and you represent and warrant that you have no present plans to enter into any such contract, undertaking, agreement or arrangement.

You understand that, subject to Section 12.1(a) of the Company Agreement, the Interests cannot be sold or transferred without Board Approval and Requisite Investor Approval, which approval may be withheld in their sole and absolute discretion and which approval will be withheld if any such transfer could cause the Company to become subject to regulation under federal law as an investment company or would subject the Company to adverse tax consequences or adverse consequences under ERISA.

You understand that there is no public market for the Interests; any disposition of the Interests may result in unfavorable tax consequences to you.

You are aware and acknowledge that, because of the substantial restrictions on the transferability of the Interests, it may not be possible for you to liquidate your investment in the Company readily, even in the case of an emergency.

(e) Residence. You maintain your domicile or principal place of business at the address shown in the signature page of this Agreement and you are not merely transient or temporarily resident there.

(f) Awareness of Risks; Taxes. You represent and warrant that you are aware (i) that the Company has no operating history; (ii) that the Interests involve a substantial degree of risk of loss of your entire investment and that there is no assurance of any income from your investment; (iii) that any federal, state, or foreign income tax benefits which may be available to you may be lost through the adoption of new laws or regulations, to changes to existing laws and regulations and to changes in the interpretation of existing laws and regulations; and (iv) any disposition of Interests may result in unfavorable tax consequences to you. You further represent that you are relying solely on your own conclusions or the advice of your own counsel or investment representative with respect to tax aspects of any investment in the Company.

(g) Power Authority; Valid Agreement. (i) You have all requisite power and authority to execute, deliver and perform your obligations under this Agreement and the Company Agreement and to subscribe for and purchase or otherwise acquire your Interests; (ii) your execution of this Agreement and the Company Agreement has been authorized by all necessary corporate or other action on your behalf; and (iii) this Agreement and the Company Agreement are each valid, binding and enforceable against you in accordance with their respective terms.

(h) No Conflict; No Violation. The execution and delivery of this Agreement and the Company Agreement by you and the performance of your duties and obligations hereunder and thereunder (i) do not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under (A) any charter, bylaws, trust agreement, partnership agreement or other governing instrument applicable to you, (B) (1) any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement or understanding, or (2) any license, permit, franchise or certificate, in either case to which you or any of your Affiliates is a party or by which you or any of them is bound or to which your or any of their properties are subject; (ii) do not require any authorization or approval under or pursuant to any of the foregoing; and (iii) do not violate any statute, regulation, law, order, writ, injunction or decree to which you or any of your Affiliates is subject.

8.2 Survival of Representations and Warranties. All representations and warranties made by you in Section 8.1 of this Agreement shall survive the execution and delivery of this Agreement, as well as any investigation at any time made by or on behalf of the Company and the issue and sale of Interests.

8.3 Reliance. You acknowledge that your representations, warranties, acknowledgments and agreements in this Agreement will be relied upon by the Company in determining your suitability as a purchaser of Interests.

8.4 Further Assurances. You agree to provide, if requested, any additional information that may be requested or required to determine your eligibility to purchase the Interests.

9. General Contractual Matters.

9.1 Amendments and Waivers. This Agreement may be amended and the observance of any provision hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of you and the Company.

9.2 Assignment. You agree that neither this Agreement nor any rights which may accrue to you hereunder may be transferred or assigned.

9.3 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given to any party when delivered by hand, when mailed, first-class postage prepaid, or when emailed, (a) if to you, to you at the physical or email address set forth below your signature, or to such other address as you shall have furnished to the Company in writing, and (b) if to the Company, to Bandolier Energy LLC, 100 West 5th Street, Suite 900, Tulsa, Oklahoma 74103, Attn: Shane E. Matson, , or to such other address or addresses, as the Company shall have furnished to you in writing, provided that any notice to the Company (a) shall be effective only if and when received by the Company and (b) shall not be delivered by email.

9.4 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS (EXCEPT INsofar AS AFFECTED BY THE SECURITIES OR "BLUE SKY" LAWS OF THE STATE OR SIMILAR JURISDICTION IN WHICH THE OFFERING DESCRIBED HEREIN HAS BEEN MADE TO YOU).

9.5 Submission to Jurisdiction. Each party irrevocably consents and agrees that any legal action or proceeding with respect to this Agreement and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of Delaware or the United States federal courts for the State of Delaware, and, by execution and delivery of this Agreement, each party hereby submits to and accepts for itself and in respect of its property, generally and unconditionally, the exclusive jurisdiction of the aforesaid courts and appellate courts from any appeal thereof. Each party hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing in this section shall be deemed to constitute a submission to jurisdiction, consent or waiver with respect to any matter not specifically referred to herein.

9.6 Waiver of Trial by Jury. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER.

9.7 Descriptive Headings. The descriptive headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provision of this Agreement.

9.8 Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter of this Agreement, and there are no representations, covenants or other agreements except as stated or referred to herein.

9.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

9.10 Circular 230 Notice. To ensure compliance with Treasury Department Circular 230, you are hereby notified that:

(a) any discussion of Federal tax issues in this Agreement is not intended or written to be used, and cannot be used, by a Member for the purpose of avoiding penalties that may be imposed on such Member under the Code;

(b) any such discussion is written to support the promotion or marketing of the transactions or matters addressed in this Agreement; and

(c) each Member should seek advice based on its particular circumstances from and independent advisor.

[signature page follows]

If you are in agreement with the foregoing, please sign the enclosed counterpart of this Agreement and return such counterpart of this Agreement to the Company.

BANDOLIER ENERGY LLC

By: /s/ Shane Matson

Name: Shane Matson

Title: President

The foregoing Subscription Agreement is hereby agreed to by the undersigned on this 30th day of May, 2014.

PETRO RIVER OIL CORP.

By: /s/ Scot Cohen

Name: Scot Cohen

Title: Executive Chairman

1980 Post Oak Blvd., Suite 2020

Houston, TX 77056

Attn: Scot Cohen

Email address: scohen@icofund.com

LINE OF EQUITY: \$[***]

INITIAL CAPITAL CONTRIBUTION: \$[***]

TOTAL SERIES A UNITS: 500

Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.

SECURITIES PURCHASE AGREEMENT

SPYGLASS ENERGY GROUP, LLC

BY AND BETWEEN

NADEL AND GUSSMAN, LLC,

CHARLES W. WICKSTROM,

SHANE E. MATSON,

AS SELLERS

AND

BANDOLIER ENERGY, LCC,

AS PURCHASER

EFFECTIVE AS OF JANUARY 1, 2014

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SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (“Agreement”) is made and entered into this ____ day of May, 2014 effective as of January 1, 2014 (“Effective Date”), among the parties identified on Exhibit A (collectively, the “Sellers”, and individually a “Seller”); SPYGLASS ENERGY GROUP, LLC, an Oklahoma limited liability company (“Company”); and BANDOLIER ENERGY, LLC, a Delaware limited liability company (“Purchaser”). The Sellers, the Company and the Purchaser are each sometimes referred to herein as a “Party” and are sometimes collectively referred to herein as the “Parties”.

RECITALS

A. The Sellers own all of the issued and outstanding membership interests, units, warrants, options and any other rights to acquire membership interests in the Company (collectively, the “Membership Interests”), such Membership Interests being owned by the Sellers in the respective amounts set forth next to the Sellers’ names on Exhibit A.

B. The Purchaser desires to purchase all, and not less than all, of the Membership Interests, and the Sellers desire to sell all, and not less than all, of the Membership Interests for the Aggregate Purchase Price, subject to and in accordance with the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals, the agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Agreement of Sale and Purchase of the Membership Interests. Subject to the terms and conditions contained in Sections 2 and 10 below, the Sellers shall sell to the Purchaser, and the Purchaser shall purchase from the Sellers, the Membership Interests as of the Effective Date.

2. Purchase Price: Closing.

(a) **Purchase Price**. Subject to the terms and conditions contained in this Agreement, on the Closing Date, the Purchaser shall pay to the Sellers, in the aggregate, an amount equal to [***] (the “Aggregate Purchase Price”), subject to adjustment as provided in Section 2(c). The Aggregate Purchase Price as adjusted pursuant to Section 2(c) is herein referred to as the “Adjusted Purchase Price”.

*Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.*

(b) **Performance Deposit.** On or before the date that this Agreement is fully executed by all Parties, Purchaser shall pay, by wire transfer of immediately available funds to Sellers' designated account, the sum of [***] (the "Performance Deposit"). If the Closing occurs, the Performance Deposit shall be applied as a credit toward the Preliminary Adjusted Purchase Price on the Preliminary Settlement Statement. If the Closing does not occur solely as a result of the breach by Purchaser of the terms of this Agreement and there has been no breach by Sellers of the terms of this Agreement, the Sellers shall have the right, as their sole remedy, to retain the Performance Deposit as liquidated damages (and not as a penalty). The Parties acknowledge and agree that the actual damages for such a breach would be difficult or impossible to ascertain with reasonable certainty, and that the Performance Deposit would be a reasonable liquidated damages amount. If the closing does not occur for any other reason (other than Purchaser's breach), the Performance Deposit shall be immediately returned to Purchaser.

*Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.*

(c) **Adjustments to Aggregate Purchase Price.** The Aggregate Purchase Price shall be adjusted to arrive at the Adjusted Purchase Price according to this Section 2(c) without duplication.

(i) For the purposes of this Agreement:

(A) "Property Costs" means all capital expenses pertaining to the Assets (including costs incurred subsequent to the Effective Date and prior to the Closing Date for drilling, developing, completing, equipping and plugging and abandoning Wells), insurance costs, other expenses, joint interest billings, lease operating expenses, lease rental and maintenance costs, royalties, overriding royalties, leasehold payments, severance Taxes, drilling expenses, workover expenses, geological, geophysical and any other exploration or development expenditures chargeable under applicable operating agreements or other agreements consistent with the standards established by the Council of Petroleum Accountants Society that are attributable to the maintenance and operation of the Assets; *provided, however*, that for purposes of this Agreement, the following costs shall not be included in this calculation: the Lease Bonus Payment made to the BIA for and on behalf of the Osage Tribe on January 27, 2014, in the amount of \$[***].

*Certain information in this agreement has been omitted and filed separately with the Securities and Exchange Commission. [***] indicates that text has been omitted and is the subject of a confidential treatment request.*

(B) For purposes of allocating production (and proceeds and accounts receivable with respect thereto) to the Assets, under this Section 2(c), (1) the term “incurred” shall be interpreted in accordance with Council of Petroleum Accountants Society standards, except as otherwise specified herein, (2) liquid Hydrocarbons shall be deemed to be “from or attributable to” the Assets when they pass through the pipeline connecting into the storage facilities into which they are run; and (3) gaseous Hydrocarbons shall be deemed to be “from or attributable to” the Assets when they pass through the royalty measurement meters, delivery point sales meters or custody transfer meters on the gathering lines or pipelines through which they are transported (whichever meter is closest to the well).

(ii) Proration of Costs and Revenues.

(A) All proceeds from the sale of any production of Hydrocarbons from or attributable to the Assets prior to the Effective Date (net of (A) all amounts payable as royalties, overriding royalties, net profits interests and other similar burdens on or measured by production; and (B) all applicable severance Taxes) shall be the property of the Sellers, and in the event the Company receives any of those proceeds after the Closing (or before the Closing if the Aggregate Purchase Price has not been adjusted therefor), Purchaser will cause the Company to remit those proceeds to Sellers within 45 days after such receipt, or the Aggregate Purchase Price shall be increased by such amount if received prior to Closing. All proceeds from the sale of any production of Hydrocarbons from or attributable to the Assets on or subsequent to the Effective Date (net of (1) all amounts payable as royalties, overriding royalties, net profits interests and other similar burdens on or measured by production; and (2) all applicable severance Taxes shall be the property of the Company for the benefit of Purchaser, and in the event Sellers receive any of those proceeds after the Closing (or before the Closing if the Aggregate Purchase Price has not be adjusted therefor), Sellers will remit those proceeds to the Company for the benefit of the Purchaser within 45 days after such receipt, or the Aggregate Purchase Price shall be reduced by such amount if received prior to Closing.

(B) The Company shall be responsible for all costs and expenses that are attributable to the Assets, including without limitation Property Costs, incurred prior to the Effective Date, and the Aggregate Purchase Price shall be decreased by those costs and expenses to the extent any of those costs and expenses are not paid by the Company or the Sellers before the Closing. Purchaser shall be responsible for all costs and expenses that are attributable to the Assets, including without limitation Property Costs incurred on or after the Effective Date, and the Aggregate Purchase Price shall be increased by those costs and expenses to the extent any of those costs and expenses are paid by the Company or the Sellers before the Closing.

(iii) Upward Adjustments. In addition to the adjustments called for in Section 2(c)(ii) above, the Aggregate Purchase Price shall be adjusted upward by the following:

(A) an amount equal to (1) all direct and actual expenses attributable to the Assets, including without limitation Property Costs, incurred by or for the benefit of the Company, (2) all royalties, overriding royalties, net profit interests and similar burdens on or measured by production, and (3) all applicable severance Taxes, in each case attributable to the Assets from and after the Effective Date that were paid by the Company or the Sellers;

(B) an amount equal to all prepaid expenses (including pre-paid bonuses, rentals, cash calls and advances to operators for expenses not yet incurred, prepaid Taxes, and scheduled payments) attributable to the ownership or operation of the Assets from and after the Effective Date that were incurred and paid by the Company or the Sellers, and;

(C) an amount equal to the value of all oil in the storage tanks for the Wells at the Effective Date, calculated and as set forth in Schedule 2(c)(iii)(C); and

(D) any other amount expressly provided for in this Agreement or otherwise agreed to in writing by the Parties.

(iv) Downward Adjustments. In addition to the adjustments called for in Section 2(c)(ii) above, the Aggregate Purchase Price shall be adjusted downward by the following:

(A) an amount equal to (1) all direct and actual expenses attributable to the Assets, including without limitation Property Costs, incurred and by the Company, (2) all royalties, overriding royalties, net profit interests and similar burdens on or measured by production, and (3) all applicable severance Taxes, in each case attributable to the Assets prior to the Effective Date that were paid by the Purchaser;

(B) an amount equal to all prepaid expenses (including pre-paid bonuses, rentals, cash calls and advances to operators for expenses not yet incurred, prepaid Taxes, and scheduled payments) attributable to the ownership or operation of the Assets prior to the Effective Date that were incurred and paid by the Purchaser, and;

(C) any other amount expressly provided in this Agreement or otherwise agreed to in writing by the Parties.

(v) Other Adjustments. The Aggregate Purchase Price may also be adjusted by the written agreement of the Parties with respect to the costs, expenses and revenues associated with the Excluded Assets between the Effective Date and the Closing Date.

(vi) Performance Deposit. The Adjusted Purchase Price shall be adjusted downwards as provided in Section 2(b) to give effect to the Performance Deposit having been previously paid by Purchaser.

(vii) Preliminary Settlement Statement. On or before the day that is five Business Days prior to Closing, Sellers shall deliver to Purchaser a statement in the form of Schedule 2(c)(vii) (the "Preliminary Settlement Statement") setting forth Sellers' good faith calculations of the adjustments to the Aggregate Purchase Price set forth in Section 2(c) (the Aggregate Purchase Price, as so adjusted "Preliminary Adjusted Purchase Price"), prepared in good faith using the best information reasonably available to Sellers at the Closing Date, along with such data in Sellers' possession as is reasonably necessary to support such calculations. The Preliminary Settlement Statement also shall set forth Sellers' designated accounts for purposes of Purchaser's payment of the Adjusted Purchase Price. The Parties shall attempt to agree in writing upon the Adjusted Purchase Price prior to Closing, and in the event the Parties cannot agree upon the Adjusted Purchase Price prior to Closing, Purchaser shall pay the Preliminary Adjusted Purchase Price to Sellers at Closing, and the Parties shall engage in good faith negotiations to agree on the Adjusted Purchase Price. If the Adjusted Purchase Price is not agreed to by the Parties within 30 days after the Closing Date, the dispute shall be submitted to arbitration in accordance with Section 15(f). Within 10 Business Days after final agreement or determination of the Adjusted Purchase Price, (A) the Purchaser shall pay to the Sellers, based upon their Sharing Ratios, the amount (if any) by which the Adjusted Purchase Price exceeds the Preliminary Adjusted Purchase Price paid to the Sellers at Closing, or (B) the Sellers shall pay, based upon their Sharing Ratios, the amount (if any) by which the Preliminary Adjusted Purchase Price paid to the Sellers at Closing exceeds the Adjusted Purchase Price.

(d) **Closing.** The closing of this transaction shall be held at 9:00 a.m. on May 22, 2014, or, if the conditions set forth in Section 10 have not been satisfied by that date, two Business Days after the date on which the last of the conditions set forth in Section 10 shall have been satisfied or waived, in the offices of the Company at 15 East 5th Street, Suite 3400, Tulsa, Oklahoma 74103, or at such other time, place or method to be mutually agreed upon by the Parties (the "Closing" or "Closing Date").

3. Inspection and Acceptance of Assets; Disclaimer of Warranties. Prior to the execution of this Agreement, Purchaser has been given full access and opportunity to complete and has completed its due diligence investigation of the Company and the Assets, including physical and environmental inspections of the Wells (including without limitation a Phase I Environmental Assessment and equipment inventory) and to visit with Company personnel, including Matson, who is an executive officer of Purchaser and who is also a Seller. Matson was actively involved on behalf of the Company in the development and operation of the Assets. Matson participated in Purchaser's due diligence investigation and also aided Sellers in preparing the Schedules to this Agreement. Except for the representations, warranties and covenants of the Sellers set forth in Section 4, and the special warranty of title set forth in Section 9(i), Purchaser acknowledges that the Assets are being sold "as is, where is" and with all faults, and Purchaser waives for all purposes all objections associated with the condition (environmental, physical, contractual or otherwise) of the Assets, and Purchaser assumes all risks of any kind whatsoever relating to the Assets including, without limitation, risks of changes in condition to the Assets, changes in law, and physical and environmental conditions. Purchaser further acknowledges, except for the representations, warranties and covenants of the Sellers set forth in Section 4, and the special warranty of title set forth in Section 9(i), as follows:

(a) NEITHER SELLERS, THE COMPANY NOR ANY OF THEIR RESPECTIVE REPRESENTATIVES, NOR ANY PERSON ACTING ON BEHALF OF SELLERS OR THE COMPANY, HAS MADE, AND SELLERS AND THE COMPANY HEREBY EXPRESSLY DISCLAIM AND NEGATE, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, RELATING TO THE CONDITION OF ANY OF THE ASSETS (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, PATENT OR TRADEMARK INFRINGEMENT, AND ANY AND ALL OTHER IMPLIED WARRANTIES EXISTING UNDER APPLICABLE LAW).

(b) SELLERS AND THE COMPANY HEREBY EXPRESSLY NEGATE AND DISCLAIM, AND PURCHASER HEREBY WAIVES AND ACKNOWLEDGES THAT NONE OF THE SELLERS, THE COMPANY, THEIR RESPECTIVE REPRESENTATIVES, AND NO PERSON ACTING ON BEHALF OF SELLERS OR THE COMPANY, HAS MADE, AND PURCHASER IS NOT RELYING UPON, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OR OTHER ASSURANCE RELATING TO (I) THE ACCURACY, COMPLETENESS OR MATERIALITY OF ANY INFORMATION, DATA OR OTHER MATERIALS (WRITTEN OR VERBAL), NOW, HERETOFORE, OR HEREAFTER FURNISHED TO PURCHASER BY OR ON BEHALF OF SELLERS OR THE COMPANY, OR (II) PRODUCTION RATES, RECOMPLETION OPPORTUNITIES, DECLINE RATES, GEOLOGICAL OR GEOPHYSICAL DATA OR INTERPRETATIONS, THE QUALITY, QUANTITY, RECOVERABILITY OR COST OF RECOVERY OF ANY HYDROCARBON RESERVES, ANY PRODUCT PRICING ASSUMPTIONS, OR THE ABILITY TO SELL OR MARKET ANY HYDROCARBONS AFTER THE CLOSING.

4. Sellers' Representations And Warranties. Each Seller hereby severally and not jointly represents and warrants to Purchaser, with respect to itself/himself/herself, as of the date hereof and at Closing as follows:

(a) **Organization and Standing**. To the extent Seller is a corporation, partnership, limited liability company, trust or other entity formed under the laws of any state, Seller is duly organized, validly existing and in good standing under the laws of the state of its organization and in such other jurisdictions necessary for the consummation of this Agreement.

(b) **Power.** Seller has all requisite power and authority to carry on its business as presently conducted and to enter into and perform its obligations under this Agreement. The execution and delivery of this Agreement does not, and the fulfillment of and compliance with the terms and conditions hereof will not, violate, or be in conflict with, any provision of its governing documents, to the extent applicable. Except as set forth in Schedule 4(b), Seller is not required to give any notice to, make any filing with, or obtain any authorization, consent or approval of, any third party or any governmental authority in order to execute and deliver this Agreement or consummate the transactions contemplated hereby, except for such authorizations, consents or approvals as shall have been obtained or such notices or filings as shall have been accepted before the Closing Date.

(c) **Authorization and Enforceability.** The execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all requisite actions of the Seller. This Agreement constitutes the legal, valid and binding obligation of the Seller and is enforceable in accordance with its terms, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium and other laws for the protection of creditors generally, as well as to general principles of equity, regardless of whether such enforceability is considered in a proceeding in equity or at law.

(d) **Title to Membership Interests.** Seller owns the Membership Interests indicated in Exhibit A, and at Closing, will convey to Purchaser good and marketable title to the Membership Interests free and clear of any and all liens, mortgages, claims, encumbrances, pledges or security interests and all other defects of title, adverse claims or other matters whatsoever (other than those arising under federal and state securities laws).

(e) **Brokers' Fees.** Seller has not incurred any liability, contingent or otherwise, for brokers' or finders' fees relating to the transactions contemplated by this Agreement for which the Purchaser or the Company shall have any responsibility.

5. Sellers' Representations and Warranties Concerning the Company. Each Seller severally and not jointly represents and warrants to the Purchaser as of the date hereof and at Closing as follows:

(a) **Organization and Standing.** The Company is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Oklahoma set forth on Schedule 5(a) is a complete listing of the Certificate or Articles of Organization and the Operating Agreement of the Company, and all amendments thereto, copies of which have previously been made available to the Purchaser.

(b) **Power.** The Company has all requisite power and authority to carry on its business as presently conducted and to enter into and perform its obligations under this Agreement. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated by this Agreement will not: (i) violate or conflict with any provision of its Certificate or Articles of Organization or Operating Agreement, as amended from time to time; (ii) violate or conflict with any judgment, decree, order, statute, rule or regulation as in effect at the Closing Date to which the Company is subject; or (iii) violate, conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, cancel or receive any payment under, require any notice of consent under, or result in the imposition of any lien, claim or encumbrance upon any of the Assets under any agreement, contract, lease, license, instrument or other arrangement to which the Company is a party, by which the Company is bound or to which the Assets are subject.

(c) **Capitalization.** All outstanding Membership Interests have been validly issued, are fully paid and non-assessable, were not issued in violation of the terms of any contract binding upon the Company and were issued in compliance with all governing documents of the Company. There are no outstanding subscriptions, options, warrants, conversion rights, convertible securities, preemptive rights, preferential rights (contractual or otherwise), "phantom" stock rights, or agreements, understandings or arrangements of any kind relating to equity securities, obligating the Company to issue or sell any Membership Interests now or in the future. At Closing, the Purchaser will acquire all of the issued and outstanding Membership Interests of the Company.

(d) **Financial Information.** All financial information which has been provided to Purchaser with respect to the Company has been, and is, true and correct in all respects, and while not maintained or prepared in accordance with GAAP are complete and accurate. Other than the Tax Returns and associated work papers, such financial information is limited to the Assets. Except for lease operating statements reflecting operating income and expenses for the Assets (which is reported on an 8/8ths basis), such financial information (including the Tax Returns) is further limited to the Company's 39.149128% interest in the Assets which it owned immediately prior to the Effective Date and prior to acquiring the remaining aggregate 60.850872% interests of other Persons in and to the Assets. Purchaser acknowledges that much of the financial information is comprised of raw data derived from the Company's accounting records.

(e) **Events Subsequent to Effective Date.** Except as set forth in the financial information provided to Purchaser or on Schedule 5(e), since the Effective Date there have not been any changes in the Assets, condition, affairs (financial or otherwise) or business prospects of the Company, in each case limited to the Assets, which have had or would be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

(f) **Legal Compliance.** The Company: (i) to the Knowledge of Sellers, is in compliance with all applicable federal, state, local, tribal or foreign laws (including statutes, rules, regulations, codes, plans, writs, injunctions, judgments, orders, decrees, rulings, and charges thereunder) in effect as of the Closing Date (collectively, "Laws"); (ii) has not received any notice, charge, claim or action of any filed, commenced or to the Knowledge of Sellers threatened action alleging any violation of Laws; and (iii) has not received any notice that any permit, license, certificate of authority, order and approval of, all federal, state, local, tribal and foreign regulatory bodies required as of the Closing Date for the Company to carry on its current operations in the Ordinary Course of Business (collectively, "Permits") will be terminated or modified or cannot be renewed in the Ordinary Course of Business, and Sellers have no Knowledge of any reasonable basis for any such termination, modification or non-renewal.

(g) *Tax Matters.* To the Knowledge of Sellers,

(i) the Company has filed timely with the appropriate taxing authorities all Tax Returns required to be filed by the Company; each such Tax Return is true, correct and complete in all material respects; and all Taxes of the Company that are due and payable through and including the Effective Date, have been timely paid in full;

(ii) there is no action, suit, proceeding, investigation, audit, claim or assessment pending or threatened with respect to the Company with respect to a liability for Taxes or with respect to any Tax Return; no deficiency for any Tax has been assessed with respect to the Company which has not been paid in full; and there are no liens for Taxes upon the Assets other than liens for Taxes not yet due and payable;

(iii) the Company has withheld all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, member or other third party;

(iv) there are no outstanding waivers or comparable consents regarding the application of the statute of limitations with respect to any Taxes or Tax Returns of the Company;

(v) the Company is not a party to, is not bound by, and does not have any obligation under, any Tax sharing agreement, Tax indemnification agreement or similar contract or arrangement; the Company does not have any potential liabilities or obligations to any Person as a result of, or pursuant to, any such agreement, contract or arrangement; and the Company does not have any liability for Taxes of another Person by contract or otherwise;

(vi) the Company is, and has been since its inception, classified as a partnership for federal Tax purposes under Treasury Regulations Sections 301.7701-2 and -3, and any comparable provision of applicable law of state and local jurisdictions that permit such treatment; and

(vii) the Sellers shall, at Sellers's sole cost and expense, cause all state and federal income Tax Returns for the Company for calendar year 2013 to be timely filed (as extended), and shall promptly provide copies thereof (together with all schedules thereto) to the Company. Sellers shall provide Purchaser with copies of all associated work papers, schedules and accounting records necessary to support the 2013 Tax Return.

(h) **Material Agreements.** Schedule 5(h) lists: (i) the Concession Agreement and the Leases; (ii) all agreements and contracts (whether oral or written) with Persons who are or will be Affiliates of the Company or Affiliates of the Sellers immediately prior to Closing that will be binding on the Company or the Assets after Closing; (iii) agreements for the sale or purchase of Hydrocarbons produced from or attributable to the Assets; (iv) instruments that create any area of mutual interest, or that materially restrain, limit or impede the Company's ability to compete with or conduct its business as currently conducted, including geographic limitations on the Company's activities, in each case limited to the Assets; (v) contracts to which the Company is a party, the performance of which will involve consideration in excess of \$50,000 per year; or (vi) any other agreement not described in (i) through (v) above the existence or loss of which has had or would be reasonably likely to have a Material Adverse Effect on the Company (collectively, the "Material Agreements"). Additionally, all of the Material Agreements are still in effect and there has been no notice of termination from any third party or their affiliate. With respect to each Material Agreement, the Company is not in material breach or default of the terms and conditions of any Material Agreement.

(i) **Litigation.** Except as set forth on Schedule 5(i) (which are part of the Retained Liabilities), (A) there is no action, suit, proceeding, hearing, audit, citation, summons, subpoena, inquiry or investigation of any nature, civil, criminal, or regulatory, in law or in equity, by or before any court or quasi-judicial or administrative agency of any jurisdiction or arbitrator ("Proceeding") pending, or, to the Knowledge of Sellers, threatened, against, relating to or naming as a party thereto the Company, any of the Assets or any of the Company's members, managers or officers (in their capacities as such), (B) there is no agreement, order, judgment, decree, injunction or award of any governmental authority or arbitrator against and/or binding upon the Company, any of the Assets or any of the Company's members, managers or officers (in their capacities as such), and (iii) there is no Proceeding that the Company has pending against other Persons.

(j) **Brokers' Fees.** The Company has not incurred any liability, contingent or otherwise, for brokers' or finders' fees relating to the transactions contemplated by this Agreement for which the Purchaser or the Company shall have any responsibility.

(k) **Insurance.** Schedule 5(k) describes all contracts of insurance and bonds maintained by or for the benefit of the Company, which are in full force and effect, and all premiums due and owing in connection with such policies have been paid. To the Knowledge of Sellers, the Company has given notice or has otherwise presented every material claim known to the Company to be covered by insurance under its insurance policies or contracts in a timely fashion, except for policies directly related to the Assets and set forth on Schedule 5(k). Each of the policies will terminate as of the Closing Date, and Purchaser will be required to have replacement policies in place prior to the Closing.

(l) **Employee Benefit Plans.** The Company has no Benefit Plans, and the Company has made no agreement with any Person including, but not limited to, any employee, manager, officer or any Seller, regarding the Tax treatment of the Membership Interests.

(m) **Hedging Transactions.** The Company has no obligations in respect of any futures, hedges, swaps, collars, puts, calls, floors, caps, options, forward sales, forward purchases or other contracts or derivative securities that are intended to benefit from, relate to or reduce or eliminate the risk of fluctuations in the price of commodities (including, without limitation, Hydrocarbons), interest rates, currencies or securities with respect to the Assets or the Wells (collectively, "Hedge Transactions").

(n) **Imbalances.** There are no aggregate production, pipeline transportation or processing imbalances or penalties existing with respect to the Wells, and the Company has not received a deficiency payment under any Hydrocarbon contracts for which any party has a right to take deficiency Hydrocarbons from the Company with respect to the Wells, nor has the Company received any payments for production which are subject to refund or recoupment out of future production from the Wells.

(o) **Prepaid Obligations.** The Company is not subject to any "take or pay" arrangement, production payment arrangement, or other agreement or arrangement which require it to deliver or to suffer the delivery of Hydrocarbons produced in connection with the Wells or the Assets at some future time (or make a cash payment in lieu thereof) without then or thereafter receiving full payment therefor and without deduction or credit on account of such arrangement from the price that would otherwise be received.

(p) **Preferential Rights; Restrictions on Transfer.** Except as set forth in Schedule 5(p), there are no preferential rights to purchase or other similar rights or restrictions on assignment, including requirements for consents from third parties to assignment, affecting the Assets that would be applicable to, or required for the consummation of, the transactions contemplated by this Agreement, and the transactions contemplated by this Agreement will not create in any individual or entity any option to purchase, preferential right to purchase or similar rights with respect to the Assets.

(q) **Calls on Production.** There are no calls on production (whether or not exercised) or other similar marketing restrictions affecting the Wells or the Assets, nor will the transactions contemplated by this Agreement create any such calls on production.

(r) **Operation of Wells.** Although the Company owns the Leases and the Wells, the Company does not operate any of the Wells or any other wells. To the Knowledge of Sellers, all the Wells have been drilled, operated and produced in accordance in all material respects with reasonable, prudent oil and gas field practices and in compliance in all material respects with the applicable Leases and applicable Law.

(s) **Proceeds of Production.** All of the proceeds from the sale of the Company's interest in Hydrocarbons produced from the Wells (net of mineral owner royalty) are being received by the Company in a timely manner and are not being held in suspense for any reason.

(t) **Title to the Leases and the Assets.** The Company has Defensible Title to the Leases and the Assets free and clear of all Liens, except for Permitted Encumbrances. To the knowledge of Sellers, the Leases and the Concession Agreement are in full force and effect, the rentals, royalties and other payments due thereunder have been properly and timely paid and there is no existing default (or event that, with notice or lapse of time or both, would become a default) thereunder.

(u) **No Undisclosed Liabilities.** To the Knowledge of Sellers, except for liabilities incurred or paid (i) after the Effective Date but before the date of this Agreement; and (ii) after the date of this Agreement that do not violate Section 8 below, there are no liabilities, debts or obligations of the Company of any kind, whether accrued, absolute, contingent, inchoate or otherwise (and there is no basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand against the Company giving rise to any such debt, liability or obligation) including any Taxes which are due and payable as of the date hereof or any governmental charges or penalties, interest or fines, except as reflected in the financial information provided to Purchaser or for liabilities set forth on Schedule 5(u).

(v) **Environmental Matters.** Except as set forth in Schedule 5(v):

(i) the Company has complied, and the Company is in compliance, with all applicable Environmental Laws, which compliance includes the possession of all permits required under applicable Environmental Laws and compliance with the terms and conditions thereof and the making and filing with all applicable governmental authorities of all reports, forms and documents and the maintenance of all records required to be made, filed or maintained by it under any Environmental Law;

(ii) there are no Environmental Claims pending or threatened against the Company or any Person whose liability for any Environmental Claim the Company has retained, assumed or indemnified, either contractually or by operation of Law;

(iii) the Company is not subject to any liability or obligation (accrued, contingent or otherwise) to cleanup, correct, abate or to take any response, remedial or corrective action under or pursuant to any Environmental Laws, relating to (A) environmental conditions on, under, or about any of the Wells or the Assets, including the air, soil, surface water and groundwater conditions at, on, under, from or near such properties, or (B) the use, management, handling, transport, treatment, generation, storage, disposal or Release of any Hazardous Substances, whether on-site on any of the Assets or with respect to the Assets at any off-site location; and the Company has provided or made available to Purchaser copies of all studies, assessments, reports, data, results of investigations or audits, analyses and test results, in the possession, custody or control of the Company relating to (x) the environmental conditions on, under or about any of the Assets and (y) any Hazardous Substances used, managed, handled, transported, treated, generated, stored or Released by any Person on, under, about or from, any of the Assets;

(iv) there are no past or present actions, activities, circumstances, conditions, events or incidents in violation of Environmental Laws related to the Assets (including the Release, emission, discharge, presence or disposal of any Hazardous Substance in violation of Environmental Laws), that would be reasonably likely to form the basis of any Environmental Claim against the Company or against any Person whose liability for such Environmental Claim the Company has retained or assumed either contractually or by operation of law.

(w) **Employees.** The Company has never had any employees and there are no Persons currently claiming to be an employee of the Company.

(x) **Equitable Interests.** At the Closing, there are no Persons except those listed on Schedule 5(x), that have a legal or equitable interest in the Assets including back-ins, overriding royalty interests, and net profit interests in third parties (including Sellers).

(y) **Water Injection Wells.** To the Knowledge of Sellers, all water injection wells within the Assets have been properly permitted, drilled, equipped and operated in accordance with applicable Laws.

6. **Purchaser's Representations and Warranties.** Purchaser represents and warrants to Sellers and the Company as of the date hereof and at Closing as follows:

(a) **Organization and Standing.** Purchaser is a limited liability company, formed under the laws of the state of Delaware, and is duly organized, validly existing and in good standing under the laws of Delaware and Oklahoma.

(b) **Power.** Purchaser has all requisite power and authority to carry on its business as presently conducted and to enter into and perform its obligations under this Agreement. The execution and delivery of this Agreement does not, and the fulfillment of and compliance with the terms and conditions hereof will not, violate, or be in conflict with, any provision of its governing documents, as applicable, or any material provision of any agreement, instrument, decree or order to which it is a party or by which it is bound. The Purchaser is not required to give any notice to, make any filing with, or obtain any authorization, consent or approval of, any third party or any governmental authority in order to execute and deliver this Agreement or consummate the transactions contemplated hereby except for such authorizations, consents or approvals as shall have been obtained or such notices or filings as shall have been accepted before the Closing Date.

(c) **Authorization and Enforceability.** The execution, delivery and performance of this Agreement and the transactions contemplated hereby have been duly and validly authorized by all requisite action of the Purchaser. This Agreement constitutes the legal, valid and binding obligation of the Purchaser, and is enforceable in accordance with its terms, subject, however, to the effects of bankruptcy, insolvency, reorganization, moratorium and other laws for the protection of creditors generally, as well as to general principles of equity, regardless whether such enforceability is considered in a proceeding in equity or at law.

(d) **Absence of Litigation.** There is no Proceeding pending, or to the Knowledge of the Purchaser, threatened, that questions the legality or propriety of the transactions contemplated by this Agreement or that would reasonably be expected to prevent, hinder or delay the consummation of the transactions contemplated hereby.

(e) **Solvency.** As of the Closing Date, the Purchaser will not be insolvent (either because its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the present fair salable value of its assets will be less than the amount required to pay its probable liability on its debts as they become absolute and matured) and will, in Purchaser's opinion, have sufficient working capital to own and operate the Assets.

(f) **Financial Ability.** As of the Closing Date, the Purchaser will have available funds in cash or cash equivalents to pay the Aggregate Purchase Price, as adjusted pursuant to this Agreement, and to effect the transactions contemplated hereby. In no event shall the receipt by, or the availability of any funds or financing to, the Purchaser or any of its Affiliates or any other financing be a condition to the Purchaser's obligation to consummate the transactions contemplated by this Agreement.

(g) **Investment Representations.**

(i) The Purchaser is acquiring the Membership Interests purchased hereunder for its own account with the present intention of holding such securities for purposes of investment, and the Purchaser has no intention of selling such securities in a public distribution in violation of the federal securities Laws or any applicable state securities Laws.

(ii) The Purchaser is an "accredited investor" as defined in Rule 501 of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act").

(h) **Restriction on Transfers.** Purchaser acknowledges that the Membership Interests are not registered under the Securities Act. Purchaser will not sell, transfer or otherwise dispose of the Membership Interests in violation of the Securities Act, the Securities Exchange Act of 1934, as amended, or the rules promulgated thereunder, including Rule 144 under the Securities Act.

(i) **Brokers' Fees.** Purchaser has not incurred any liability, contingent or otherwise, for brokers' or finders' fees relating to the transaction contemplated by this Agreement for which any Seller shall have any responsibility.

7. Independent Evaluation; Access. Purchaser represents and warrants to Sellers that Purchaser is experienced and knowledgeable in the oil and gas business. Purchaser is aware of risks associated with the oil and gas business and, specifically, the Company's businesses, operations with respect to the Assets and has formed its own judgment as to the value of the Membership Interests, independent of the Excluded Assets and Retained Liabilities. Purchaser is relying upon its own judgment and decision in entering into and consummating the transactions contemplated by this Agreement. Between the execution date and the Closing Date, the Sellers shall cause the Company to continue to make available for Purchaser's examination all of its files, records, weekly accounts payable check runs, minute books, information and data regarding the Assets (collectively, the "Records"). Except as provided in Sections 5(a), 5(d), 5(g), 5(h), 5(u), Purchaser acknowledges and agrees that none of the Company, Sellers or their respective Affiliates, managers, officers, members, employees, agents or representatives have made any representations or warranties, express or implied, written or oral, as to the accuracy of the Records. Except for the representations and warranties of Sellers contained in this Agreement, no representations or warranties have been made to Purchaser, including any estimate with respect to the value of the Assets or reserves or any projections as to production or other events that could or could not occur in the future. In entering into this Agreement, Purchaser acknowledges and affirms that it has relied and will rely solely on the terms, representations and warranties of this Agreement and upon its independent analysis, evaluation and investigation of, and judgment with respect to, the business, economic, legal, tax or other consequences of this transaction including its own estimate and appraisal of the extent and value of the petroleum, natural gas and other reserves attributable to the Assets. Except as provided in Section 13(c), no Seller shall have any liability to Purchaser or its Affiliates, managers, officers, members, employees, agents or representatives resulting from any use, authorized or unauthorized, of the Records or other information related to the Company or the Assets other than as related to Purchaser's evaluation of the Assets and the Company for the purpose of acquiring the Membership Interests. Nothing contained in this Section 7 shall serve to mitigate or modify the operation of Section 3 or the scope or effect of the representations and warranties set forth in Sections 4 or 5 in any respect. Purchaser has not evaluated the Excluded Assets or the Retained Liabilities.

8. Operation of Business. From the date hereof until the Closing Date, the Sellers shall not permit the Company to, and the Company will not without the written consent of Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed), except as expressly contemplated by this Agreement, engage in any practice, take any action, or enter into any transaction with respect to the Assets that is outside the Ordinary Course of Business. Without limiting the generality of the foregoing, from the date hereof until the Closing Date, the Company will not without the written consent of Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed), do any of the following:

- (a) amend or otherwise change its Certificate or Articles of Organization or Operating Agreement or equivalent governing documents;
- (b) make or commit to make any capital expenditure or group of any capital expenditures in excess of \$25,000 individually or \$100,000 in the aggregate (as used herein, "capital expenditures" means customary and reasonable costs and expenses incurred by the Company in connection with certain major repairs, replacements and improvements of the Assets);

(c) issue, sell, pledge, exchange, dispose of, grant, lease, mortgage, hypothecate, encumber or authorize the issuance, sale, pledge, exchange, disposition, grant, lease, mortgage, hypothecation or encumbrance of (i) any Membership Interests or any other direct or indirect ownership or participation interest in the Company, or (ii) any of the Assets, except for (A) sales of Hydrocarbons in the Ordinary Course of business consistent with past practices, provided, however, that the Sellers shall be free to sell, transfer or convey out of the Company to any third party or to themselves the Excluded Assets.

(d) acquire (including, without limitation, by merger, consolidation or acquisition of stock or assets) any corporation, partnership or other business organization or any division thereof or any material amount of assets;

(e) incur any indebtedness for borrowed money or issue any debt securities or assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any individual or entity, or make any loans or advances;

(f) enter into any employment, bonus, finder's fee, consulting or severance agreement with, any Person, or establish, adopt, enter into or amend any Benefit Plan or any employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any manager, officer, employee or consultant;

(g) declare, set aside or pay any dividend or make any other distribution in respect of its Membership Interests, other than (i) distributions of cash and (ii) the conveyance of the Excluded Assets described in Schedule 8(g);

(h) amend in any material respect any Material Agreement or terminate any Material Agreement prior to the expiration of the term thereof;

(i) commence or file any Proceeding; provided that the Company may enter into any consent or settlement with respect to any Proceeding;

(j) pay, discharge or satisfy any material claims, liabilities or obligations (absolute, accrued, contingent or otherwise) other than in the Ordinary Course of Business;

(k) make, change or rescind any express or deemed election relating to Taxes, or except as may be required by applicable Law, make any change to any of its Tax accounting methods, policies or procedures; provided that the Company may enter into any consent or settlement with respect to any Proceeding relating to Taxes;

(l) enter into any new sales contract or supply contract which cannot be cancelled on 30 days' prior notice;

(m) fail to maintain in full force and effect the existing insurance policies or insurance policies with substantially comparable terms and coverages covering the Company and the Assets, except to the extent such policies cease to be available on commercially reasonable terms (other than bonds or similar instruments in the ordinary course of business); or

(n) commit or agree to any of the foregoing.

Each of the Sellers agrees to cause the Company to promptly inform the Purchaser of any practices, activities or transactions that might require consent by the Purchaser hereunder and will afford Purchaser reasonable access to any books and Records necessary for such consent to be made on an informed basis.

9. Other Covenants.

(a) **Transition Services Agreement.** NG and Company shall at the Closing execute and deliver the Transition Services Agreement in the form attached as Exhibit H, for the purpose of transitioning operations of the Assets to Purchaser in an orderly manner.

(b) **Excluded Assets.** The Parties acknowledge that it may not be possible for the Company to complete the distribution and transfer of all the Excluded Assets to the Sellers (or other Persons entitled thereto) prior to the Closing. The Excluded Assets, and all rights, titles, interests, claims, revenues, expenses, liabilities, rights and obligations relating thereto are and shall remain the sole property and responsibility of the Sellers (including as nominee for other Persons entitled thereto). The Purchaser, at no cost or liability to Purchaser or the Company, shall fully cooperate with the Sellers to ensure that the Company distributes and transfers all the Excluded Assets to the Sellers (or to other Persons as directed by the Sellers), including without limitation all property and proceeds thereof received by the Company or the Purchaser after the Effective Date. The Excluded Assets which have not yet been transferred at the date of execution of this Agreement are listed in Schedule 8(g).

(c) **Further Assurances.** Subject to the terms and conditions herein provided, each Party shall take, or cause to be taken, all actions and shall do, or cause to be done, all things necessary, appropriate or desirable under any applicable Laws or under applicable governing agreements to consummate and make effective the transactions contemplated by this Agreement, including using reasonable efforts to obtain all necessary waivers, consents and approvals. Each Party shall take, or cause to be taken, all action or shall do, or cause to be done, all things necessary, appropriate or desirable to cause the covenants and conditions applicable to the transactions contemplated hereby to be performed or satisfied as soon as practicable. In addition, if any governmental authority shall have issued any order, decree, ruling or injunction, or taken any other action that would have the effect of restraining, enjoining or otherwise prohibiting or preventing the consummation of the transactions contemplated hereby, each of the Parties shall use reasonable efforts to have such order, decree, ruling or injunction or other action declared ineffective as soon as practicable. With respect to all actions required to be taken by the Company pursuant to this Agreement (including, without limitation, under Sections 8 and 9), each of the Sellers shall take, or cause to be taken, all action and shall do, or cause to be done, all things necessary, appropriate or desirable to cause the Company to take those actions.

(d) **Employment Matters; Non-Solicitation.** No employees of the Company, the Sellers or their respective Affiliates are to be hired by the Purchaser at the Closing. Purchaser agrees that for a period of two years following the Closing Date, Purchaser shall not, nor permit any Person controlled by the Purchaser to, offer to hire or hire (whether as employees, contractors or consultants to such Persons) Persons who are at the date of this Agreement employees of the Company, the Sellers, or their respective Affiliates, managers, officers and members.

(e) **Confidentiality Obligation.** From the date of this Agreement until two years after the Closing Date, none of the Sellers or their respective Affiliates shall disclose, and each Seller shall cause its Affiliates, managers, officers, members, employees, agents and representatives not to disclose, except to the extent permitted in Section 9(e)(i) or (ii) below, any geological, geophysical, technical, contractual or other information of any nature or kind (written, verbal, electronic, digital, or otherwise) consisting of, or involving, concerning or pertaining in any manner to the Assets (including drilling or testing operations or results) (“Confidential Information”). Notwithstanding the foregoing, any Party may make any public disclosure it believes in good faith is required by applicable law (in which case the disclosing Party will use its reasonable best efforts to advise the other Parties prior to making the disclosure).

(i) Sellers may disclose Confidential Information to any Person who Sellers have engaged to represent or assist Sellers in the negotiation or preparation of this Agreement, or to advise Sellers with respect thereto, and to any employee of Sellers who is involved in assisting Sellers with respect to the purchase and sale contemplated by this Agreement, but only if such Person (including legal counsel) has agreed to a non-disclosure agreement containing the same disclosure prohibitions as set forth above in this Section 9(e).

(ii) Notwithstanding the disclosure prohibitions set forth in Section 9(e)(i), Sellers shall not be liable for disclosure of any Confidential Information if the same: (A) is now in or hereafter comes into the public domain without breach of this Agreement and through no fault of the receiving Party, including any public disclosure made by Purchaser which it believes in good faith is required by applicable law; or (B) is properly and lawfully known to any of the Sellers or their respective Affiliates prior to disclosure hereunder as evidenced by its written records; or (C) subsequent to disclosure hereunder, is lawfully received by the Sellers or their respective Affiliates from a third party whose rights therein are without any restriction to disseminate the Confidential Information; or (D) is developed by Sellers or their respective Affiliates independently of and without reference to any Confidential Information as shown by tangible evidence; or (E) is lawfully required to be disclosed by the disclosing party to a duly constituted governmental or judicial body, provided that the disclosing party shall, prior to disclosure, notify the other party of such requirement and shall use reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such Confidential Information.

(f) **Non-Compete.** From the Closing Date until two years after the Closing Date, none of the Sellers nor their respective Affiliates shall directly or indirectly obtain or acquire, or cause to be obtained or acquired, any legal or beneficial interest in the lands set forth on Exhibit D (the “Prospect Interests”), and Sellers shall cause each of its respective managers, officers, and employees not to obtain or acquire, or cause to be obtained or acquired, any legal or beneficial interest therein.

(g) **Closing Tax Certificate.** On the Closing Date, each Seller shall deliver to the Purchaser a certificate in the form of Exhibit I (the “Closing Tax Certificate”) signed under penalties of perjury (i) stating that it is not a foreign person, (ii) providing its taxpayer identification number, and (iii) providing its address, all pursuant to Section 1445 of the Code.

(h) **Cooperation on Tax Matters.** The Sellers shall, at Sellers’s sole cost and expense, cause all state and federal income Tax Returns for the Company for calendar year 2013 to be timely filed (as extended), and shall promptly provide copies thereof (together with all schedules thereto) to the Company. The Parties shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns and any Proceeding with respect to Taxes (each, a “Tax Proceeding”). Such cooperation shall include the retention and (upon the other party’s request) the provision of records and information that are reasonably relevant to any such Tax Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. The Parties agree (A) to retain all books and records with respect to Tax matters pertinent to the Company to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Purchaser or the Sellers, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the other Parties reasonable written notice prior to transferring, destroying or discarding any such books and records and, if any other Party so requests, shall allow such Party to take possession of such books and records. The Purchaser shall not have any liability for adverse claims that may be asserted on the Company by the Internal Revenue Service for any Tax Filings made by the Company for periods prior to the Effective Date or for the Excluded Assets for periods prior to, on or after the Effective Date.

(i) **Special Warranty of Title by Sellers.** Notwithstanding anything to the contrary herein, Sellers shall warrant and defend title to the Leases and the Wells against all claims and demands of Persons claiming by, through or under the Sellers and the Company, but not otherwise.

(j) **Certain Post-Closing Liabilities.**

(i) Osage Land and Cattle. The Company is as of the date of execution of this Agreement engaged in negotiations with Osage Land & Cattle Co. and Osage Buck Creek, L.L.C. (collectively, “OL&C”), (A) to settle surface damages for operations conducted by the Company prior to the Effective Date on OL&C’s lands, and (B) for a Master Surface Use Agreement to govern the Company’s operations on and after the Effective Date on OL&C’s lands. The Parties covenant and agree that Sellers shall have the exclusive right and obligation to negotiate resolution of item (A) above in Sellers’ sole and absolute discretion, and all obligations and payments related thereto shall be a Retained Liability. The Parties further covenant and agree that the Buyer, as agent for the Company, shall have the exclusive right and obligation to negotiate resolution of item (B) above in the Buyer’s sole and absolute discretion, and all obligations and payments related thereto shall be the sole responsibility of the Company (and the Sellers shall have no obligations under this Agreement therefor) without any adjustment to the Aggregate Purchase Price.

(ii) Reed Litigation. The Company is as of the date of execution of this Agreement a party to certain Proceedings styled (A) *Nadel and Gussman, LLC, et al., Plaintiffs, vs. Jimmie W. Reed, Trustee, et al., Defendants*, Case No. 4:13-cv-00570-TCK-TLW, in the United States District Court for the Northern District of Oklahoma, as on appeal, Case No. 14-5028, in the United States Court of Appeals for the Tenth Circuit, and (B) *Nadel and Gussman, LLC, et al., Plaintiffs, vs. Reed Family Ranch LLC, et al., Defendants*, Case No. CV-2014-00016, in the District Court of Osage County, Oklahoma (collectively, the “Reed Litigation”). The Reed Litigation is a dispute regarding compensation for surface damages from operations conducted by the Company prior to the Effective Date on lands owned by the Reed Litigation defendants. A potential settlement of the Reed Litigation would require the Company to agree that the settlement payment may be used as evidence of the value of surface damages for future operations on lands owned by the Reed Litigation defendants. The Parties covenant and agree that the Sellers shall have the exclusive right and obligation to settle or litigate the Reed Litigation in the Sellers’ sole and absolute discretion, so long as such settlement or litigation does not restrict the future ingress and egress of the Company in and to the Reed Property or otherwise impose any physical (vs. financial) limitation on its current right to conduct ongoing or future oil and gas operations on same. All obligations and payments related to the Reed Litigation shall be a Retained Liability.

10. **Conditions to Proceed with Closing.** The obligation of the Parties to proceed with Closing shall be subject to the satisfaction or waiver, on or before the Closing Date, of the following conditions:

(a) **Conditions to the Parties’ Obligation to Proceed with Closing.** The obligation of the Sellers and the Purchaser to proceed with Closing shall be subject to the satisfaction or waiver, on or before the Closing Date, of the following conditions:

(i) All authorizations, consents, orders, declarations or approvals of, or filings with any governmental or regulatory authority, which the failure to obtain, make or occur would have the effect of making the transactions contemplated by this Agreement illegal or would have (or would be reasonably likely to have) a Material Adverse Effect on any of the Company, the Assets or the Purchaser assuming the transactions contemplated by this Agreement had taken place, shall have been obtained, made or occurred on or before the Closing Date.

(ii) The Company shall have closed the purchase from its joint venture partners of all working interests in the Assets not owned by the Company prior to the date of this Agreement, so that the Company shall own 100% of the working interests in the Assets at the Closing Date and effective immediately prior to the Effective Date.

(b) **Conditions to the Purchaser's Obligation to Proceed with Closing.** The obligation of the Purchaser to proceed with Closing shall be subject to the satisfaction or waiver, on or before the Closing Date, of the following conditions:

(i) The representations and warranties set forth in Sections 4 and 5 shall be true and correct in all respects at Closing, and the Company and the Sellers shall have complied in all material respects with those covenants contained in this Agreement that are applicable to them.

(ii) The Purchaser shall have received from each Seller an unqualified certificate covering those items addressed in Section 10(b)(i) (each, a "Seller's Closing Certificate").

(iii) Each manager and officer of the Company shall have delivered to the Purchaser a letter of voluntary resignation from such positions with the Company effective as of the Closing.

(iv) None of the Wells nor the other Assets shall have been damaged or destroyed by any natural event (including, without limitation, any storm, flood, hurricane, washout, landslide, earthquake, lightning, fire or other act of God) or other casualty or been taken in condemnation or under right of eminent domain, except for such destructions, casualties or takings as would not, individually or in the aggregate, constitute a Material Adverse Change.

(v) Except as would not, individually or in the aggregate, constitute a Material Adverse Change, the Company shall not have received any demand or notice with respect to any Environmental Claims or non-compliance with Environmental Laws ("Environmental Defects"); provided, the existence of any of the foregoing, together with any other Environmental Defects, that would not reasonably be estimated to represent an aggregate liability equal to or less than \$50,000.00, shall not be deemed to represent a Material Adverse Change solely due to the estimated cost of such liabilities.

(vi) To the extent that any Seller that is an individual or their spouse is currently a resident or subject to the family, estate or probate laws of any state that is a community property state, the spouse of such Seller shall have executed and delivered to the Purchaser a written instrument substantially the form attached hereto as Exhibit C.

(vii) The Purchaser shall have received from the Company a Certificate of Good Standing from the State of Oklahoma and an Incumbency Certificate from the Manager of the Company in the form attached as Exhibit F attached hereto.

(viii) Except for the Excluded Assets listed in Schedule 8(g), Sellers shall have conveyed out of the Company all Excluded Assets to the satisfaction of Purchaser.

(ix) Sellers shall have procured executed Disclaimers and Stipulations of Interest in the form attached as Exhibit G attached hereto from NG, HB&R Oil Company, LLC, Murfin Drilling Company, Inc., Staghorn Energy, LLC, and the owners of all overriding royalties and other burdens carved out of the working interest.

(c) **Conditions to the Sellers' Obligation to Proceed with Closing.** The obligation of the Sellers to proceed with Closing shall be subject to the satisfaction or waiver, on or before the Closing Date, of the following:

(i) The representations and warranties set forth in Section 6 shall be true and correct in all respects at Closing and the Purchaser shall have complied in all material respects with those covenants contained in this Agreement that are applicable to it.

(ii) The Sellers shall have received from Purchaser an unqualified certificate covering those items addressed in Section 10(c)(i) ("Purchaser's Closing Certificate").

(iii) The Sellers shall have received evidence acceptable to Sellers that Purchaser has secured for the Company suitable replacements for all contracts of insurance and bonds listed in Schedule 5(k) effective as of the Effective Date.

11. Actions to be Taken At Closing.

(a) **Sellers' Actions at Closing.** At the Closing, each Seller shall execute, acknowledge and (upon payment of the Adjusted Purchase Price or Preliminary Adjusted Purchase Price, as applicable) deliver to the Purchaser the following:

(i) An Assignment of Membership Interests in the form of Exhibit E;

(ii) Its respective Seller's Closing Certificate;

(iii) Its respective Closing Tax Certificate; and

(iv) All other instruments as may be reasonably required to consummate the agreements of the Parties hereunder, including execution and delivery by NG of the Transition Services Agreement.

(b) **Purchaser's Actions at Closing.** At Closing (upon the assignment of all of the Membership Interests), Purchaser shall execute, acknowledge and deliver to Sellers the following:

(i) Pay to the Sellers, by wire transfers of immediately available funds, the Adjusted Purchase Price or the Preliminary Adjusted Purchase Price, as applicable, to the accounts set forth in the Preliminary Settlement Statement;

(ii) The Purchaser's Closing Certificate; and

(iii) All other instruments as may be reasonably required to consummate the agreements of the Parties hereunder including execution and delivery to NG of the Transition Services Agreement.

12. **Expiration of Representations, Warranties and Covenants.** All representations, warranties, covenants and indemnities of the Parties contained herein, and any certificate delivered hereunder, to the extent that such certificate relates to such representations and warranties concerning the Assets, shall survive for a period of two years after the Closing Date, except that (a) the covenants set forth in Sections 8, 9(a), 9(g) and 10 shall expire at Closing and (b) the representations, warranties, covenants and indemnities set forth in Section 13(c) with respect to the Excluded Assets and the Retained Liabilities, the obligation set forth in Section 5(g)(vii), and the obligations contained in Sections 9(b), (c), (h), (i) and (j) shall survive indefinitely (the covenants and other agreements which shall survive the Closing being referred to as the "Surviving Covenants").

13. **Release and Indemnification.**

(a) **Release of Sellers.** Except for the indemnification obligations of Sellers as set forth in Section 13(b) and Section 13(c) below, Purchaser hereby releases, remises, and forever discharges Sellers and their respective Affiliates, managers, officers, directors, members, employees, agents and representatives from any and all claims, damages, actions, suits, proceedings, demands, assessments, adjustments, losses, liabilities, diminutions of value, costs and expenses (including, without limitation, reasonable attorneys' fees) (collectively, "Losses"), in law or in equity, known or unknown, which Purchaser might now or subsequently may have, based on, relating to, or arising out of this Agreement or any other agreement, contract or instrument contemplated herein with respect to the Company's ownership, use, or operation of the Assets, or the condition, quality, status, or nature of the Assets, INCLUDING RIGHTS TO CONTRIBUTION OR COST RECOVERY UNDER ALL ENVIRONMENTAL LAWS, BREACHES OF STATUTORY AND IMPLIED WARRANTIES, NUISANCE OR OTHER TORT ACTIONS, RIGHTS TO PUNITIVE DAMAGES, COMMON LAW RIGHTS OF CONTRIBUTION, ANY RIGHTS UNDER INSURANCE POLICIES ISSUED OR UNDERWRITTEN BY SELLER OR ANY OF SELLER'S AFFILIATES (IN EACH CASE) EVEN IF CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE (WHETHER ACTIVE, PASSIVE, SIMPLE, SOLE, JOINT OR CONCURRENT), STRICT LIABILITY OR OTHER LEGAL FAULT OF ANY RELEASED PERSON, INVITEE OR THIRD PERSON, OR BY A PREEXISTING CONDITION.

(b) **Indemnification by Sellers.** Each Seller jointly and severally covenants and agrees that it will indemnify, defend and hold harmless the Purchaser, the Company and their respective managers, officers, directors, members, employees, agents, representatives and Affiliates (collectively, the “Purchaser Indemnified Parties”) from and against all Losses arising directly or indirectly from, as a result of or in connection with (i) any breach of the representations and warranties of Sellers that by their terms survive the Closing, (ii) any breach by Sellers of the Surviving Covenants. In respect of the indemnification obligation set forth in the immediately preceding sentence, (x) no Seller shall be liable for any other Seller’s breach of Section 4(d) or the Seller’s Closing Certificate delivered by any other Seller, or for fraud committed by any other Seller, (y) the liability of each Seller for all Losses hereunder shall be limited to the amount labeled “Distribution Amount” on Exhibit A for each Seller (subject to adjustment to the Aggregate Purchase Price pursuant to Section 2(c)) and (z) the liability of each Seller for all Losses hereunder shall be limited to the amount of such Losses multiplied by such Seller’s Sharing Ratio. Any claim for indemnification pursuant to this Section 13(b) based on the breach of a representation, warranty or Surviving Covenant that survives the Closing for a finite period must be asserted by the Purchaser or a Purchaser Indemnified Party on or before the expiration of such finite period for such claim to be enforceable.

(c) **Indemnification by the Sellers on the Excluded Assets and Retained Liabilities.** Each Seller jointly and severally covenants and agrees that it will indemnify, defend, and hold harmless the Purchaser, the Company and their respective managers, officers, directors, members, employees, agents, representatives, and Affiliates (collectively the “Purchaser Indemnified Parties”), from and against all Losses arising directly or indirectly from, as a result of or in connection with, any of the Excluded Assets and Retained Liabilities, together with any tax obligation/loss or encumbrance pertaining to said Excluded Assets and/or Retained Liabilities, with no monetary limit. The indemnification granted herein shall be without regard to any representation or warranty or surviving covenant contained elsewhere in this Agreement and this indemnification is intended to survive the Closing. Further, the Sellers do hereby indemnify the Purchaser Indemnified Parties from and against any and all liability for income taxes, interest, late penalties, or other penalties imposed by the Internal Revenue Service or the State of Oklahoma or any other state having jurisdiction pertaining to the taxation of the Company and/or its members, with respect for the Excluded Assets for all time periods prior to, on or after, the Effective Date.

(d) **Indemnification by Purchaser.** After the Closing Date, the Purchaser agrees that it will indemnify, defend and hold harmless the Sellers and their respective Affiliates, managers, officers, directors, employees, agents, representatives (collectively, the “Seller Indemnified Parties”) from any and all from and against all Losses arising after the Closing Date as a result of or in connection with the Assets or the Company, and any Environmental Claims arising after the Closing relating to the Assets, but in no event will the Purchaser offer such indemnity to any claim or losses pertaining to the Excluded Assets and the Retained Liabilities.

(c) Certain Limitations on Indemnity Obligations.

(i) No claim of Purchaser or any of the Purchaser Indemnified Parties pursuant to Section 13(b) shall be made hereunder until such claim exceeds an amount equal to \$5,000.00 (each, an “Individual Claim”).

(ii) In addition, no claim of Purchaser or any of the Purchaser Indemnified Parties pursuant to Section 13(b) shall be made hereunder until the total of all Individual Claims exceeds \$100,000 (the “Basket”). If the total amount of all Individual Claims exceeds the Basket, then Sellers’ obligations under Section 13(b) shall be limited to the amount by which the aggregate amount of such Individual Claims exceeds the Basket; *provided, however*, claims of Purchaser or any of the Purchaser Indemnified Parties pursuant to Section 13(c) above shall not be subject to the Individual Claim limitation or the Basket.

(iii) In addition, the Sellers shall not be required to pay an aggregate amount to Purchaser or the Purchaser Indemnified Parties pursuant to Section 13(b) in excess of the Adjusted Purchase Price (the “Indemnity Cap”); *provided, however*, none of the limitations set forth in this Section 13(e)(iii) will apply to (A) claims of Purchaser or any of the Purchaser Indemnified Parties pursuant to Section 13(c) above or (B) claims based upon fraud of any of the Sellers.

(iv) The amount of any indemnification under Section 13(b) or (d) shall be net of any amounts actually recovered by the indemnified party under insurance policies.

(f) Exclusive Remedy for Breaches of Representations, Warranties and Covenants. Except as specifically set forth in Section 13(b) and Section 13(c), effective upon the Closing, in the absence of fraud on the part of a Seller in connection with the negotiation, execution or delivery of this Agreement or the consummation of the transactions contemplated hereby (to the extent determined by a final judgment of a court of competent jurisdiction), the Purchaser, on behalf of itself and the Purchaser Indemnified Parties, waives any rights or claims it or any other Purchaser Indemnified Party may have against any Seller, whether in law or equity (except as relates to adjustments to the Aggregate Purchase Price in accordance with Section 2(c) and except for the obligations of Sellers contained in Section 13(c) above) for any Seller’s breach of a representation or warranty contained in this Agreement and for breaches of any covenant or other agreement, including, without limitation, claims for contribution or other rights of recovery arising out of or relating to any Environmental Laws, claims for breach of contract, breach of implied covenants, negligent misrepresentation and all other claims for breach of duty. For the avoidance of doubt, except for fraud, Articles 13 and 14 set forth the exclusive remedies available to the Purchaser or the Purchaser Indemnified Parties for any breach by the Sellers of this Agreement.

(g) Procedure for Indemnification.

(i) Promptly after receipt by an indemnified Party under Section 13(b), (c) or (d) of a claim for Losses or notice of the commencement of any Proceeding against it, such indemnified Party shall, if a claim is to be made against an indemnifying Party under such Section, give notice to the indemnifying Party of the commencement of such claim. The failure of any indemnified Party to give notice of a claim shall not relieve the indemnifying Party of its obligations under this Article 13 except to the extent such failure materially prejudices the indemnifying Party. A claim for indemnification for any matter not involving a third-party claim may be asserted by notice to the Party from whom indemnification is sought.

(ii) If any Proceeding referred to in Section 13(g)(i) is brought against an indemnified Party and it gives notice to the indemnifying Party of the commencement of such Proceeding, the indemnifying Party shall be entitled to participate in such Proceeding and, to the extent that it wishes (unless (i) the indemnifying Party is also a party to such Proceeding and the indemnified party determines in good faith that joint representation would be inappropriate, or (ii) the indemnifying Party fails to provide reasonable assurance to the indemnified party of its financial capacity to defend such Proceeding and provide indemnification with respect to such Proceeding), to assume the defense of such Proceeding with counsel reasonably satisfactory to the indemnified party and, after notice from the indemnifying Party to the indemnified Party of its election to assume the defense of such Proceeding, the indemnifying Party shall not, as long as it diligently conducts such defense, be liable to the indemnified party under this Article 13 for any fees of other counsel or any other expenses with respect to the defense of such Proceeding, in each case subsequently incurred by the indemnified party in connection with the defense of such Proceeding. If the indemnifying Party assumes the defense of a Proceeding, no compromise or settlement of such claims may be effected by the indemnifying Party without the indemnified party's consent unless (A) there is no finding or admission of any violation of legal requirements or any violation of the rights of any Person and no effect on any other claims that may be made against the indemnified Party, and (B) the sole relief provided is monetary damages that are paid in full by the indemnifying Party, and (C) the indemnified Party shall have no liability with respect to any compromise or settlement of such claims effected without its consent and (D) the indemnified Party is provided a full and unconditional release of liability.

(iii) Notwithstanding the foregoing, if an indemnified Party determines in good faith that there is a reasonable probability that a Proceeding may adversely affect it or its Affiliates other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the indemnified party may, by notice to the indemnifying Party, assume the exclusive right to defend, compromise, or settle such Proceeding, but the indemnifying Party shall not be bound by any determination of a Proceeding so defended or any compromise or settlement effected without its consent (which may not be unreasonably withheld).

(h) *No Waiver of Fraud.* NOTHING RELATING TO (I) THE EXPIRATION OF ANY REPRESENTATION, WARRANTY, COVENANT OR AGREEMENT SET FORTH IN THIS AGREEMENT, (II) THE INDEMNIFICATION PROVISIONS SET FORTH IN THIS AGREEMENT, (III) THE EXCLUSIVENESS OF ANY REMEDIES UNDER THIS AGREEMENT OR (IV) ANY OTHER MATTER SHALL BE DEEMED TO BE A WAIVER OF ANY RIGHT OR CLAIM THAT ANY PARTY MAY HAVE AGAINST ANY OTHER PARTY IN RESPECT OF SUCH PARTY'S FRAUD.

14. Termination of Agreement. This Agreement may be terminated as provided below:

- (a) by mutual written consent of the Purchaser and a Majority of the Sellers at any time prior to the Closing;
- (b) by the Purchaser if the Closing shall not have occurred on or before May 22, 2014, for any reason not attributable to the breach by the Purchaser of any representations, warranties or covenants contained in this Agreement;
- (c) by the Purchaser if the Sellers have breached any representation or warranty in any material respect, the Purchaser has notified the Sellers of the breach, and the breach has continued without cure for a period of 10 Business Days after the notice of breach;
- (d) by the Majority of Sellers if the Closing shall not have occurred on or before May 22, 2014, for any reason not attributable to the breach by the Sellers or the Company of any representations, warranties or covenants contained in this Agreement;
- (e) by the Majority of Sellers if the Purchaser has breached any representation, warranty, or covenant contained in this Agreement in any material respect, the Sellers have notified the Purchaser of the breach, and the breach has continued without cure for a period of 10 Business Days after the notice of breach;
- (f) by the Purchaser if the Sellers have not made available to Purchaser all of the Company's files and records in accordance with Section 7 above, and the Purchaser has requested such access in writing; or
- (g) by the Purchaser if Sellers do not produce the Disclaimers and Stipulations of Ownership as provided in Section 10(b)(ix).

If this Agreement is terminated by mutual written consent of the Purchaser and a Majority of the Sellers pursuant to Section 14(a), then all rights and obligations of the Parties hereunder shall terminate without any liability of any Party to any other Party. If this Agreement is terminated for any reason other than that described in Section 14(d) above, Sellers shall immediately return the Performance Deposit to the Purchaser. If this Agreement is terminated by Sellers for the reason described in Section 14(e) above, Sellers shall retain the Performance Deposit and Purchaser shall forfeit all rights thereto.

15. General Provisions.

(a) Entire Agreement. This Agreement together with the Schedules and Exhibits contains the entire understanding of the Parties with regard to the subject matter hereof and no warranties, representations, promises or agreements have been made between the Parties other than as expressly herein set forth. This Agreement supersedes any previous agreement or understanding between the Parties and cannot be modified or amended except in a writing executed by the Purchaser and the Majority of Sellers.

(b) Assignments, Successors and Third Party Beneficiaries. No Party may assign any of its rights under this Agreement without the prior written consent of all other Parties, such consent not to be unreasonably withheld. Subject to the foregoing sentence, upon execution, this Agreement shall be binding and fully enforceable and shall inure to the benefit of the Parties hereto, their successors, permitted assigns, personal representatives and heirs. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective heirs, personal representatives, successors and permitted assigns.

(c) Notices. All notices as may be required by this Agreement shall be deemed given if delivered personally or sent by electronic mail (with confirmation of receipt) during normal business hours of the recipient, the next Business Day if sent by overnight courier, or upon receipt if sent by U.S. Mail to the respective parties at the addresses set forth below:

To Sellers:	See <u>Exhibit A</u>
To Purchaser:	Bandolier Energy, LLC 624 S. Boston Ave., Suite 230 Tulsa, Oklahoma 74119 Attn: Shane E. Matson E-mail: shanematson@gmail.com

(d) Severability. In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby and effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid.

(e) Governing Law; Waiver of Jury Trial. This Agreement shall be governed by and construed under the laws of the State of Oklahoma without regard to its choice of law provisions that would apply the law of any other state. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

(f) Arbitration of Net Defect Amount Disputes. After Closing, disputes regarding the Adjusted Purchase Price (“Arbitrable Disputes”) shall be submitted to binding arbitration conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the “AAA”), as supplemented to the extent necessary to determine any procedural appeal questions arising under the Federal Arbitration Act (Title 9 of the United States Code). If there is any inconsistency between this Section 15(f) and the Commercial Arbitration Rules or the Federal Arbitration Act, then this Section 15(f) shall control. Arbitration shall be initiated by the Claimant (as defined below) serving written notice on the Respondent (as defined below) that the Claimant elects to refer the Arbitrable Dispute to binding arbitration. Unless otherwise agreed by the Parties, a single neutral arbitrator will decide the Arbitrable Dispute. The Parties shall select the arbitrators as follows: the Claimant shall request the administrator of the Dallas, Texas office of the AAA to provide the Parties with an arbitrator. The arbitrator must (x) be a neutral person who has never been officer, director, employee, or consultant or had other business relationships with the Parties or any of their Affiliates, officers, directors or employees, and (y) have not less than fifteen (15) years recent experience in the U.S. oil and gas accounting. The arbitration hearing will be conducted in Tulsa, Oklahoma, and shall commence as soon as practicable after the selection of the arbitrator. If the Parties are unable to agree on a single arbitrator, then any Party may petition the Presiding Judge of the District Court of Osage County, Oklahoma to appoint an arbitrator. The Parties and the arbitrator shall proceed diligently and in good faith so that the arbitrator’s determination can be made as promptly as possible. The arbitrator may consult with and engage disinterested third parties to advise the arbitrator, including, without limitation, petroleum engineers, petroleum landmen, and environmental engineers and consultants, as appropriate. The arbitrator’s determination shall be made in writing, including findings of fact and conclusions of law, within 45 days after submission of the matters in dispute. Judgment may be entered on the award, and the award may be judicially enforced. Except as provided in the Federal Arbitration Act, the decision of the arbitrator shall be binding on and non-appealable by the Parties. The arbitrator shall act for the limited purpose of resolving the specific Arbitrable Disputes and may not award damages, costs (including attorneys’ fees), interest or penalties with respect to any matter. Further, the arbitrator shall have no right or authority to grant or award indirect, consequential, punitive or exemplary damages of any kind. The Parties shall each bear their own legal fees and other costs of presenting their case. The Sellers, on the one hand, and the Purchaser, on the other hand, shall each pay 50% of the fees and expenses of the arbitrator.

(g) Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts and each such counterpart shall be considered an original and an enforceable agreement. Facsimile and electronic signatures to this Agreement shall be valid.

(h) Notice of Developments. Each Party will give prompt written notice to the others of any material breach of any of its representations, warranties and covenants contained herein.

(i) Exclusivity. Prior to the earlier to occur of (i) the Closing and (ii) the termination of this Agreement, Sellers will not (and the Sellers will not cause or permit the Company or any of its or their representatives, advisors, agents or controlled affiliates to) intentionally solicit, initiate, or encourage the submission of any proposal or offer from any Person relating to the acquisition of any of the Membership Interests of the Company, or assets of the Company (except for sales permitted pursuant to Section 8) (including any acquisition structured as a merger, consolidation, share exchange or other business combination or recapitalization).

(j) Other Post-Closing Covenants. After Closing, if any further action is necessary to carry out the purposes of this Agreement, each of the Parties will take such further action as any other Party reasonably may request, all at the sole cost and expense of the requesting Party. If any Party is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand in connection with any transaction on or prior to the Closing Date involving the Company, each of the other Parties shall cooperate with it and its counsel in the defense or contest, all at the sole cost and expense of the contesting or defending Party.

(k) Press Releases and Public Announcements. No Party shall issue, or permit the Company to issue, any press release or make any public announcement relating to the subject matter of this Agreement prior to the Closing without the prior written approval of the other Parties, which approval shall not be unreasonably withheld; provided, however, that any Party may make any public disclosure it believes in good faith is required by applicable law, or any listing or trading agreement concerning its publicly-traded securities (in which case the disclosing Party will use its reasonable best efforts to advise the other Parties prior to making the disclosure).

(l) Expenses. Notwithstanding anything contained herein, all fees, costs, and expenses for investment advisors, attorneys and accountants retained by the Sellers or the Company to facilitate the transactions contemplated by this Agreement shall be paid by the Sellers, respectively based on their pro rata share of the Aggregate Purchase Price. All fees, costs, and expenses incurred by the Purchaser in connection with the transactions contemplated by this Agreement shall be paid by the Purchaser.

(m) Limitation of Damages; Enforcement of Agreement. There shall be no liability under this Agreement for consequential, special, punitive or exemplary damages. The Parties agree that irreparable damage may occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms. Accordingly, the Parties agree that each Party may be entitled to an injunction or injunctions to prevent breaches of this Agreement and to specifically enforce the terms and provisions of this Agreement in any appropriate court, the foregoing being in addition to (and not to the exclusion of) any other remedy to which a Party may be entitled at law or in equity.

16. Definitions.

(a) “AAA” is defined in Section 15(f).

(b) “Adjusted Purchase Price” is defined in Section 2(a).

(c) “Affiliate” shall mean, when used with respect to a specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with the specified Person as of the time or for the time periods during which such determination is made. For purposes of this definition “control”, when used with respect to any specified Person, means the power to direct the management and policies of the Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have the meanings correlative to the foregoing.

(d) “Aggregate Purchase Price” is defined in Section 2(a).

(e) “Agreement” is defined in the introductory paragraph.

(f) “Arbitrable Dispute” is defined in Section 15(f).

(g) “Assets” means all of the Company’s right, title and interest (of whatever kind or character, whether legal or beneficial, and whether vested or contingent) in and to the following:

(i) all oil, gas and other minerals in and under and that may be produced from the lands covered by the Concession Agreement and the Leases including, without limitation, interests in oil, gas and/or mineral leases covering any part of the lands (and all renewals, extensions, ratifications, and amendments thereof, together with all rights, interests, and benefits in, derived or carved from, or appurtenant or attributable to, those leases including royalties, excess royalties, overriding royalty interests, net profits interests, production payments, working interests, leasehold cost-bearing interests, and similar interests), overriding royalty interests, production payments, and net profits interests in any part of the lands or leases, fee royalty interests, fee mineral interests, and other interests in oil, gas and other minerals in any part of the lands, whether the lands are described in Exhibit B or by reference to another instrument for description, even though the Company’s interests may be incorrectly described in, or omitted from, Exhibit B;

(ii) all the lands described in the Concession Agreement and the Leases;

(iii) the oil and gas wells described in Exhibit B and all wells located on a Lease (or on any acreage spaced, pooled and/or unitized with a Lease) including, without limitation, (A) all oil, gas or condensate wells and wellbores (whether producing, not producing or temporarily abandoned); and (B) all water source, water injection and other injection or disposal wells and systems;

(iv) all facilities, pipelines, gathering systems, equipment, fixtures, inventory, spare parts, tools and other personal property appurtenant to the wells described in (g) (iii) above and dedicated to operations on a Lease;

(v) all surface and subsurface rights, easements, rights-of-way, usage rights, licenses, leases, and rights of access, ingress and egress pertaining to the lands covered by the Leases;

(vi) the Concession Agreement and all Material Agreements primarily used or primarily held for use in connection with the production, gathering, treatment, processing, storage, sale, disposal and other handling of Hydrocarbons or produced water from the Leases;

(vii) all Permits, orders and authorizations issued by governmental authorities, and any written or oral contract or agreement (including farm-in and farm-out agreements, participation, exploration and development agreements, drilling contracts and service agreements, crude oil, condensate and natural gas purchase and sale, gathering, transportation and marketing agreements, joint operating agreements, balancing agreements, unitization agreements, Unit operating agreements; processing agreements, facilities or equipment leases, and other similar contracts), but only insofar as each (A) affects, covers, includes or pertains to the Assets, including the ownership, use or exploitation thereof; and/or (B) provides any right or benefit, or contains or results in any undertaking, liability or obligation with respect to, the Assets; and

(viii) all files, records, and data relating to the Assets described in clauses (i) through (vii) above, which records shall include: lease records; well records; division order records; well files; title records (including abstracts of title, title opinions and memoranda, and title curative documents); engineering records; geological and geophysical data (including seismic data) and all technical evaluations, interpretive data and technical data and information relating to the other Assets; maps; production records; electric logs; core data; pressure data; decline curves and graphical production curves; reserve reports; environmental reports and records; appraisals, joint interest billing decks and other partner details, archeological surveys, surface damage agreements, right of ways, electrical supply agreements, lease operating statements and Asset Tax records; provided, however, that all e-mails and other electronic files on the Company's servers and networks relating to the items referenced in this clause (viii) and in clauses (i) through (vii) above, in each case, shall be excluded.

(h) "Basket" is defined in Section 13(e)(ii).

(i) "Benefit Plan(s)" means (i) any Pension Plan, Welfare Plan, bonus, deferred compensation, incentive compensation, stock ownership, stock purchase, stock option, stock appreciation, phantom stock, retirement, vacation, leave of absence, severance, salary continuation, disability, death benefit, hospitalization, medical, dependent care, cafeteria, employee assistance, scholarship, employment, fringe benefit or other similar agreement, plan, program, arrangement or understanding (whether or not covered under Section 3(3) of ERISA and whether or not legally binding) that is sponsored, maintained, contributed to or required to be contributed to by the Company and as to which the Company has or may have any obligation or liability, contingent or otherwise, thereunder to or for current or former partners, employees, directors or individual consultants and (ii) all employment, consulting, non-competition, employee non-solicitation, employee loan or other compensation agreements or arrangements.

(j) "Business Day" means any day other than Saturday, Sunday or any other day on which banks located in the State of Oklahoma are authorized or obligated to close.

(k) "capital expenditures" is defined in Section 8(b).

(l) "Claimant" is defined in Section 15(f).

(m) "Closing" and "Closing Date" shall have the meaning set forth in Section 2(d).

(n) "Closing Tax Certificate" shall have the meaning set forth in Section 9(g).

(o) "Code" means the Internal Revenue Code of 1986, as amended.

(p) "Company" is defined in the introductory paragraph.

(q) "Concession Agreement" means the Lease Acquisition and Exploration Agreement, made and entered into as of September 21, 2005, by and between the Osage Tribe of Indians of Oklahoma and the Company as approved by Tribal Resolution No. 31-1240, as amended from time to time.

(r) "Confidential Information" is defined in Section 9(e).

(s) "Defensible Title" means, as to an Asset, such title of the Company that: (i) is deducible of record from the records of the county in which the property is located, and in the case of tribal leases, from the records of the applicable office of the Bureau of Indian Affairs; and (ii) is free and clear of liens and material encumbrances and defects, except for Permitted Encumbrances.

(t) "Distribution Amount" is set forth in Exhibit A.

(u) "Effective Date" means January 1, 2014.

(v) "Environmental Claim" means any claim, demand, suit, action, cause of action, proceeding, investigation or notice to the Company by any Person or entity alleging any potential liability (including potential liability for investigatory costs, cleanup costs, governmental response costs, natural resource damages, personal injuries, or penalties) arising out of, based on, or resulting from (i) the presence, or Release into the environment, of any Hazardous Substance at any location, whether or not owned, leased, operated or used by the Company, and (ii) circumstances forming the basis of any violation, or alleged violation, of any applicable Environmental Law.

(w) "Environmental Defect" has the meaning provided in Section 10(b)(v).

(x) “Environmental Laws” means all applicable federal, state or local laws, statutes, codes, ordinances, permits, licenses, rules, regulations and common law in effect as of the date hereof, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment or to the emission, discharge, release, threatened release, use, treatment, storage, disposal, transportation or handling of pollutants, contaminants or industrial, toxic or hazardous substances, wastes or materials. Environmental Laws include, but are not limited to: the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Clean Water Act, the Clean Air Act, the Federal Water Pollution Control Act, the Oil Pollution Control Act, the Endangered Species Act, and the Safe Drinking Water Act, as such acts may have been amended or supplemented from time to time, the state and local counterparts or equivalents of all such acts, and all rules, regulations and orders adopted under any such statutes.

(y) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(z) “Excluded Assets” means all real and personal property of the Company which is not an Asset as defined herein and all rights, titles, liabilities and interests related thereto. In particular, all cash held by or for the benefit of the Company derived from production from the Assets for periods prior to the Effective Date shall remain the property of the Sellers.

(aa) “from and attributable” is defined in Section 2(c)(i)(B).

(bb) “Hazardous Substance” means (i) chemicals, pollutants, contaminants, wastes, toxic and hazardous substances, and oil and petroleum products, (ii) any substance that is or contains asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum or petroleum-derived substances or wastes, chlorides, radon gas or related materials or lead or lead-based paint or materials, (iii) any substance, material or waste that requires investigation, removal or remediation under any Environmental Law, or is defined, listed or identified as hazardous, toxic or otherwise dangerous under any Environmental Laws or (iv) any substance that is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous.

(cc) “Hedge Transactions” is defined in Section 5(m).

(dd) “Hydrocarbons” means oil, bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, natural gas liquids, coal bed methane, and any and all other substances produced in association with any of the foregoing, whether liquid, solid, or gaseous.

(ee) “incurred” is defined in Section 2(c)(i)(B).

(ff) “Indemnity Cap” is defined in Section 13(e)(iii).

(gg) “Individual Claim” is defined in Section 13(e)(i).

(hh) “IRS” means the Internal Revenue Service.

(ii) “Knowledge of Sellers” of a fact or matter means the knowledge of any of the Sellers, or an employee of Sellers (including, without limitation, Matson) who has devoted substantial attention to matters of such nature during the ordinary course of his employment with the Sellers.

(jj) “Laws” is defined in Section 5(f).

(kk) “Leases” means the Oil and Gas Leases issued pursuant to the Concession Agreement and described in Exhibit B.

(ll) “Lien” means any lien, mortgage, pledge, security interest, clouds-on-title, options, or imperfections of title.

(mm) “Losses” is defined in Section 13(a).

(nn) “Majority of Sellers” means Sellers representing greater than fifty percent (50%) of the voting Membership Interests.

(oo) “Material Adverse Change” means any actions, suits, arbitrations, proceedings, facts, circumstances, events, conditions or developments that, individually or in the aggregate, have had or would be reasonably likely to have a Material Adverse Effect.

(pp) “Material Adverse Effect” means any material adverse effect on the business, operations, assets, financial condition or business prospects of the Person referenced, taken as a whole, which shall exceed \$50,000, except for (i) any such effects resulting from changes affecting the United States economy, financial and capital markets or the oil and gas industry in general, or (ii) changes in the prices generally paid for oil, natural gas or equivalents.

(qq) “Material Agreements” is defined in Section 5(h).

(rr) “Matson” means Shane E. Matson.

(ss) “Membership Interests” is defined in the recitals.

(tt) “NG” means Nadel and Gussman, LLC.

(uu) “OL&C” is defined in Section 9(j)(i).

(vv) “Ordinary Course of Business” means in the ordinary course of business consistent with past custom and practice.

(ww) “Party” and “Parties” shall have the meaning provided in the introductory paragraph.

(xx) "Pension Plan(s)" means any "employee pension benefit plan as such term is defined in Section 3(2) of ERISA (whether or not covered by Section 3(20) of ERISA).

(yy) "Performance Deposit" shall have the meaning set forth in Section 2(b).

(zz) "Permit" shall have the meaning set forth in Section 5(f).

(aaa) "Permitted Encumbrances" means, with respect to any Asset, any and all of the following, in regard to (i), (ii) and (iii) below only insofar as such were in effect on or before the Effective Date (whether or not filed of record): (i) royalties, overriding royalties, production payments, reversionary interests, convertible interests, net profits interests and similar burdens encumbering an Asset; (ii) consents to assignment and similar contractual provisions affecting transfer of the Asset, provided that such consents, if applicable, have been obtained prior to Closing; (iii) preferential rights to purchase and similar contractual provisions affecting the Asset, provided that such preferential rights, if applicable, have expired or been waived prior to Closing; (iv) rights reserved to or vested in a governmental authority having jurisdiction to control or regulate the Asset, and all applicable Laws of such governmental authorities; (v) easements, rights-of-way, servitudes, sub-surface leases, equipment, pipelines, and utility lines on, over and through the Asset, provided that they do not materially interfere with the operation of the Asset in the manner such operations were conducted as of the Closing; (vi) terms and conditions of unitization, communitization, and pooling agreements, and any other similar agreements affecting the Asset; (vii) terms and conditions of governmental licenses and Permits affecting the Asset; (viii) Liens for Taxes or assessments not yet delinquent or, if delinquent, being contested in good faith in the Ordinary Course of Business; (ix) Liens of operators, mechanics and materialmen relating to obligations not yet delinquent or, if delinquent, being contested in good faith in the Ordinary Course of Business; (x) Liens created by surface owners that do not materially interfere with the use or ownership of the Assets; (xi) zoning Laws, restrictions, surface usage covenants and restrictions, and building and other land use Laws; and (xii) all other Liens, contracts, obligations, defects and irregularities affecting the Assets, provided that the cumulative effect of such items does not materially interfere with the ownership, operation, value or use of the Asset affected thereby and that would not be considered material when applying general standards in the oil and gas industry.

(bbb) "Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, enterprise, unincorporated organization, or governmental authority.

(ccc) "Phase I Environmental Assessment" means an assessment of the Company's compliance with Environmental Laws consisting of examination of the Company's files and public documents, interviews of personnel of the Company and of other appropriate persons, visual inspection of Company's property, and NORM and asbestos surveys.

(ddd) "Preliminary Adjusted Purchase Price" is defined in Section 2(c)(vii).

(eee) “Preliminary Settlement Statement” is defined in Section 2(c)(vii).

(fff) “Proceeding” is defined in Section 5(i).

(ggg) “Property Costs” is defined in Section 2(e)(i)(A).

(hhh) “Prospect Interests” mean all the lands depicted on Exhibit D.

(iii) “Purchaser” is defined in the introductory paragraph.

(jjj) “Purchaser’s Closing Certificate” is defined in Section 10(c)(ii).

(kkk) “Purchaser Indemnified Parties” is defined in Section 13(b).

(lll) “Records” is defined in Section 7.

(mmm) “Reed Litigation” is defined in Section 9(j)(ii).

(nnn) “Release” means any release, disposal, discharge, injection, spill, leak, pumping, dumping, emission, escape, dispersal, leaching, migration or placing into, through or upon the environment, including any land, soil, surface water, ground water or air.

(ooo) “Respondent” is defined in Section 15(f).

(ppp) “Retained Liabilities” means all Losses arising out of, incident to or in connection with the ownership, operation, use, exploitation or maintenance of any of the Excluded Assets and, except as provided in Section 9(j), all costs, expenses and liabilities relating in any way to the matters set forth on Schedule 5(i).

(qqq) “Securities Act” is defined in Section 6(g)(ii).

(rrr) “Sellers” is defined in the introductory paragraph.

(sss) “Seller Indemnified Parties” is defined in Section 13(d).

(ttt) “Seller’s Closing Certificate” is defined in Section 10(b)(ii).

(uuu) “Sharing Ratio” shall be as set forth in Exhibit A.

(vvv) “Surviving Covenants” is defined in Section 12.

(www) “Tax” or “Taxes” means any and all taxes, including any interest, fines, penalties or other additions to tax that may become payable in respect thereof, imposed by any federal, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes, payroll and employee withholding taxes, unemployment insurance taxes, social security taxes, severance taxes, license charges, taxes on stock, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers’ compensation and other obligations of the same or of a similar nature to any of the foregoing.

(xxx) "Tax Proceeding" is defined in Section 9(h).

(yyy) "Tax Return" means any report, return (including any information return), declaration, statement, bill, schedule, claim for refund or written information required to be supplied to a federal, state, local or foreign taxing authority in connection with Taxes, including any amendments thereof or any schedule or attachment thereto.

(zzz) "Transition Services Agreement" is defined in Section 9(a).

(aaaa) "Welfare Plan(s)" means any employee welfare benefit plan" as such term is defined in Section 3(1) of ERISA (whether or not covered by Section 3(1) of ERISA).

(bbbb) "Wells" means all wells for the purpose of discovering or producing Hydrocarbons or disposing of fluids produced in connection with the production of Hydrocarbons located on the Leases, including the Wells described on Exhibit B.

[Signatures Appear On Following Pages]

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement as of the date first set forth above.

PURCHASER:

BANDOLIER ENERGY, LLC

By: /s/ Shane E. Matson

Name: Shane E. Matson

Title: President

SELLERS:

NADEL AND GUSSMAN, LLC

By: Nadel and Gussman Management, LLC,
Its Manager

By: /s/ James F. Adelson

James F. Adelson, Manager

/s/ Charles Wickstrom

CHARLES W. WICKSTROM

/s/ Shane E. Matson

SHANE E. MATSON

COMPANY:

SPYGLASS ENERGY GROUP, LLC

By: Nadel and Gussman Management, LLC,
its Manager

By: /s/ James F. Adelson

James F. Adelson, Manager

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (as amended, supplemented, or otherwise modified from time to time, this “Assignment and Assumption”) is made as of May 30, 2014 (the “Effective Date”), by and between Bandolier Energy, LLC, a Delaware limited liability company (the “Assignor” or “Bandolier”), and PO1, LLC, a Delaware limited liability company (the “Assignee”).

WHEREAS, the Assignor owns 100% of the membership interests of Spyglass Energy Group, LLC, a Delaware limited liability company (“Spyglass”); and

WHEREAS, the Assignor desires to transfer to the Assignee 51% of the membership interests of Spyglass Energy Group, LLC (the “PO1 Units”).

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound, the parties hereby agree as follows:

1. Assignment. The Assignor hereby irrevocably and unconditionally assigns, transfers, and delivers to the Assignee the PO1 Units.
2. Assumption. The Assignee hereby accepts such transfer and assignment of the PO1 Units, and the rights and obligations pertaining thereto.
3. Cancellation. This Assignment and Assumption will be canceled and be of no further force or effect if the Assignee fails to pay to the Assignor, within 180 days of the Effective Date, an amount equal to the aggregate Initial Capital Contributions, as that term is defined in the Amended and Restated Limited Liability Company Agreement of Bandolier, dated as of May 30, 2014 (the “LLC Agreement”), of the Series A Members of Bandolier, set forth in the LLC Agreement.
4. Binding Effect. This Assignment and Assumption will be binding upon and will inure to the benefit of the parties hereto and their respective successors and assigns. Except for the parties to this Assignment and Assumption and their respective successors and assigns, no person or entity is or will be entitled to bring any action to enforce any provision of this Assignment and Assumption against any of the parties.
5. Governing Law. THIS ASSIGNMENT AND ASSUMPTION SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF OR ANY OTHER PRINCIPLE THAT COULD RESULT IN THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.
6. Amendment. This Assignment and Assumption may be amended only by written instrument duly signed by each of the parties to this Assignment and Assumption.
7. Further Assurances. Each party to this Assignment and Assumption hereby agrees, without further consideration, to execute and deliver, or cause to be executed and delivered, such additional documents, instruments, conveyances and assurances and take such further action as may be reasonably necessary or conducive to the full performance of the terms and provisions of this Assignment and Assumption.
8. Counterparts. This Assignment and Assumption may be executed in one or more counterparts and by facsimile signature, all of which taken together shall constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the Assignor and the Assignee have duly executed this Assignment and Assumption as of the date first set forth above.

ASSIGNOR:

BANDOLIER ENERGY, LLC

By: /s/ Shane Matson

Shane Matson
President

ASSIGNEE:

PO1, LLC

By: /s/ Scot Cohen

Scot Cohen
Manager

AGREEMENT

This AGREEMENT (this "Agreement"), dated as of May 30, 2014 (the "Effective Date") is by and between PETRO RIVER OIL CORP., a Delaware corporation ("Petro") and PEARSONIA WEST INVESTMENT GROUP, LLC, a Delaware limited liability company ("Pearsonia West").

WHEREAS, Petro has agreed to purchase, pursuant to that certain Subscription Agreement, dated May 30, 2014, 500 of the Series A Units of Bandolier Energy LLC (the "Petro Series A Units"); and

WHEREAS, the acquisition of the Petro Series A Units by Petro would not have been possible but for the acquisition by Pearsonia West of 440 Series A Units of Bandolier Energy LLC (the "Pearsonia Series A Units").

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound, the parties hereto agree as follows:

1. Exchange of Pearsonia Series A Units. Petro hereby agrees that the Members of Pearsonia West, as that term is defined in the Limited Liability Company Agreement of Pearsonia West, dated as of May 30, 2014 (the "LLC Agreement"), may, at any time before May 30, 2017, exchange their pro rata portion of the Pearsonia Series A Units for shares of common stock, par value \$0.00001 per share, of Petro (the "Common Stock"), at a ratio of \$0.08 per share, upon the terms and subject to the conditions set forth in the LLC Agreement (each, an "Exchange").

2. Adjustment of Exchange Ratio. The exchange ratio of \$0.08 per share is subject to adjustment in the event of any reverse stock split or stock dividend by Petro.

3. Forfeiture of Pearsonia Series A Units. Pearsonia hereby agrees that, upon an Exchange by one of its Members, it will provide, or cause to be provided by Bandolier Energy LLC, to Petro a certificate representing the Pearsonia Series A Units being exchanged by such Member for Common Stock, together with all duly executed documents required to effectuate the transfer of such Pearsonia Series A Units to Petro.

4. Entire Agreement. This Agreement constitutes the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

5. Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. Except as otherwise set forth in this Agreement, no failure to exercise, or delay in exercising, any rights, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

6. Severability. If any term or provision of this Agreement is held to be invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the maximum extent permitted by law.

7. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of New York, without giving effect to any choice of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of New York.

8. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

9. Further Assurances. Each party to this Agreement hereby agrees, without further consideration, execute and deliver, or cause to be executed and delivered, such additional documents, instruments, conveyances and assurances and take such further action as may be necessary or conducive to do the full performance of the terms and provisions of this Agreement.

10. Associated Costs. Except as otherwise expressly provided herein, each party hereto shall pay its own fees, costs and expenses incurred in connection herewith and with the transactions contemplated hereby, including the fees, costs and expenses of its due diligence, financial advisors, accountants and counsel

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

PETRO RIVER OIL CORP.

By: /s/ Scot Cohen

Name: Scot Cohen

Title: Executive Chairman

PEARSONIA WEST INVESTMENT GROUP, LLC

By: /s/ Scot Cohen

Name: Scot Cohen

Title: Manager

**Petro River Acquires Spyglass Energy Group LLC., 100% of its Production, & the 106,000
Contiguous Acres of the West Pearsonia Concession in Osage County, Oklahoma**

HOUSTON, TX – June 5, 2014. Petro River Oil Corp (“Petro River” or the “Company”) announces that, on May 30, 2014 it acquired a control position in Bandolier Energy LLC. (“Bandolier”), a company formed to acquire, in an all-cash transaction, all of the outstanding membership units of Spyglass Energy Group LLC., the owner of a 100% working interest in the Pearsonia West Concession (“Pearsonia”) in Osage County, Oklahoma. Pearsonia comprises the largest contiguous oil and gas acreage position in Northeastern Oklahoma, approximately 106,000 acres, with substantial original oil in place, stacked reservoirs, as well as exploratory and development opportunities that can be accessed through both horizontal and vertical drilling. Significant infrastructure is already in place including 32 square miles of 3D seismic, 3 phase power, a dedicated sub-station as well as multiple oil producing horizontal wells. Offset producers include large independents who have drilled multiple economic horizontal Mississippi Lime wells.

Daniel Smith, Executive Vice President of Operations, commented, “We are pleased to have completed the next step in our strategic plan following the investment by Petrol Lake Holding LLC. In completing this acquisition, we are closer to achieving our goal of joint venture development in the Mississippi Lime. We look forward to commencing our development plan in Pearsonia, and continuing to apply our diverse technical expertise in conjunction with our joint venture partners in this region.”

The management of Bandolier brings a depth of both geoscience and engineering expertise that will be instrumental in exploiting the Pearsonia asset. The chief geoscientists, Shane Matson, President of Bandolier, and Charles Wickstrom, board member of Bandolier, have considerable knowledge and experience in the Mississippian Lime play in Oklahoma. They have pioneered methods of drilling the Middle Mississippian tight oil reservoirs that have resulted in a recent IP of 900 BOPD (barrels of oil per day) from 1,000 feet of lateral in the heart of Pearsonia. Based on these results, management is expecting that EUR’s (expected ultimate recovery) will be similar to offset producers west of Pearsonia, but may be more economic due to the shallow reservoir characteristics. The team has identified several hundred potential drilling locations with a primary focus on horizontal Mississippi Lime exploitation and development, although potential also exists in shallower Mississippian and Pennsylvanian formations.

Shane Matson, President of Bandolier, commented, “I have worked in this region and on the Pearsonia West asset for a dozen years and following our recent drilling results – wells with IPs as high as 900 BOPD from short laterals - we have cracked a significant component of the code for stimulation of tight Mississippian reservoirs of the Mid-Continent. The size and continuity of this asset allows a great deal of flexibility to continue developing it while seeking industry partners to develop this acreage alongside us.”

Petro River & Bandolier are in various phases of negotiations to develop parts of Pearsonia via joint ventures with industry partners to accelerate their drilling and development program. There can be no assurance that any such ventures will be entered into.

Forward-Looking Statements

This news release contains forward-looking and other statements that are not historical facts. Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward looking statements will not occur, which may cause actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward looking statements.

The forward-looking statements contained in this news release are made as of the date of this news release. Petro River disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. Additionally, Petro River undertakes no obligation to comment on the expectations of, or statements made, by third parties in respect of the matters discussed above.

Contact Information:
Investor Relations:
mhull@petroriveroil.com
212-596-7090
www.petroriveroil.com
