



IN THE UNITED STATES BANKRUPTCY COURT FOR THE WESTERN DISTRICT OF OKLAHOMA

IN RE:

DORCHESTER RESOURCES, L.P.,
Debtor.

Case No. 21- 10840 -- SAH
(Chapter 11)

DEBTOR'S AMENDED MOTION FOR AN ORDER (A) APPROVING THE SALE OF THE ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND INTERESTS TO THE WINNING BIDDER; AND (B) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES OF THE DEBTOR WITH BRIEF AND NOTICE OF OPPORTUNITY FOR HEARING

NOTICE OF OPPORTUNITY FOR HEARING

Your rights may be affected. You should read this document carefully and consult your attorney about your rights and the effect of this document. If you do not want the Court to grant the motion, or you wish to have your views considered, you must file a written response to the motion with the Clerk of the United States Bankruptcy Court for the Western District of Oklahoma, 215 Dean A. McGee Avenue, Oklahoma City, OK 73102 **no later than 21 days from the date of filing of the motion.** You should also serve a file-stamped copy of the response to the undersigned [and others who are required to be served] and file a certificate of service with the Court. A telephonic hearing on the motion has been set for **May 5, 2021, at 9:30 a.m. before the Honorable Sarah A. Hall. If no response is timely filed, the court may grant the motion without further notice.**

[Note – this is a flat twenty-one (21) days regardless of the manner of service.]

**NOTICE OF TELEPHONIC HEARING
(TO BE HELD IF A RESPONSE IS FILED)**

Notice is hereby given that if a response to this Motion is filed, a telephonic hearing on this Motion is scheduled for **May 5, 2021, at 9:30 a.m. before the Honorable Sarah A. Hall, United States Bankruptcy Judge.** Participating or responding parties are

hereby notified they may participate, using the call-in information as follows: Phone Number: 866-590-5055, Access Code, 4489321. All counsel and parties are directed as follows: (1) all participants shall mute their phone when it is not their case, (2) no participant shall use a "speaker," function and (3) no participant shall place the call on hold (in order for the Court and other participants to avoid hearing hold music or other noises that detract from the proceeding and audio recording of same). If no response is timely filed and the court grants the requested relief prior to the above-referenced hearing date, the hearing will be stricken from the docket of the Court.

Dorchester Resources, L.P., the Debtor-In-Possession (the "Debtor"), files this motion (the "Sale Motion") for entry of an order (the "Sale Order") (a) Approving the Sale of the Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests to the Winning Bidder and (b) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases of the Debtor.¹

In conjunction with this Sale Motion, Debtor has filed a Motion for an Order (A) Establishing Bidding Procedures in Connection With the Sale of a Significant Portion of the Debtor's Assets; (B) Approving the Form and Manner of Notices; (C) Scheduling Dates for an Auction and Sale Hearing; (D) Authorizing and Approving the Form of a Stalking Horse Asset Purchase Agreement; and (E) Approving Procedures to Determine Cure Amounts Related to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases (the "Bid Procedures Motion"). The Bid Procedures Motion (i) specifies the manner and means of conducting the sale of the Assets, (ii) seeks this Court's approval of the bid

¹ Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion, the Purchase Agreement, and/or the Bidding Procedures, as applicable.

procedures, and (iii) seeks approval of the form of the Stalking Horse Asset Purchase Agreement (the "Purchase Agreement").

In support of the Sale Motion, the Debtor respectfully represents as follows:

JURISDICTION AND VENUE

1. This Court has jurisdiction over the Sale Motion pursuant to 28 U.S.C. §§ 1334 and 157.

2. This Motion is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

3. The statutory bases for the relief requested herein are sections 105, 363, 364, and 365 of title 11, United States Code (the "Bankruptcy Code"), and Rules 2002, 4001, 604 and 606 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

4. On April 5, 2021, (the "Petition Date"), the Debtor filed a voluntary petition for relief pursuant to Chapter 11 of Title 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Western District of Oklahoma (the "Bankruptcy Court").

5. The Debtor continues to operate and manage its business as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

6. As of the date hereof, an official committee of unsecured creditors has not been appointed in the case. No request has been made for the appointment of a trustee or examiner.

BACKGROUND

7. Debtor engages in all phases of the oil and gas business including: (i) exploration for and production of oil, gas and other hydrocarbons; (ii) buying, selling, owning, managing, operating, financing, producing and developing ownership interests;

(iii) marketing and transporting oil, gas and other hydrocarbons; and (iv) investing in or being connected with entities engaged in the oil and gas business.

8. The Debtor does not have any employees.

9. Debtor's business has declined due to long term pricing declines, as well as the depression of energy prices during the past 12 months, in part as a result of the COVID-19 pandemic and the related quarantines, travel restrictions, and reduced manufacturing outputs. Further, production in certain areas in which Debtor holds interests may be economical for the operator, but is uneconomical for Debtor and other non-operating interest owners in light of the current pricing environment and low production volumes. Therefore, Debtor cannot continue in its business.

10. The only practical way for Debtor to realize any value for its assets is to sell the assets as identified on Schedule I to the Purchase Agreement (the "Designated Assets").

11. The Debtor has reached an agreement to sell the Designated Assets, subject to higher and better offers, to DRJI, LLC (the "Purchaser").

12. The Designated Assets constitute a substantial portion of the Debtor's assets.

13. The Debtor proposes to sell the Designated Assets to the Purchaser (also referred to hereinafter as the "Stalking Horse Bidder") (the Debtor and the Stalking Horse Bidder are referred to collectively as the "Parties") subject to the terms of the Purchase Agreement in accordance with sections 363 and 365 of the Bankruptcy Code, and pursuant to the terms of the Sale Order, in exchange for the Stalking Horse Bidder's cash offer in the amount of \$10,000,000.00 (the "Sale").

14. The Stalking Horse Bidder is also currently assuming approximately \$800,000.00 of existing contract exposure of the Debtor.

15. The Sale shall be free and clear of all liens, claims, encumbrances, and interests to the fullest extent permitted by section 363 of the Bankruptcy Code.

16. A copy of the Purchase Agreement is attached as Exhibit 1.

17. Many of the operators of the oil and gas wells that comprise the Assets are presently offsetting or “netting” expenses of Debtor’s wells against the revenues of *all* wells operated by the particular operator regardless of whether those wells are economical to Debtor. The result of these actions is draining the Debtor of portions of its oil and gas well revenue which has resulted in the filing of this case.

18. Further, late in the day on April 2, 2021 (or early on April 3rd), Debtor’s secured lender set off all monies in Debtor’s accounts with that secured lender and applied those monies to the secured debt. Such actions led Debtors to have no choice but to sell the Assets.

19. Additional details regarding the Debtor and the events leading to the commencement of this Chapter 11 case are set forth in the Declaration of John T. Perri, Manager of DC-LRCOGP, LLC, the General Partner of the Debtor filed herein [Dkt. # 18].

RELIEF REQUESTED

20. The Debtor respectfully requests that, upon the conclusion of the Sale Hearing, the enter the Sale Order (a) approving the Sale of the Designated Assets free and clear of all liens, claims, encumbrances, and interests of any kind and (b) authorizing the

assumption and assignment of certain executory contracts and unexpired leases of the Debtor that are to be assumed and assigned in connection with the Sale.

TERMS OF THE PROPOSED SALE

21. The Debtor believes that it is in the best interests of the Debtor’s estate and creditors to pursue a sale of the Designated Assets under sections 105, 363 and 365 of the Bankruptcy Code. The Debtor believes that marketing for higher and better offers and conducting the Auction, if overbids are received, will enable the Debtor to maximize value for all creditors.

22. Significant terms of the Sale are as follows:²

Purchase Price: Ten Million Dollars (\$10,000,000.00), to be allocated among the Designated Assets as set forth in the Purchase Agreement (such amount may be adjusted pursuant to the Purchase Agreement) (the “Stalking Horse Bid”).

Closing Conditions: Conditions necessary to close the Sale require the execution of the Purchase Agreement and entry of an order from the Bankruptcy Court approving the Sale that has not been stayed, modified or reversed (the “Closing Contingencies”).

Closing Date: The closing shall occur on the later of June 30, 2021, or on the first business day following the satisfaction of the Closing Contingencies (the “Closing Date”), or such other time and date as the Parties may agree to in writing.

Higher and Better Offers. The sale of the Designated Assets shall be subject to higher and better offers through a marketing and auction process to be conducted by the Debtor and the Debtor’s professionals.

² To the extent this summary of significant terms differs from the terms in the Purchase Agreement, the Purchase Agreement controls.

23. Debtor consented to the Sale on the terms stated herein and in the Purchase Agreement.

24. The Designated Assets are subject to Simmons Bank's first priority security interests, and, potentially, to a mechanic's or materialman's lien from PO&G Operating.

25. The Stalking Horse Bidder has demonstrated to Debtor its purchasing the Designated Assets in good faith and for fair value.

26. The Designated Assets owned by the Debtor consist of interests in oil and gas wells and leases in numerous States that are generally small interests of 2.5% or less.

Further, there are many title uncertainties given the origin and nature of the small non-operating interests. The Debtor is not warranting title to any of the properties to any potential purchaser.

27. The Stalking Horse Bidder does have some owners who are affiliated with the Debtor and can be considered insiders. Given the status of the Designated Assets, and the title uncertainties, it is important for the Debtor and its creditors for an affiliated group to become the Stalking Horse Bidder in order to allow the marketing agents and others assisting the Debtor to obtain the best price available, regardless of who is the ultimate purchaser.

28. The Purchase Agreement is entered into in good faith, at arm's length, with DRII, LLC being represented by independent counsel.

29. The Stalking Horse Bidder has demonstrated to Debtor that it has the financial ability to consummate the Sale and is a ready, willing, and able buyer for the

Designated Assets. The Stalking Horse Bidder deposited the initial deposit of \$750,000.00 into the trust account of Debtor's counsel on April 2, 2021.

30. The Stalking Horse Bidder understands that it is purchasing the Designated Assets in the context of a distressed seller and a bankruptcy. Details of such representations and warranties are set forth in detail herein and in the Purchase Agreement, and are limited thereby. Except as provided herein and in the Purchase Agreement, none of the representations, warranties, covenants, and agreements contained therein or herein shall survive the closing of the sale of the Designated Assets.

31. In the exercise of its business judgment, Debtor believes the Sale is in the best interest of all parties and represents the highest and best price received prior to the filing of this Sale Motion.

ASSUMPTION AND ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

32. Executory contracts and unexpired leases that are to be assumed by the Debtor and assigned to the Stalking Horse Bidder are set forth on schedules to the Purchase Agreement (the "Assumed Executory Contracts"). The Stalking Horse Bidder may from time to time, in its sole discretion, add or remove any Assumed Executory Contract from the schedule of Assumed Executory Contracts.

33. At the Sale Hearing, the Debtor shall seek to assume and assign to the Stalking Horse Bidder the Assumed Executory Contracts.

34. Debtor respectfully requests this Court approve Debtor's assumption and assignment to Stalking Horse Bidder of said Assumed Executory Contracts.

BRIEF IN SUPPORT

I. THE SALE SHOULD BE APPROVED UNDER 11 U.S.C. § 363(B)(1)

35. Section 363(b)(1) of the Bankruptcy Code provides that “[t]he trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). Courts have uniformly held that approval of a sale under § 363(b) of the Bankruptcy Code is appropriate if a Court finds that the transaction represents a reasonable business judgment on the part of the debtor or trustee. *See Institutional Creditors of Continental Air Lines, Inc. v. Continental Air Lines, Inc.*, 780 F.2d 1223, 1226 (5th Cir. 1986) (applying reasonable business judgment standard to sale of assets under section 363(b) of the Bankruptcy Code); *In re Lionel Corp.*, 722 F.2d 1063, 1071 (2d Cir. 1983) (same); *In re Donohue*, 410 B.R. 311, 315 (Bankr. D. Kan. 2009) (requiring “sound business reason” for authorization of sale under section 363(b) of the Bankruptcy Code).

36. Further, a debtor’s business judgment is entitled to substantial deference with respect to the bid procedures to be used in selling assets of the estate. *See, e.g., Official Committee of Subordinated Bondholders v. Integrated Resources, Inc. (In re Integrated Resources, Inc.)*, 147 B.R. 650, 656-57 (Bankr. S.D.N.Y. 1992) (noting that overbid procedures and break-up fee arrangements negotiated by a debtor are to be reviewed according to the deferential “business judgment” standard, under which such procedures and arrangements are “presumptively valid”). Here, the proposed Sale is reasonable, appropriate, and within Debtor’s sound business judgment because it will serve to maximize the value of the Debtor’s estate.

37. In addition to a sound business purpose, courts require adequate and reasonable notice of the sale, a fair and reasonable price, and good faith negotiations with the buyer. *See In re Abbotts Dairies*, 788 F.2d at 147. *In re Buerge*, 479 B.R. 101, 106 (Bankr. D. Kan. 2012); *In re JL Bldg., LLC*, 452 B.R. 854, 859 (Bankr. D. Utah 2011); *Med. Software Solutions*, 286 B.R. at 439-40; *In re Tempo Tech Corp.*, 202 B.R. 363, 367 (D. Del. 1996).

38. The ultimate goal of any bankruptcy sale is to maximize the value received by the estate; courts uniformly agree that competitive bidding maximizes value and is appropriate in bankruptcy. *See, e.g., Four B. Corp. v. Food Barn Stores, Inc. (In re Food Barn Stores, Inc.)*, 107 F.3d 558, 564-65 (8th Cir. 1997) (referring to bankruptcy sales, “a primary objective of the Code [is] to enhance the value of the estate at hand.”); *Buerge*, 479 B.R. at 106 (“The trustee’s duty is to maximize the value obtained from a sale.”); *In re Psychometric Sys., Inc.*, 367 B.R. 670, 674, 676 (Bankr. D. Colo. 2007) (recognizing the “strong policy favoring competitive bidding” for sales in bankruptcy proceedings).

39. Here, the Sale of the Designated Assets is a reasonable business decision under the circumstances, and in the best interest of the estate and creditors.

40. Further, the Debtor believes that the proposed Sale presents the best opportunity to maximize the value of the estate’s assets for Debtor’s creditors.

41. Additionally, the auction process will be conducted in good faith and at arm’s length, be subject to proper notice, and will yield the highest and best offer for the Designated Assets. Accordingly, the Debtor submits that the sale of the Designated Assets is an appropriate exercise of the Debtor’s business judgment.

- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f); *see also In re Elliot*, 94 B.R. 343, 345 (E.D. Pa. 1988) (holding that Section 363(f) is written in disjunctive; court may approve sale "free and clear" provided at least one of the requirements is met).

47. The Debtor believes that § 363(f)(2) will be satisfied because each party that holds a lien on the Assets, if any, will consent, or absent any objection to this Sale Motion, will be deemed to have consented to the Sale and transfer of the Designated Assets.

48. Further, any liens in the Designated Assets will attach to Sale proceeds to the same extent, validity and priority as existed before the Sale, thus satisfying section 363(f).

49. Applicable case law provides that a sale of a debtor's assets free and clear of all liens, claims, encumbrances, and interests is permissible under section 363(f) as long as

the liens, claims, encumbrances, and interests attach to the net proceeds of the sale. *folger Adam Security, Inc. v. DeMatteis/MacGregor, JV*, 209 F.3d 252, 259 (3d Cir. 2000) ("The holdings of the courts suggest that any interest in property that can be reduced to a money satisfaction constitutes a claim for purposes of section 363(f) and, therefore, attaches to the proceeds of the sale."); *In re Elliot*, 94 B.R. 343, 345 (E.D. Pa. 1988). Further, in the event the Stalking Horse Bidder is the winning bidder through a cash offer, the Purchaser Agreement provides for satisfaction of any liens senior to the liens of the Purchaser via

42. Debtor requests authority to pay customary closing costs and cure claims as provided in the Purchase Agreement and herein, and then to pay in full Simmons Bank without the need for any further authorization from this Court.

43. Simmons Bank holds a perfected, pre-petition security interest in all of Debtor's assets, including proceeds therefrom, in an amount of not less than \$20,000,000.00. Simmons Bank will hold a lien upon the Assets and sale proceeds that are received. There is no doubt the post-petition liens of Simmons Bank upon the Assets are valid and existing liens. Therefore, the payments as requested should be authorized as a part of the Sale Order. The balance of the sale proceeds, if any, will be held in escrow by the Debtor pending further order of this Court.

44. The Debtor will seek entry of the Sale Order authorizing and approving the Sale of the Designated Assets at the Sale Hearing.

45. Unless otherwise expressly provided in the Purchase Agreement or the Sale Order, the Designated Assets are to be sold free and clear of all liens, claims, encumbrances, and interests pursuant to section 363(f) of the Bankruptcy Code, with all such liens, claims, encumbrances, and interests to attach instead to the sale proceeds.

46. Pursuant to Section 363(f) of the Bankruptcy Code, a debtor may sell property outside the ordinary course of business under Section 363(b) "free and clear of any interest in such property" if any one of the following conditions is satisfied:

- (1) applicable non-bankruptcy law permits the sale of such property free and clear of such interest;

cash payment or by allowing such senior liens to continue on the property as a permitted lien, thus satisfying section 363(f) of the Bankruptcy Code.

50. Finally, any junior liens will be satisfied by operation of § 363(f)(3) as the Sale process will set the value of the Assets. *See In re Beker Industries Corp.*, 63 B.R. 474, 475-76 (S.D.N.Y. 1986) (holding that sale price in a 363 sale need only exceed the value of the property, not the value of the debts secured by the property, to satisfy section 363(f)(3)); *In re Terrace Gardens Park Partnership*, 96 B.R. 707, 712-713 (Bankr. W.D. Tex. 1989) (analyzing two approaches to 363(f)(3) and adopting approach from *Beker Industries*); *In re Hartfield Homes, Inc.*, 30 B.R. 353, 355 (Bankr. E.D. Pa. 1983) (“ . . . if the proposed sale price is the best price obtainable under the circumstances of a particular case, then the fact that junior lienholders may receive little or nothing from the proceeds of the sale would not, standing alone, constitute reason for disapproving the proposed sale”).

51. Consequently, Debtor requests that the Court approve the Sale of the Designated Assets, free and clear of all liens, claims, encumbrances, and interests pursuant to section 363(f) of the Bankruptcy Code.

III. THE PURCHASER SHOULD BE FOUND TO BE A GOOD FAITH PURCHASER.

52. Section 363(m) of the Bankruptcy Code states:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

53. While the Bankruptcy Code does not define “good faith,” the Tenth Circuit has held that the standard for a good faith purchaser is one who buys (i) in “good faith,” i.e., through a sale that does not involve fraud or collusion, (ii) for value. *See In re Indep. Gas & Oil Producers, Inc.*, 80 Fed. Appx. 95, 99-100 (10th Cir. 2003) (citing *Tompkins v. Frey (In re BelAir Associates, Ltd.)*, 706 F.2d 301 (10th Cir. 1983)); *Plotner v. AT&T*, 172 B.R. 337, 341 (W.D. Okla. 1994) (“A sale lacks good faith when it ‘involves fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.’”) (citations omitted); *In re Abbotts Dairies*, 788 F.2d at 147 (“The requirement that a purchaser act in good faith . . . speaks to the integrity of his conduct in the course of the sale proceedings. Typically, the misconduct that would destroy a buyer’s good faith status at a judicial sale involves fraud, collusion between the buyer or the trustee, or an attempt to take grossly unfair advantage of other bidders.”).

54. Debtor will present evidence at the Sale Hearing showing that the Sale, finalized with whomever is the winning bidder, is the result of the open and competitive nature of the Bidding Procedures, and will be the result of arm’s length negotiations in good faith. The Sale will naturally be “for value,” as it will be the result of a fair marketing process which will set the value for the Designated Assets.

55. In light of the circumstances, the Debtor requests that the Court make a finding at the Sale Hearing that the Winning Bidder has acted in good faith within the meaning of section 363(m) of the Bankruptcy Code.

IV. THE 14 DAY STAY PROVIDED FOR IN BANKRUPTCY RULE 6004(H) SHOULD BE WAIVED

56. Bankruptcy Rule 6004(h) provides that an order authorizing the sale of property is stayed for 14 days after its entry, unless the Court orders otherwise.

57. Due to the necessity to facilitate the orderly and timely sale of the Designated Assets, the Debtor requests that the Court waive the 14 day stay provided by the Rule.

V. DEBTOR SHOULD BE AUTHORIZED TO ASSUME AND ASSIGN EXECUTORY CONTRACTS AND UNEXPIRED LEASES TO THE WINNING BIDDER.

58. A court should approve the assumption or rejection of an unexpired lease or executory contract where a debtor's business judgment has been reasonably exercised. See, e.g., *In re J. H. Land & Cattle Co., Inc.*, 8 B.R. 237, 238 (Bankr. W.D. Okla. 1981) ("The test for court approval of a debtor's (*trustee's*) proposed rejection of an executory contract or lease under § 365 is one of "business judgment" (citation omitted); *In re III Enterprises, Inc. V*, 163 B.R. 453, 469 (Bankr. E.D. Pa. 1994) ("Generally, courts give great deference to a debtor's decision to assume or reject. A debtor need only show that its decision to assume or reject the contract is an exercise of sound business judgment – a standard which we have concluded many times is not difficult to meet.") *aff'd sub nom. Pueblo Chem., Inc. v. III Enters, Inc. V*, 169 B.R. 551 (E.D. Pa. 1994).

59. Further, § 365(b)(1) authorizes the proposed assumption and assignment of executory contracts if defaults under those agreements are cured and adequate assurance of future performance is given. See, *In re Valley View Shopping Ctr., L.P.*, 260 B.R. 10, 24 (Bankr. D. Kan. 2001); *In re Mako, Inc.*, 102 B.R. 818, 821 (Bankr. E.D. Okla. 1988)

(willingness and ability to cure defaults and projected cash flows sufficient to meet obligations under the contract met the "adequate assurance" requirement).

60. Assumption and assignment of the Assumed Executory Contracts is a sound exercise of the Debtor's business judgment, since it is necessary to consummate the Sale, and Debtor will not need the agreements after the Sale.

61. Finally, the assumption procedure that will accompany the Sale provides for ample and fair notice to all parties subject to the Assumed Executory Contracts, and provides the cure of any default under the Assumed Executory Contracts and for the adequate assurance of future performance.

CONCLUSION

The Debtor respectfully requests that the Court grant the relief requested herein and such other and further relief as is just and proper.

Respectfully Submitted,

/s/ J. Clay Christensen (OBA # 11789)
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PROPOSED ATTORNEYS FOR DEBTOR

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement") is made and entered into the day ___ of April, 2021, by and between **DR II, LLC**, an Oklahoma Limited Liability Company, with a mailing address at 100 N Broadway Avenue, Ste. 3280 Oklahoma City, Oklahoma 73102, hereinafter referred to as the "Purchaser," and **Dorchester Resources, L.P.**, an Oklahoma limited partnership, with a mailing address at 210 Park Avenue, Suite 3121, Oklahoma City, Oklahoma 73102, hereinafter referred to as the "Seller."

WITNESSETH, THAT:

WHEREAS, the Seller is presently involved in the oil and gas business and certain wellbore interests and leasehold interests of Seller are located in the States of Oklahoma, Texas and Louisiana along with any related records and files;

WHEREAS, the Seller has filed a voluntary petition for reorganization relief pursuant to chapter 11 of title 11 of the United States Code, 11 U.S.C. 101 et seq. (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Western District of Oklahoma (the "Bankruptcy Court"), (the "Bankruptcy Case"), and will be seeking the entry of a final order by the Bankruptcy Court approving this Agreement and authorizing the Seller to consummate the transactions contemplated hereby and by the other transaction documents, subject to competing bids as hereinafter set forth (the "Final Order");

WHEREAS, the Seller desires to sell, transfer and assign to the Purchaser, and the Purchaser desires to acquire from the Seller, pursuant to Sections 363 and 365 of the Bankruptcy Code free and clear of all liens, encumbrances and claims, the assets, along with any related records and files, that are owned by the Seller in the conduct of the Seller's oil and gas business (the "Business"), as more particularly set forth on Schedule 1 attached hereto and incorporated by reference (collectively the "Assets");

WHEREAS, the parties have memorialized their agreement herein; provided that the schedules referenced in this Agreement may be (i) freely amended at any time if attached hereto at the time this Agreement is signed by the parties, or (ii) completed and provided at a later date if not attached hereto at the time this Agreement is signed by the parties.

NOW, THEREFORE, in consideration of the mutual covenants, representations and warranties herein contained, the parties agree as follows:

1. SALE OF ASSETS. Subject to the terms and conditions of this Agreement and the Final Order, at the Closing, as hereinafter defined, the Seller shall sell to the Purchaser and the Purchaser shall purchase from the Seller effective on May 1, 2021 (the "Effective Date"), free and clear of all liabilities, claims, liens, encumbrances, and interests, the Assets set forth on Schedule 1 and only the Assets set forth on Schedule 1. PURCHASER REPRESENTS THAT IT IS A KNOWLEDGEABLE BUYER OF THIS TYPE OF PROPERTY AND THAT IT IS RELYING SOLELY ON ITS OWN EXPERTISE AND THAT OF PURCHASER'S CONSULTANTS, AND THAT PURCHASER HAS CONDUCTED OR WILL CONDUCT SUCH INSPECTIONS AND INVESTIGATIONS OF THE ASSETS, AND SHALL RELY UPON THE SAME.

or in any judicial proceeding that is in any manner inconsistent with the allocation set forth on Schedule 2.1.

2.2. CASUALTY LOSS. Notwithstanding anything herein to the contrary but without limiting any of Purchaser's rights hereunder, from and after the date of this Agreement, if Closing occurs, the Purchaser shall assume all risk of loss of the Assets, including, without limitation, all risk of loss with respect to production of oil and gas and other hydrocarbons through normal depletion (including wicking out of any well, collapsed casing or sand infiltration of any well) and the depreciation of personal property due to ordinary wear and tear, in each case, with respect to the Assets; provided however, that if after the date of this Agreement but prior to the date of Closing, any portion of the Assets is destroyed or taken as a result of a Casualty as defined in this Section 2.1 (a "Casualty Loss"), there shall be no adjustment to the Purchase Price herefor, the Purchaser will nevertheless be required to close, and Sellers shall assign to Purchaser any and all insurance proceeds, third party claims and other payments associated with or attributable to such Casualty Loss. Casualty means acts of God, terrorist acts, fire, explosion, earthquake, wind storm, flood, drought, condemnation, the exercise of eminent domain, confiscation or seizure or other casualty, but excluding any loss, damage or reduction in value as a result of depreciation, ordinary wear and tear and any change in condition of the Assets for production of oil, gas and other hydrocarbons through normal depletion (including the wicking out of any well, collapsed casing or sand infiltration of any well).

3. **PAYMENT OF PURCHASE PRICE.** The Purchase Price shall be paid as follows:

(a) The Purchaser has deposited the sum of Seven Hundred Fifty Thousand & 00/100 Dollars (\$750,000.00) (the "Initial Deposit") with the Seller's attorney or a party designated by the Seller shall have no interest in the Initial Deposit or the Additional Deposit (defined below) unless and until Closing occurs, provided that should the Closing not occur as a result of any action by the Purchaser constituting a breach of this Agreement, the Initial Deposit and the Additional Deposit shall be dealt with as provided in the last paragraph of this Section. In the event that the Closing shall occur, the Initial Deposit shall be paid to the Seller at the Closing and applied to the Purchase Price.

(b) Upon the approval of this Agreement by the Bankruptcy Court and the Purchaser as the stalking horse bidder in an auction of the Assets free and clear of all liabilities, claims, liens, encumbrances, and interests pursuant to Sections 363 and 365 of the Bankruptcy Code (the "Initial Order"), the Purchaser shall deposit the additional sum of Five Hundred Thousand & 00/100 Dollars (\$500,000.00) (the "Additional Deposit") with the Seller's attorney or a party designated by the Bankruptcy Court, to be held in trust and disbursed only in accordance with this Agreement. In the event that the Closing shall occur, the Additional Deposit shall remain with the Seller at the Closing and be applied to the Purchase Price. In the event the Purchaser is not the final purchaser after the Bankruptcy Court enters the Final Order approving the sale to a different party. Purchaser agrees to be the back up bidder and to close in the event a different purchaser fails to close for any reason.

PURCHASER FURTHER ACKNOWLEDGES AND AGREES THAT PURCHASER IS ACQUIRING THE ASSETS ON AN "AS IS, WHERE IS" AND "WITH ALL FAULTS" BASIS, WITHOUT REPRESENTATION, WARRANTIES OR COVENANTS, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE, EXCEPT FOR ANY WARRANTY OR REPRESENTATION SET FORTH IN THIS AGREEMENT. SELLER DOES NOT WARRANT TITLE TO ANY OF THE ASSETS SET FORTH ON SCHEDULE 1 AND PURCHASER ASSUMES THE RISK OF ANY TITLE PROBLEMS OR FAILURES.

1.1. LIABILITIES AND CONTRACTS TO BE ASSUMED BY BUYER. SCHEDULE 1.1 is a list of all of the Seller's liabilities and contracts Purchaser has agreed to assume. Purchaser will, at the Closing, assume and perform the liabilities and contracts listed on SCHEDULE 1.1 (the "Assumed Obligations"). Except for the Assumed Obligations, Purchaser is not assuming any obligations, indebtedness or liabilities of Seller. Except for the Assumed Obligations, Purchaser is not and will not be liable for, nor will the Assets be subject to any of Seller's other debts, liabilities, or obligations of any and every kind, accrued, contingent, or absolute, due or to become due, known or unknown, asserted or unasserted which such liabilities may now exist or which may arise out of the use or the operation of the Assets, or the acts, omissions, transactions or occurrences involving the Assets or the Seller prior to the Effective Date. All liabilities and expenses of Seller related to the Assets and Assumed Obligations arising prior to the date of Closing shall be the responsibility of Seller. Any expenses and/or liabilities arising out of Purchaser's ownership or operation of the Assets and the Assumed Obligations on and after the Effective Date shall be the responsibility of Purchaser and shall be fully accounted for at Closing.

2. PURCHASE PRICE. The purchase price for the Assets shall be Ten Million & 00/100 Dollars (\$10,000,000.00) (the "Purchase Price"), subject to adjustment as provided herein. The Purchaser shall pay all applicable sales taxes or other transfer taxes in addition to the Purchase Price; provided, however, the Purchaser and the Seller shall seek to include in the Final Order a provision that provides that the transfer of the Assets shall be free and clear of any sales, use, stamp, documentary stamp, filing, recording, transfer or similar fees or taxes or governmental charges (including any interest and penalty thereon) payable in connection with the transactions contemplated by this Agreement. The Seller shall not be required to pay any "Care Costs," as defined in the Bankruptcy Code, in excess of \$10,000.00 in the aggregate for any contracts or unexpired leases comprising a part of the Assets. Purchaser will designate any executory contract it desires to obtain after completing the due diligence period set forth in section 6, provided however, it is estimated that the Purchaser will pay approximately \$804,000.00 of additional Purchase Price to the Seller for certain capital expenditures on well consent AFEs relating to the Assets.

2.1. ALLOCATION OF PURCHASE PRICE. The Purchase Price shall be allocated among the classes of Assets as set forth on Schedule 2.1, attached hereto and incorporated herein by reference. Purchaser and Seller agree: (i) to establish a mutually agreeable allocation of the Purchase Price; (ii) to separately file Internal Revenue Service Form 8594 with their respective Federal income tax returns for the year in which the Closing occurs in a manner consistent with the allocation set forth on Schedule 2.1; and (iii) neither Purchaser nor Seller will take a position on any income tax return before any governmental agency charged with the collection of any such tax

(c) At the Closing, the balance of the Purchase Price shall be paid by the Purchaser to the Seller in the form of immediately available funds. Such funds shall be paid by wire transfer as agreed between the parties or as directed by the Bankruptcy Court.

In the event that this Agreement is terminated in accordance with its terms, provided that the termination does not result from a delay in Closing that is attributable to the Purchaser, the Initial Deposit and the Additional Deposit shall be returned to the Purchaser. If the Closing does not occur due to the fault of the Purchaser, then the Initial Deposit and Additional Deposit shall be paid to the Seller as liquidated damages and in full satisfaction of any claims which the Seller may have hereunder.

4. CONTINGENCY. The closing of the transaction contemplated by this Agreement is contingent (the "Closing Contingencies") upon the execution of this Agreement by all parties, and receipt by the Seller of the Final Order from the Bankruptcy Court, after appropriate notice, authorizing and approving the sale, transfer, assumption, assignment and conveyance of the Assets to the Purchaser pursuant to Sections 363 and 365 of the Bankruptcy Code, free and clear of any and all liabilities, claims, liens, encumbrances, and interests of all kinds. The Final Order shall be in form and substance reasonably acceptable to the Purchaser and shall include the findings necessary to provide the Purchaser with the protection of Bankruptcy Code §363(m) and establish that the sale is not subject to avoidance under Bankruptcy Code §363(n). The Final Order shall also include findings and conclusions by the Bankruptcy Court on due notice that the Seller's rights, title, and interests in, to, and under each of the Assets are not subject to cancellation or termination, and have not been adversely affected, as a result of any pre-Closing non-payment of royalties, working interest owners, taxes, or any other amounts. Further, unless waived by the Purchaser, the Final Order must no longer be subject to appeal as of the Closing or the Final Order shall provide pursuant to Bankruptcy Rule 6004(h) that such order is not stayed. The Seller shall diligently pursue obtaining the Initial Order and the Final Order following the execution of this Agreement by all parties. The Purchaser shall cooperate in the Seller's efforts to obtain the Initial Order and the Final Order.

5. PRORATIONS AND ADJUSTMENTS.

(a) All pre-petition and post-petition royalties, of any kind, attributable to production from the wells prior to the Effective Date shall be paid by, or caused to be paid by, the Seller, and the Seller shall provide proof to the Purchaser of the payment of such royalties no later than Closing. In no event shall the Purchaser or its properties be liable for pre-petition royalties or pre-Effective Date royalties. All royalties attributable to production from the wells or leases sold subsequent to the Effective Date shall be paid by, or caused to be paid by, the Purchaser as set forth herein.

(b) All revenue from the Assets of any kind attributed to the time period after the Effective Date shall be held by Seller for the benefit of the Purchaser and Seller is authorized to pay the royalties as set forth in Section 5(a) above and all post-petition joint interest billings and related costs on the Assets from the post-petition collection of the revenues from the Assets prior to Closing. In the event the revenue from all of the Assets is insufficient to pay all costs and royalties related to the Assets, Purchaser shall owe any difference to Seller at Closing.

(c) Liability for all other payments required pursuant to oil and gas leases or otherwise required on property included within the Assets and all taxes payable with respect to the Assets shall be prorated and adjusted at the Closing based upon the Effective Date of this Agreement. The Seller's obligation to pay such amounts allocated to it shall be governed by the Bankruptcy Code. In no event will Purchaser be liable for any costs related to wells or leases that it does not purchase and that are not listed on Schedule I including, without limitation, any joint interest billings, operating costs, legal fees, plugging expenses, delay rentals, shut in fees, or other lease or well costs. However, any capital expenditures on the Assets after the Effective Date will be the responsibility of Purchaser to be accounted for at Closing.

6. DUE DILIGENCE. As part of the sale procedures set forth in the Initial Order, the Seller shall establish a data room containing its records and information related to the Assets. The Seller shall provide the Purchaser with access to the data room upon execution of this Agreement. The Purchaser shall have a period of twenty (20) business days following its access to the data room within which to review such files and records and inspect the Assets. No later than the expiration of the twenty (20) business day period, the Purchaser shall notify the Seller of any defects determined to exist in the Seller's title to any of the Assets, any conditions which would constitute a violation of an environmental law, rule or regulation, or that would otherwise materially affect the value of any of the Assets. If the Seller cannot or does not choose to correct the defect or condition, and the Purchaser is unwilling to acquire a certain asset comprising the Assets to which such defect or condition relates, then such asset shall be excluded from the transaction contemplated by this Agreement and the Seller and the Purchaser shall make good faith efforts to mutually agree on an appropriate adjustment to the Purchase Price (if any). Any adjustments to the Purchase Price must be finalized before the evaluation of competing bids as set forth in the Initial Order. Should the Purchaser request an adjustment to the Purchase Price and the parties are able to reach an agreed adjustment, the Break-Up Fee shall be reduced proportionately in order to remain at two percent (2%) of the adjusted Purchase Price. Should the Purchaser request an adjustment to the Purchase Price and (i) the parties are unable in good faith to reach an agreed adjustment, and (ii) the requested adjustment would reduce the Purchase Price below \$9,500,000.00 after payment of Cure Costs, the Seller may terminate this Agreement without liability for the Break-Up Fee, but shall remain liable for the expense reimbursement.

7. TIME AND PLACE OF CLOSING. subject to any stay that may be imposed by the Bankruptcy Code, Bankruptcy Rules or court order, the sale contemplated by this Agreement (the "Closing") shall be consummated on the later of: (i) June 30, 2021 or (ii) on the first business day following the satisfaction of the Closing Contingencies, provided that the Seller and the Purchaser may, by mutual agreement, set an alternate date for the Closing. The Closing shall take place at a location mutually agreed upon by the Seller and the Purchaser or as ordered by the Bankruptcy Court.

8. DELIVERIES BY SELLER. At the Closing, the seller shall deliver the following to the Purchaser:

- (a) the assignments necessary to transfer the Assets to Purchaser;
- (b) an assignment of the oil and gas interests, leases and documents referenced in Schedule I;
- (c) a bill of sale conveying the applicable Assets;

- (d) an assignment of the Assumed Obligations;
- (e) a Certificate of Good Standing for the Seller;
- (f) a certified copy of the Final Order;
- (g) any other documents necessary or convenient to transfer and convey the Assets to the Purchaser;
- (h) any other items to specify; and
- (i) as of the Closing, the Seller shall also transfer possession of the Assets to Purchaser as of the Effective Date.

9. DELIVERY BY PURCHASER. At the Closing, the Purchaser shall deliver the Purchase Price to the Seller and all sales taxes or other transfer taxes incurred on this transaction.

10. REPRESENTATIONS AND WARRANTIES OF SELLER. The Purchaser acknowledges that the Seller is a debtor-in-possession in bankruptcy and the Purchaser is entering into this agreement based solely upon the Purchaser's own inspection and due diligence. The following representations and warranties of the Seller are being made to facilitate that due diligence. The representations and warranties will terminate on the date that final bids are due as set forth in the Initial Order (the "Bid Deadline"). If the Purchaser asserts that any representation or warranty is inaccurate, that assertion must be made prior to the Bid Deadline and the Purchaser's only remedy shall be a mutually agreed modification of the Purchase Price in accordance with this Agreement. Subject to the foregoing, the Seller makes the following representations and warranties to the Purchaser:

- (a) except as will be paid at the Closing, there are no amounts that would be payable as Cure Costs on any executory contract or unexpired lease included within the Assets;
- (b) as provided in the Final Order, the Seller shall convey the Assets at Closing to the Purchaser free and clear of any and all liabilities, claims, liens, encumbrances, and interests;
- (c) the Seller has not entered into any contracts with third parties relating to the sale/purchase of the Assets that are still in effect;
- (d) the Seller has no notice nor is it aware of any facts that would constitute a violation of any applicable laws, rules or regulations of the Assets or the Seller's Seller's Business or which would adversely affect the value of the Assets or the Seller's ability to consummate the sale contemplated herein;
- (e) to the best of its knowledge, information and belief, the Seller has complied with all laws, rules and regulations relating to the Seller's Business and the Assets;

- (f) the Seller has paid in full or will arrange for the payment in full at Closing, of all taxes that are then due and payable by the Seller with respect to the Assets the nonpayment of which could adversely affect the value of the Assets or the Purchaser's title to the Assets;
- (g) the Seller is a duly organized limited partnership, organized and existing under the laws of its state of organization and has the corporate power and authority to own and control its property, including the Assets;
- (h) subject to the entry of the Final Order, the Seller has the corporate power to execute, deliver and carry out the terms and conditions of this Agreement and has taken all necessary corporate and legal action with respect thereto and this Agreement, has been duly authorized, executed and delivered by it and constitute its valid, legal and binding agreements and obligations enforceable in accordance with the terms thereof;
- (i) AT THE CLOSING, THE TANGIBLE PURCHASED ASSETS WILL BE TRANSFERRED "AS IS, WHERE IS, WITH ALL FAULTS" AND THE SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE ASSETS, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ALL SUCH WARRANTIES ARE HEREBY EXCLUDED AND DISCLAIMED;
- (j) to the best of the Seller's knowledge, there are no actions at law or in equity, arbitration proceedings, governmental proceedings, including but not limited to EPA and OSHA, consent decrees or investigations, pending or threatened against the Seller or against the Assets except those which have been disclosed in writing by the Seller to the Purchaser prior to the execution of this Agreement;
- (k) any brokerage fees of Seller with respect to the transaction contemplated by this Agreement will be paid by Seller. Seller shall indemnify and hold the Purchaser harmless from any claims for brokerage fees, finder's fees or similar compensation with respect to the transaction contemplated by this Agreement; and
- (l) the Seller is not subject to the Worker Adjustment and Retraining Notification Act and hereby acknowledges that it has no employees.

11. REPRESENTATIONS AND WARRANTIES OF PURCHASER. Purchaser represents and warrants that this Agreement has been approved by all necessary corporate and other actions, and is binding and enforceable against Purchaser in accordance with its terms, and the Purchaser has the intent and financial ability (including presently available funding without contingency) to consummate the transactions contemplated by the Agreement.

12. CONDUCT OF BUSINESS PENDING CLOSING. Seller agrees that from the date of the execution of this Agreement until and including the Closing, that except as the Purchaser may consent in writing:

- (a) the Business of the Seller shall be conducted only in the ordinary course and in such a manner to avoid a breach of any other representations and warranties made by the Seller in this Agreement;

(b) the Seller will not transfer, lease or otherwise dispose of any of its assets or properties, except in the ordinary course of its business;

(c) the Purchaser shall be entitled to all income from the Assets attributed to the time period after the Effective Date and shall be responsible for all expenses of the Assets attributable and relating to the period after the Effective Date; and the Seller shall be entitled to all income from the Assets and shall be responsible for all expenses of the Assets attributable and relating to the period prior to the Effective Date;

(d) the Purchaser shall have the ongoing right to review the Assets, Assumed Obligations, Business books, records, receipts, operations, and operating results; and

(e) the Seller shall not enter into any arrangement or agreement that will impact the Assets subsequent to the Closing except in the ordinary course of business.

13. **BREAK-UP FEE.** If the Bankruptcy Court does not enter a Final Order approving the sale of the Assets to the Purchaser due to the submission and acceptance and approval by the Bankruptcy Court, and subsequent closing, of a competing bid from a third party, including a bid pursuant to Section 363(k) of the Bankruptcy Code (an "Alternate Purchaser"), then the Seller shall pay to the Purchaser (i) a break-up fee in the amount of \$200,000.00 (being a sum equal to 2% of the Purchase Price) (the "Break-Up Fee") plus (ii) reasonable documented costs incurred by the Purchaser with respect to the term sheet, this Agreement, and the transactions contemplated thereby, not to exceed \$50,000.00; moreover the Initial Deposit and Additional Deposit shall also be returned to the Purchaser. If this Agreement is terminated by the Seller, it shall pay the expense reimbursement to the Purchaser promptly after the Effective Date of termination of this Agreement and pay the Break-Up Fee provided above to the Purchaser as liquidated damages, not as penalty. The parties acknowledge and agree with respect to the liquidated damages provided above that it is difficult or impossible to determine with precision the damages that would accrue with respect to termination of this Agreement. It is agreed that (a) the Purchaser would be damaged by such termination, (b) it would be impracticable or extremely difficult to fix damages resulting therefrom, (c) the liquidated damages provided for are in the nature of liquidated damages and not a penalty, (d) the amount of liquidated damages is fair and reasonable, and (e) such liquidated damages represent a reasonable effort by the parties to compensate the Purchaser for the Seller's termination of this Agreement. The Break-Up Fee shall (a) constitute an administrative expense against the Seller's estate in the Bankruptcy Case; (b) become an allowed administrative expense claim against the Seller's estate in the Bankruptcy Case upon entry of an Order by the Bankruptcy Court approving a competing bid, without further action by the Bankruptcy Court; and (c) become due and payable upon the earliest to occur of (1) the closing with respect to the competing bid; (2) confirmation of a plan of reorganization or liquidation in the Bankruptcy Case, or (3) such other date as may be fixed by Order of the Bankruptcy Court. Seller and Buyer acknowledge the Break-Up Fee and the expense reimbursement apply only to the Purchaser and does not apply to any Alternate Purchaser.

14. **NO SOLICITATION.** The Purchaser acknowledges that the Seller has a fiduciary obligation to seek the highest and best price for the sale of its assets and the sale will be subject to an auction process within the Bankruptcy Case as discussed more fully below. The Seller agrees that until entry of the Initial Order it will not enter into or execute any definitive letter of intent or asset purchase agreement related to any of the foregoing.

15. **ENVIRONMENTAL MATTERS.** The Seller represents and warrants that to the best of its knowledge there are no conditions existing at the Assets that would constitute a violation of any applicable law, rule or regulation or that any applicable law, rule or regulation would require the remediation thereof. Unless the Purchaser has identified and raised an objection to the Assets based upon the foregoing statement being inaccurate before the evaluation of competing bids as provided in the Initial Order, the Purchaser accepts the Assets as is, where is and waives any claim against the Seller for an environmental condition existing at Closing.

16. **SECTION 363 SALE.** The Seller and the Purchaser agree that:

(a) The Seller will propose that any competing bid submitted to the Bankruptcy Court for acceptance must be based on substantially the same terms and conditions as are contained in this Agreement. If a competing bid containing substantially similar terms is proposed to be accepted, the Purchaser will be given the opportunity to meet such terms, and if the competing bid is approved by the Bankruptcy Court, and subsequently closes, the Purchaser shall be entitled to recover the Break-Up Fee and expense reimbursement.

(b) Any initial competing bid submitted to the Bankruptcy Court for acceptance must be in an amount of at least Two Hundred Fifty Thousand & 00/100 Dollars (\$250,000.00) greater than the Purchase Price, and any subsequent bid amounts must be in minimum increments as set forth in the Initial Order of which Seller will recommend to be \$100,000.00 increments. The Purchaser shall not have to meet the incremental bid requirements, but need only meet a competing bid to be considered the successful bidder for the Assets.

(c) In the event that there shall be a competing bid from a third party upon or following the submission of this Agreement to the Bankruptcy Court for an Approval Order, and the Closing shall fail to occur in accordance with the terms hereof with the successful bidder, then the Seller may accept another bid which is in compliance with the Initial Order.

17. **ASSIGNMENT.** No party may assign its rights or obligations under this Agreement without the written consent of the other party; provided, however, the Purchaser may assign its rights under this Agreement to any third party related to the Purchaser who assumes the Purchaser's obligations hereunder, provided that Purchaser remains jointly liable for the obligations of this Agreement.

18. **TITLE TO PURCHASED ASSETS.** Title, risk of loss and possession of the Assets shall pass to the Purchaser at the Closing with an Effective Date of May 1, 2021.

19. **FURTHER ASSURANCES.** The Purchaser and Seller shall use their commercially reasonable efforts to (i) take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement, (ii) provide the other parties with reasonable cooperation and take such actions as such other parties may reasonably request in connection with the consummation of the transactions contemplated by this Agreement, (iii) at or following the Closing, execute and deliver such additional documents, instruments, assignments, conveyances and assurances, and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and reasonably assist Seller with respect to the wind-down of its affairs and the continued administration of its bankruptcy estate, and (iv) cause the fulfillment at the earliest practicable date

of all of the conditions to their respective obligations to consummate the transactions contemplated by this Agreement.

20. **BULK SALES.** The Seller and the Purchaser hereby waive compliance with any and all bulk sales laws.

21. **GOVERNING LAWS.** The laws of the State of Oklahoma and applicable federal law shall apply to and govern this Agreement.

22. **ENTIRE AGREEMENT.** This Agreement contains the entire understanding of the parties with respect to the subject matter, and supersedes all prior agreements and understandings between the parties with reference thereto. This Agreement may be amended only by a written instrument duly executed by the parties hereto.

23. **SUCCESSOR AND ASSIGNS.** The terms and conditions of this Agreement shall bind and inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

24. **COUNTERPARTS.** This Agreement may be executed simultaneously in two or more counterparts, any of which shall be deemed an original and all of which together shall constitute one and the same instrument, notwithstanding that all parties are not a signatory to the original or the same counterpart. A facsimile or electronic signature of any party shall be sufficient to constitute the original execution of this Agreement by such party for all purposes.

25. **TERMINATION.** This Agreement may be terminated by mutual written consent of all parties. In addition, Seller can terminate this Agreement without liability or obligation except as set forth herein (i) if the Closing has not occurred by June 30, 2021; provided that in the event such failure to close was due to any action or inaction by Purchaser, Seller shall retain any and all rights and remedies arising from such action or inaction, or (ii) in the event that, as a result of any reductions received by the Seller from the Purchaser or the payment of Cure Costs, the net proceeds received by the Seller from the Purchaser would be less than \$9,500,000.00, the Purchaser will be entitled to the expense reimbursement only. If on June 30, 2021, Purchaser is ready, willing and able to close for a net purchase price of at least \$9,500,000.00 (or its highest bid at the Auction if greater) and all contingencies for closing have been satisfied or waived as of that date, but Seller is not willing to close, Purchaser may terminate this Agreement on that date and Purchaser will be entitled to the Break-Up Fee and expense reimbursement. If Purchaser becomes entitled to the Break-Up Fee and/or the expense reimbursement, such amounts will be paid upon closing of the sale of the Assets to another buyer.

26. **CONFIDENTIALITY.** Without the prior written approval of Purchaser and Seller, neither Seller nor Purchaser will make, authorize, or confirm any public announcement of this transaction or discuss this transaction or otherwise disclose any information or reports, except as required by law or, as for Purchaser, with those persons directly involved in the transaction including attorneys, advisors, investors, consultants, accountants, and prospective lenders, without the prior written or oral consent of Seller. Purchaser's obligations under the foregoing provisions shall survive in the event this Agreement is terminated.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

SELLER:

Dorchester Resources, L.P.

By: _____

John T. Perry, Manager

DC-LR000P, LLC

General Partner of Dorchester Resources, L.P.

PURCHASER:

DR II, LLC

Name: Socorro Adams Doolley, Manager

Table with multiple columns containing case identifiers, names, addresses, and dates. Includes entries like 'WATSON CONCRETE CO', 'WATSON CONCRETE CO', 'WATSON CONCRETE CO', etc.

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Case No.	Case Name	Case Type	Case Status	Case Date	Case Amount	Case Description	Case Location	Case Agent	Case Manager	Case Supervisor	Case Contact	Case Email	Case Phone	Case Fax	Case Website	Case Address	Case City	Case State	Case Zip
001	Case 001	Case Type 001	Case Status 001	Case Date 001	Case Amount 001	Case Description 001	Case Location 001	Case Agent 001	Case Manager 001	Case Supervisor 001	Case Contact 001	Case Email 001	Case Phone 001	Case Fax 001	Case Website 001	Case Address 001	Case City 001	Case State 001	Case Zip 001
002	Case 002	Case Type 002	Case Status 002	Case Date 002	Case Amount 002	Case Description 002	Case Location 002	Case Agent 002	Case Manager 002	Case Supervisor 002	Case Contact 002	Case Email 002	Case Phone 002	Case Fax 002	Case Website 002	Case Address 002	Case City 002	Case State 002	Case Zip 002
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250	Case 250	Case Type 250	Case Status 250	Case Date 250	Case Amount 250	Case Description 250	Case Location 250	Case Agent 250	Case Manager 250	Case Supervisor 250	Case Contact 250	Case Email 250	Case Phone 250	Case Fax 250	Case Website 250	Case Address 250	Case City 250	Case State 250	Case Zip 250
251	Case 251	Case Type 251	Case Status 251	Case Date 251	Case Amount 251	Case Description 251	Case Location 251	Case Agent 251	Case Manager 251	Case Supervisor 251	Case Contact 251	Case Email 251	Case Phone 251	Case Fax 251	Case Website 251	Case Address 251	Case City 251	Case State 251	Case Zip 251
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500	Case 500	Case Type 500	Case Status 500	Case Date 500	Case Amount 500	Case Description 500	Case Location 500	Case Agent 500	Case Manager 500	Case Supervisor 500	Case Contact 500	Case Email 500	Case Phone 500	Case Fax 500	Case Website 500	Case Address 500	Case City 500	Case State 500	Case Zip 500
501	Case 501	Case Type 501	Case Status 501	Case Date 501	Case Amount 501	Case Description 501	Case Location 501	Case Agent 501	Case Manager 501	Case Supervisor 501	Case Contact 501	Case Email 501	Case Phone 501	Case Fax 501	Case Website 501	Case Address 501	Case City 501	Case State 501	Case Zip 501
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750	Case 750	Case Type 750	Case Status 750	Case Date 750	Case Amount 750	Case Description 750	Case Location 750	Case Agent 750	Case Manager 750	Case Supervisor 750	Case Contact 750	Case Email 750	Case Phone 750	Case Fax 750	Case Website 750	Case Address 750	Case City 750	Case State 750	Case Zip 750
751	Case 751	Case Type 751	Case Status 751	Case Date 751	Case Amount 751	Case Description 751	Case Location 751	Case Agent 751	Case Manager 751	Case Supervisor 751	Case Contact 751	Case Email 751	Case Phone 751	Case Fax 751	Case Website 751	Case Address 751	Case City 751	Case State 751	Case Zip 751
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1000	Case 1000	Case Type 1000	Case Status 1000	Case Date 1000	Case Amount 1000	Case Description 1000	Case Location 1000	Case Agent 1000	Case Manager 1000	Case Supervisor 1000	Case Contact 1000	Case Email 1000	Case Phone 1000	Case Fax 1000	Case Website 1000	Case Address 1000	Case City 1000	Case State 1000	Case Zip 1000
1001	Case 1001	Case Type 1001	Case Status 1001	Case Date 1001	Case Amount 1001	Case Description 1001	Case Location 1001	Case Agent 1001	Case Manager 1001	Case Supervisor 1001	Case Contact 1001	Case Email 1001	Case Phone 1001	Case Fax 1001	Case Website 1001	Case Address 1001	Case City 1001	Case State 1001	Case Zip 1001

Table with 5 columns: Name, Address, City, State, Zip. Lists various companies and individuals such as CONROY ENERGY, CONROY ENERGY, and CONROY ENERGY.

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SCHEDULE 1.1

ASSUMED OBLIGATIONS

1. Certain well consents and election proposals relating to AFEs for capital expenditures on wells being purchased by Purchaser that were agreed to by Seller prior to filing bankruptcy but will be paid after the Effective Date. It is estimated at this time to be approximately \$804,000.00.
2. The Purchaser reserves its rights as to other assumed obligations pursuant to Section 6 of the Agreement.

SCHEDULE 2.1

**ALLOCATION OF PURCHASE PRICE
IN ACCORDANCE WITH IRS FORM 8594**

Class of Assets	Type of Asset	Allocation of Purchase Price
Class I	Cash and general deposit accounts	\$
Class II	Actively traded personal property	\$
Class III	Assets the taxpayer marks to market annually	\$
Class IV	Inventory	\$
Class V	All assets not in the other classes, including equipment, vehicles, furniture, fixtures, land and buildings	\$
Class VI	IRS Section 197 intangibles	\$
Class VII	Goodwill and going concern value	\$
Total		\$

**A full version of the Motion to Assume Contract and
Unexpired Leases [Docket No. 29] is available upon request
and can be found on the Court Docket at**
<https://www.omniagentsolutions.com/dorchesterresources>