

8-K - 2018-09-27

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8-K

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**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): **September 26, 2018**

Camber Energy, Inc.

(Exact name of registrant as specified in its charter)

Nevada

001-32508

20-2660243

(State or other jurisdiction of incorporation)

(Commission File Number)

(I.R.S. Employer Identification No.)

1415 Louisiana, Suite 3500, Houston, Texas 77002

(Address of principal executive offices)

(210) 998-4035

(Registrant's telephone number, including area code)

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:

- ? 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ?

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ?

Item 1.01 Entry into a Material Definitive Agreement

Assumption Agreement

On September 26, 2018, Camber Energy, Inc. (the “Company”, “we” and “us”) entered into an Assumption Agreement (the “Assumption Agreement”) with International Bank of Commerce (the “IBC”); CE Operating, LLC, our wholly-owned subsidiary (“CE Operating”); N&B Energy, LLC (“N&B Energy”), which entity is affiliated with Richard N. Azar, II, our former Chief Executive Officer and former director (“Azar”), and Donnie B. Seay, our former director (“Seay”); Azar; RAD2 Minerals, Ltd., an entity owned and controlled by Azar (“RAD2”); Seay; and DBS Investments, Ltd., an entity owned and controlled by Seay. Azar, Seay, RAD2, and DBS are collectively referred to as the “Guarantors”.

Pursuant to the Assumption Agreement, N&B Energy agreed to assume all of our liabilities and obligations owed to IBC under (i) that certain Real Estate Lien Note dated August 25, 2016, in the original amount of \$40 million, of which approximately \$36.9 million was outstanding as of the date of the Assumption Agreement (the “Note”), evidencing amounts which we owed to IBC and (ii) the Loan Agreement between us, IBC, the Guarantors and certain other guarantors party thereto, dated as of August 25, 2016 (the “Loan Agreement”), the amount due under and in connection which was secured by (a) an Oil and Gas Mortgage, Security Agreement, Financing Statement and Assignment of Production (Oklahoma) dated August 25, 2016, covering all of our right, title and interest in and to certain oil, gas and mineral leases and/or minerals, mineral interests and estates located in Lincoln, Payne, and Logan Counties, Oklahoma; (b) an Oil and Gas Mortgage, Security Agreement, Financing Statement and Assignment of Production (Oklahoma) dated August 1, 2018, covering all of our right, title, and interest in and to certain oil, gas, and mineral leases and/or mineral interests and estates located in Okfuskee County, Oklahoma (collectively, the “Orion Interests”); and (c) the Mortgage, Deed of Trust, Assignment, Security Agreement and Financing Statement dated as of August 25, 2016, covering our mineral interests located in Glasscock County, Texas (collectively, the “West Texas Properties”).

Additionally, pursuant to the Assumption Agreement, IBC approved the transactions contemplated by the Sale Agreement (described and defined below) with N&B Energy and the assumption by N&B of all of the amounts and liabilities which we owed to IBC (the “IBC Obligations”) and N&B Energy agreed to assume all of the IBC Obligations. Finally, pursuant to the Assumption Agreement, IBC released and forever discharged us and CE Operating and each of our current and former officers, directors, and shareholders, from all covenants, agreements, obligations, claims and demands of any kind, whether in law or at equity, which IBC then had, arising out of or related to the amounts which we owed to IBC under the Note, Loan Agreement or mortgages and/or under such documents or agreements, and further agreed to release the lien which IBC then held on the West Texas Properties.

The foregoing description of the Assumption Agreement does not purport to be complete and is qualified in its entirety by reference to the Assumption Agreement, a copy of which is attached as Exhibit 10.1 to this Current Report on Form 8-K and incorporated herein by reference.

* * * * *

The information regarding, and the terms and conditions of, the Assignment of Production Payment and Assignment of Overriding Royalty Interests, copies of which are attached hereto as Exhibits 10.2, 10.3 and 10.4, as discussed in Item 2.01 below, is incorporated in this Item 1.01 by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

N&B Energy Asset Sale Agreement

As previously reported, on July 12, 2018, we entered into an Asset Purchase Agreement (as amended by the First Amendment to Asset Purchase Agreement dated August 3, 2018 and the Second Amendment to Asset Purchase Agreement dated September 24, 2018, the “Sale Agreement”), as seller, with N&B, as purchaser. Pursuant to the Sale Agreement and the terms and conditions thereof, we agreed to sell to N&B Energy a substantial portion of our assets, including all of the assets we acquired pursuant to the terms of our December 31, 2015 Asset Purchase Agreement with Segundo Resources, LLC (“Segundo”), which is owned and controlled by Azar, and other sellers, and certain other more recent acquisitions, other than the production payment and overriding royalty interests discussed below (the “Assets”). In consideration for the Assets, N&B Energy agreed to pay us \$100 in cash, to assume all of our obligations and debt owed to IBC and Segundo agreed to enter into a settlement agreement, as previously disclosed.

On September 26, 2018, N&B Energy assumed all of the IBC Obligations (pursuant to the Assumption Agreement described above) and paid us \$100 in cash, and we transferred ownership of the Assets to N&B Energy, and the parties closed the transactions contemplated by the Sale Agreement.

Notwithstanding the sale of the Assets, the Company will retain its assets in Glasscock County and Hutchinson Counties, Texas and also retained a 12.5% production payment (effective until a total of \$2.5 million has been received); a 3% overriding royalty interest in its existing Okfuskee County, Oklahoma asset; and retained an overriding royalty interest on certain other undeveloped leasehold interests, pursuant to an Assignment of Production Payment and Assignment of Overriding Royalty Interests.

The effective date of the Sale Agreement is August 1, 2018. The Assets were assigned “as is” with all faults.

As a result of the Assumption Agreement and the Sale Agreement, we reduced our liabilities by \$36.9 million and our assets by approximately \$12 million.

The foregoing description of the Sale Agreement does not purport to be complete and is qualified in its entirety by reference to the Sale Agreement (as amended), copies of which are incorporated by reference hereto as Exhibits 2.1, 2.2 and 2.3 and the foregoing description of the Production Payment and Assignment of Overriding Royalty Interests does not purport to be complete and is qualified in its entirety by the Assignment of Production Payment and Assignment of Overriding Royalty Interests, copies of which are attached hereto as Exhibits 10.2, 10.3 and 10.4, respectively, to this Current Report on Form 8-K and incorporated herein by reference. The representations, warranties and covenants contained in the Sale Agreement (1) were made only for purposes of that agreement and as of specific dates, (2) are solely for the benefit of the parties to the Sale Agreement, (3) may be subject to limitations agreed upon by the parties, including being qualified by confidential disclosures made for the purposes of allocating contractual risk between the parties to the Sale Agreement instead of establishing these matters as facts, and (4) may be subject to standards of materiality applicable to the parties that differ from those applicable to investors. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Sale Agreement, which subsequent information may or may not be fully reflected in the parties’ public disclosures. The representations and warranties contained in the Sale Agreement were made only for the purpose of the Sale Agreement as of specific dates and may have been qualified by certain disclosures between the parties and a contractual standard of materiality different from those generally applicable to stockholders, among other limitations. The representations and warranties were made for the purpose of allocating contractual risk between the parties to the Sale Agreement and should not be relied upon as a disclosure of factual information relating to any of the parties.

Item 8.01 Other Events.

As of September 26, 2018, the Company had 63,575,733 shares of common stock issued and outstanding.

On September 27, 2018, we filed a press release disclosing the matters described in Item 1.01 and Item 2.01 above. A copy of the press release is included herewith as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description of Exhibit
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<u>2.1</u>	<u>Asset Purchase Agreement by and Between N&B Energy, LLC, as Purchaser and Camber Energy, Inc., as Seller, dated July 12, 2018 (incorporated by reference to Exhibit 2.1 to the Form 8-K filed by the Company with the Securities and Exchange Commission on July 13, 2018 (File No. 001-32508))</u>
<u>2.2</u>	<u>First Amendment to Asset Purchase Agreement by and Between N&B Energy, LLC, as Purchaser and Camber Energy, Inc., as Seller, dated August 2, 2018 (incorporated by reference to Exhibit 2.2 to the Form 8-K filed by the Company with the Securities and Exchange Commission on August 7, 2018 (File No. 001-32508))</u>
<u>2.3</u>	<u>Second Amendment to Asset Purchase Agreement by and Between N&B Energy, LLC, as Purchaser, Camber Energy, Inc., as Seller and CE Operating, LLC, dated September 24, 2018 (incorporated by reference to Exhibit 2.2 to the Form 8-K filed by the Company with the Securities and Exchange Commission on September 25, 2018 (File No. 001-32508))</u>
<u>10.1*</u>	<u>Assumption Agreement dated September 26, 2018, by and between International Bank of Commerce, Camber Energy, Inc., CE Operating, LLC, N&B Energy, LLC, Richard N. Azar, II, RAD2 Minerals, Ltd., Donnie B. Seay, and DBS Investments, Ltd.</u>
<u>10.2*</u>	<u>Assignment of Production Payment, effective August 1, 2018, by and among N&B Energy, LLC and CE Operating, LLC</u>
<u>10.3*</u>	<u>Assignment of Overriding Royalty Interest, effective August 1, 2018, by CE Operating, LLC in favor of Camber Royalties, LLC (Orion Properties)</u>
<u>10.4*</u>	<u>Assignment of Overriding Royalty Interest, effective August 1, 2018, by N&B Energy, LLC in favor of Camber Royalties, LLC (TAW Leases)</u>
<u>99.1*</u>	<u>Press release dated September 27, 2018</u>

*Filed herewith

SIGNATURE

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

CAMBER ENERGY, INC.

By: /s/ Robert Schleizer
Name: Robert Schleizer
Title: Chief Financial Officer

Date: September 27, 2018

EXHIBIT INDEX

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10.4*	Assignment of Overriding Royalty Interest, effective August 1, 2018, by N&B Energy, LLC in favor of Camber Royalties, LLC (TAW Leases)
99.1*	Press release dated September 27, 2018

*Filed herewith

ASSUMPTION AGREEMENT

This Assumption Agreement (this “**Agreement**”), dated effective as of September 26, 2018 (the “**Effective Date**”), is by and among:

International Bank of Commerce, a Texas state banking corporation (the “**Lender**”), whose mailing address is 130 East Travis Street, San Antonio, Texas 78205, Attention: Mr. Bernardo de la Garza;

Camber Energy, Inc. f/k/a Lucas Energy, Inc., a Nevada corporation (“**Original Borrower**”), whose mailing address is 1415 Louisiana Street, Suite 3500, Houston, Texas 77002;

CE Operating, LLC, an Oklahoma limited liability company (“**Original Borrower Pledgor**”), whose mailing address is 1415 Louisiana Street, Suite 3500, Houston, Texas 77002;

N&B Energy, LLC, a Texas limited liability company (the “**Assumptor**”), whose mailing address is 4040 Broadway, Suite 305, San Antonio, Texas 78209;

Richard Nathan Azar, II., an individual (“**Azar**”), whose mailing address is 4040 Broadway, Suite 305, San Antonio, Texas 78209;

RAD2 Minerals, Ltd., a Texas limited partnership (“**RAD2**”), whose mailing address is 4040 Broadway, Suite 305, San Antonio, Texas 78209;

Donnie Baker Seay, an individual (“**Seay**”), whose mailing address is 105 Nadine, San Antonio, Texas 78209; and

DBS Investments, Ltd., a Texas limited partnership (“**DBS**”), whose mailing address is 105 Nadine, San Antonio, Texas 78209.

Azar, Seay, RAD2, and DBS are collectively referred to herein as the “**Assumptor Guarantors**”).

Lender, Original Borrower, Original Borrower Pledgor, Assumptor, and the Assumptor Guarantors are sometimes collectively referred to herein as the “**Parties**” and individually as a “**Party**.”

REFERENCE IS HEREBY MADE FOR ALL PURPOSES TO THE FOLLOWING:

- A. That certain Real Estate Lien Note dated August 25, 2016, executed by Original Borrower, payable to the order of Lender, in the principal face amount of FORTY MILLION AND NO/100 DOLLARS (\$40,000,000.00) (the “**Note**”), said Note being secured by, among other instruments, the following:

1. Oil and Gas Mortgage, Security Agreement, Financing Statement and Assignment of Production (Oklahoma) dated August 25, 2016 (the **"2016 Mortgage"**) by and between Original Borrower, as Mortgagor, and Lender, as Mortgagee, securing, among other indebtedness owed by Original Borrower to Lender, the Note, covering all of Original Borrower's right, title and interest in and to the oil, gas and mineral leases and/or minerals, mineral interests and estates more particularly described on Exhibit "A", attached hereto and incorporated herein for all purposes (collectively, the **"2016 Oklahoma Interests"**) in Lincoln, Payne, and Logan Counties, Oklahoma, recorded in Book 2223, Page 274 of the Real Property Records of Lincoln County, Oklahoma, recorded in Book 2353, Page 597 of the Real Property Records of Payne County, Oklahoma, and recorded in Book 2678, Page 558 of the Real Property Records of Logan County, Oklahoma;

2. Oil and Gas Mortgage, Security Agreement, Financing Statement and Assignment of Production (Oklahoma) dated August 1, 2018 (the **"2018 Mortgage"**) by and between Original Borrower Pledgor, as Mortgagor, and Lender, as Mortgagee, securing among other indebtedness owed by Original Borrower to Lender, the Note, covering all of Original Borrower Pledgor's right, title, and interest in and to the oil, gas, and mineral leases and/or mineral interests and estates more particularly described on Exhibit "A-1", attached hereto and incorporated herein for all purposes (collectively, the **"Orion Interests"**) in Okfuskee County, Oklahoma, recorded in Book 1237, Page 206 of the Real Property Records of Okfuskee County, Oklahoma; and

3. Mortgage, Deed of Trust, Assignment, Security Agreement and Financing Statement dated as of August 25, 2016 (the **"2016 Deed of Trust"**) from Original Borrower to Michael K. Sohn, Trustee, securing, among other indebtedness, the Note, covering the mineral interests as more particularly described on Exhibit "A" thereto, recorded in Volume 324, Page 403 of the Real Property Records of Glasscock County, Texas (collectively, the **"West Texas Properties"**).

B. Asset Purchase Agreement dated as of July 12, 2018, as amended by that certain First Amendment to Asset Purchase Agreement dated August 2, 2018, as amended from time to time (collectively, the **"APA"**) by and between Assumtor, as purchaser, and Original Borrower, as seller, regarding the purchase and sale of the Assets, as defined in the APA, which consist of, in part, the 2016 Oklahoma Interests and the Orion Interests (collectively, the **"Oklahoma Interests"**). The term **"Assets"** as used herein shall have the same meaning as set forth in the APA.

The following are collectively referred to herein as the **"Loan Instruments"**: (i) the Note, (ii) that certain Loan Agreement of even date with the Note (the **"Loan Agreement"**), by and among Original Borrower, Lender, the Assumtor Guarantors, Richard E. Menchaca (**"Menchaca"**), and Saxum Energy, LLC, a Texas limited liability company (**"Saxum"**), (iii) the 2016 Mortgage, (iv) the 2016 Deed of Trust; (v) the 2018 Mortgage, (vi) those certain Limited Guaranty Agreements dated August 25, 2016 (collectively, the **"Guaranty Agreements"**) executed by the Assumtor Guarantors, Menchaca and Saxum (collectively, the **"Camber Guarantors"**), guaranteeing a portion of the Indebtedness evidenced by the Note, (vii) that certain Agreement in Connection With the Loan dated effective August 1, 2018 (the **"2018 Agreement"**) by and between Original Borrower and Lender, (viii) that certain Consent Agreement dated effective August 1, 2018 (the **"Consent Agreement"**) executed by the Assumtor Guarantors for the benefit of Lender, and (ix) all other documents, instruments, and agreements which affect and/or secure the payment of the Note or are otherwise executed in connection with the Note by and among Lender and Original Borrower, and the other parties thereto.

The term **"Indebtedness"** herein means the Note and interest payable thereto together with any fees, late charges, and all other sums due under, or secured by, the Loan Instruments.

I. RECITALS

1.1 Loan. Pursuant to the terms of the Loan Agreement, Lender made a loan (the **“Loan”**) to Original Borrower evidenced by the Note. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Loan Agreement.

1.2 Pledge. In connection with and to further secure the Loan, and in addition to the pledge of the Oklahoma Interests and the West Texas Properties, certain of the Camber Guarantors pledged shares of common stock of Original Borrower (collectively, the **“Pledged Stock”**) by those certain Certificated Investment Property Pledge Agreements and Uncertificated Investment Property Pledge Agreements executed by such Camber Guarantors for the benefit of Lender (collectively, the **“Pledge Agreements”**).

1.3 Loan Instruments. Lender is the holder of the Note and all liens and security interests securing the Note created under the Loan Instruments. The 2016 Mortgage and the 2018 Mortgage are collectively referred to herein as the **“Mortgages.”**

1.4 Defaults. Several defaults have occurred under the Loan Agreement, the Note, and the other Loan Instruments; however, pursuant to the terms of the 2018 Agreement, Lender has agreed not to take any action to collect from Original Borrower the Indebtedness until the Standstill Date occurs, as defined in the 2018 Agreement.

1.5 APA. As permitted by the terms of the 2018 Agreement, Original Borrower has entered into the APA with Assumptor for the sale and purchase of the Assets, which includes, without limitation, the Oklahoma Interests, along with certain additional assets more particularly described in the 2018 Agreement and the APA, including without limitation, the following: **(i)** all of Original Borrower’s right, title, and interest in and to the “Many Drinks” disposal well and equipment, all associated agreements and other property or assets located on and/or associated with the “Many Drinks” disposal well owned by Original Borrower (collectively, the **“Many Drinks Assets”**), and **(ii)** all of Original Borrower’s right, title, and interest in and to the leasehold estate acquired around the temporarily abandoned wells previously operated by and formerly owned by Midstates Petroleum or Equal Energy, Inc. or its subsidiary Petroflow Energy Corporation, and all other property and assets located on and/or associated therewith (collectively, the **“TAW Assets”**) (all of the above assets being collectively referred to herein as the **“Camber Assets”**).

1.6 Acquisition of Camber Assets. Pursuant to the terms of the APA, Assumtor shall acquire the Camber Assets by those certain assignments and bills of sale dated effective August 1, 2018 (collectively, the “**Assignment**”, whether one or more), executed by Original Borrower and/or Original Borrower Pledgor, as applicable, as assignor, to Assumtor, as assignee, to be recorded in the Real Property Records of Lincoln, Logan, Payne, and Okfuskee Counties, Oklahoma, encumbered by the liens and security interests created by the Mortgages and the mortgages to be obtained by Lender as more particularly discussed below covering the Many Drinks Assets and the TAW Assets and any of the other interests constituting the Camber Assets not previously pledged to Lender.

1.7 Purpose of Agreement. Because (i) Assumtor desires to assume the payment of the Note and become obligated to pay the Indebtedness and to assume and become obligated to perform all of the obligations and liabilities of Original Borrower under the Loan Agreement, the Mortgages and the other Loan Instruments executed by Original Borrower, and to otherwise become the successor in interest to Original Borrower in all respects under the Loan Instruments executed by Original Borrower (collectively, the “**Assumption**”), (ii) Lender desires to approve and confirm the Assumption, (iii) the Assumtor Guarantors desire to approve and confirm the Assumption, and (iv) Original Borrower desires to assign to Assumtor all of its rights, duties, obligations, and liabilities under the Loan Instruments, and that Assumtor assume the same and succeed to all of the interest of Original Borrower under the Loan Instruments, the Parties have agreed to the terms of this Agreement.

II. AGREEMENTS

NOW THEREFORE, for and in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged and confessed, the Parties agree as follows:

2.1 Recitals Accurate. The Parties acknowledge and agree that the recitals set forth above are true, correct, and accurate in all respects.

2.2 Assumption. Effective as of the Effective Date:

a) Assignment and Assumption. Original Borrower irrevocably assigns and transfers to Assumtor all of Original Borrower’s rights under the Loan Instruments (the “**Assumed Rights**”) and all of Original Borrower’s duties, liabilities, and obligations under the Loan Instruments whether accruing on, prior to, or after the Effective Date (collectively, the “**Obligations**”), and Assumtor irrevocably (i) assumes all of the Assumed Rights and (ii) assumes and agrees to perform all of the Obligations including, without limitation, any and all claims, liabilities, or obligations arising from any failure of Original Borrower to perform any of its covenants, agreements, commitments, and/or obligations to be performed under the Loan Instruments prior to, on, or after the Effective Date.

b) Assumtor’s Performance Obligation. Assumtor shall duly perform and discharge and be liable for all of the Obligations as if Assumtor was (and had at all times been) named a party to the Loan Instruments instead of Original Borrower.

c) Assignment of Loan Instruments. All of Original Borrower’s liability and obligations under the Loan Instruments shall be deemed automatically transferred to, and assumed by, Assumtor.

d) Assumption and Ratification. Assumtor hereby assumes and agrees to comply with and perform all of the Obligations and henceforth shall be bound by all the terms of the Loan Instruments to the same extent Original Borrower is bound prior to the Effective Date. Without limiting any other provision of this Agreement, Assumtor hereby assumes and agrees to pay in full as and when due all payments, the Obligations and other Indebtedness evidenced by the Loan Instruments. Assumtor hereby authorizes the Lender to file any and all UCC financing statements and mortgages as Lender may deem necessary including, without limitation, financing statements containing the description “**all assets of Assumtor**” or “**all personal property of Assumtor**” or similar language. As assumed hereby, the Obligations owed by, and the Loan Instruments executed by, Original Borrower shall remain in full force and effect. Assumtor hereby adopts, ratifies and confirms as of the Effective Date all of the Obligations and all of the representations, warranties and covenants of Original Borrower contained in the Loan Instruments. Without limiting any other provision of this Agreement, Assumtor expressly confirms that it is personally liable and obligated (a) for the timely payment, as the same becomes due, of all principal and interest now or hereafter due and payable under the Note until the Note shall have been fully paid and satisfied, and (b) for all other Indebtedness now or hereafter existing, whether accrued or contingent, under this Agreement and all other Loan Instruments.

e) Binding Effect; Construction. By this Agreement, the Obligations and the Indebtedness, including without limitation, the Note, are the primary and unconditional obligations of Assumptor. Lender shall not be required, before enforcing the liability of Assumptor, to assert or exhaust its remedies against any other person or against the Camber Assets or any other security for the repayment of the Indebtedness. All provisions of the Note, the Mortgages and the other Loan Instruments remain in full force and effect as therein written, and as assigned and assumed hereby.

f) Liens. By this Agreement, all liens, security interests, assignments, superior titles, rights, remedies, powers, equities and priorities securing the Note (collectively, the **“Liens”**), including without limitation, the Mortgages, and any other Liens set forth and/or created in or under the Loan Instruments, are hereby ratified and affirmed as valid, subsisting and continuing to secure the Indebtedness, including without limitation, the Note and burden and encumber the Camber Assets. Nothing in this Agreement shall in any manner diminish, impair or extinguish any of the Liens or the Loan Instruments or the Indebtedness or be construed as a novation in any respect except as expressly set forth in this Agreement. The Liens are not waived.

2.3 Release by Lender. Effective as of the Effective Date:

a) Lender’s Release of Original Borrower. Lender releases and forever discharges Original Borrower, Original Borrower Pledgor, each of their subsidiaries and their current and former officers, directors, and shareholders (collectively, the **“Original Borrower Parties”**), from all covenants, agreements, obligations, claims and demands of any kind, whether in law or at equity, which Lender now has, or which any successor or assign of Lender shall subsequently have, against any Original Borrower Party, arising out of or related to the Obligations or the Loan Instruments. Furthermore, by a Release of Lien approved by Lender in its sole and absolute discretion, within a reasonable time hereafter, Lender shall release the Lien created by the 2016 Deed of Trust covering the West Texas Properties.

b) Lender’s Acceptance of Assumption by Assumptor. Lender accepts the liability of Assumptor in place of the liability of Original Borrower arising out of or related to the Obligations and Loan Instruments.

c) Terms of Loan Instruments. From and after the Effective Date, all references in the Loan Instruments to **“Maker,” “Mortgagor,” “Debtor,” “Borrower,” “Lucas,”** or other similar references that prior to the Effective Date referred to Original Borrower shall now refer to Assumptor.

2.4 Consent of Lender. By executing this Agreement, the Lender approves and consents to the APA and the terms and conditions thereof, including, but not limited to, the acquisition by Assumptor of the Camber Assets as set forth therein. Notwithstanding the foregoing, this consent shall not be deemed to be a waiver of the right of the Lender under the Loan Instruments to prohibit any future transfers of the Camber Assets or any interest therein, or of the right of the Lender to deny consent to any such transaction in the future in accordance with the provisions of the Loan Instruments. Furthermore, the consent of Lender to the APA and the terms of this Agreement are subject to, contemporaneously with the execution of this Agreement by all Parties hereto, **(i)** Assumptor pledging the Many Drinks Assets and the TAW Assets to Lender and any other interests constituting the Camber Assets not previously pledged to Lender by such instruments required by Lender in such forms as required by Lender in its sole discretion, and **(ii)** the Assumptor Guarantors guaranteeing the Indebtedness of Assumptor to Lender by such instruments upon such terms as required by Lender in its sole discretion.

2.5 Consent of Guarantors. By signing this Agreement below, each of the Assumptor Guarantors, individually, and not jointly, agrees to, consents to, and hereby approves, the Assumption and the other terms and conditions of this Agreement relating to, among other things, Assumptor's assumption of the Obligations and the Loan Instruments. The Guarantors agree that the Guaranty Agreements shall continue to apply to, and guaranty the repayment of, the Obligations, including without limitation, the Indebtedness, as assigned to, and assumed by, Assumptor and that all Pledged Stock shall remain pledged to secure the repayment of the Loan under the Pledge Agreements.

2.6 Amendments of and Additional Loan Instruments. Following the Parties' entry into this Agreement, Assumptor, Original Borrower, Original Borrower Pledgor, and the Assumptor Guarantors (collectively, **"Obligors"** and individually, an **"Obligor"**) shall execute any and all documents and/or instruments that Lender may request or require from any Obligor in connection with the Assumption as determined by Lender in its sole discretion in such form as required by Lender in its sole discretion on or before ten (10) days after such request is made by Lender to such Obligor.

2.7 No Offsets or Defenses. Original Borrower hereby acknowledges, confirms and warrants to Lender that as of the Effective Date, Original Borrower neither has nor claims any offset, defense, claim, right of set-off or counterclaim against Lender under, arising out of or in connection with this Agreement, the Obligations or Loan Instruments. Original Borrower covenants and agrees with Lender that if any offset, defense, claim, right of set-off or counterclaim exists as of the Effective Date, Original Borrower does hereby irrevocably and expressly release and waive the right to assert such matter. Original Borrower understands and agrees that the foregoing release is in consideration for the agreements of Lender contained herein, and Original Borrower will receive no further consideration for such release. Assumptor warrants and represents to Lender that the Indebtedness, including without limitation, the Note, is subject to no credit, charge, claim, or right of offset or deduction of any kind whatsoever. Assumptor warrants and represents to Lender that the assumption of the Obligations is voluntary and without coercion by Lender or any other person. Assumptor releases and discharges the Lender from any and all claims and causes of action, whether known or unknown and whether now existing or hereafter arising, that have at any time been owned or claimed, or that are hereafter owned or claimed, by Assumptor, that arise out of or in any manner relate to the Obligations or to any one or more circumstances or events that occurred at or prior to the Effective Date. Assumptor acknowledges and agrees that the Obligations are ratified, affirmed and acknowledged as valid, subsisting and enforceable, subject to no offsets, claims or defenses. The Lender makes no representation to Assumptor in connection with the Obligations, including without limitation, the Loan Instruments or the Liens, and Assumptor hereby disclaims, waives and releases any representation of the Lender and warrants and represents to the Lender that Assumptor has not relied upon any representation or warranty of the Lender or any other person in voluntarily entering into this Agreement and assuming the Indebtedness, including without limitation, the Note.

2.8 Effective Date. The “**Effective Date**” of this Agreement shall be the Closing Date as defined in the APA.

2.9 Mutual Representations, Covenants, and Warranties. Each of the Parties, for themselves and for the benefit of each of the other Parties to this Agreement, represents, covenants, and warrants that:

- a) Each Party has all requisite power and authority, corporate or otherwise, to execute and deliver this Agreement and to consummate the transactions contemplated by this Agreement. This Agreement constitutes the legal, valid, and binding obligation of each Party enforceable against each other Party in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors’ rights generally and general equitable principles.
- b) The execution and delivery by each Party and the consummation of the transactions contemplated by this Agreement do not and shall not, by the lapse of time, the giving of notice, or otherwise: (i) constitute a violation of any law; or (ii) constitute a breach of any provision contained in, or a default under, any governmental approval, or any writ, injunction, order, judgment, or decree of any governmental authority, or any agreement, contract, or understanding to which the Party or its assets are bound or affected; and
- c) Any individual executing this Agreement on behalf of an entity has authority to act on behalf of the entity and has been duly and properly authorized to sign this Agreement on behalf of the entity.

2.10 Severability. Every provision of this Agreement is intended to be severable. If, in any jurisdiction, any term or provision of this Agreement is determined to be invalid or unenforceable, (a) the remaining terms and provisions of this Agreement shall be unimpaired, (b) any determination of invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable the term or provision in any other jurisdiction, and (c) the invalid or unenforceable term or provision shall, for purposes of jurisdiction, be deemed replaced by a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision. In the event a court of competent jurisdiction determines that any provision of this Agreement is invalid or against public policy and cannot be reduced or modified to make it enforceable, the remaining provisions of this Agreement shall not be affected by the determination of invalidity of that provision, and all other provisions of this Agreement shall remain in full force and effect.

2.11 Remedies. Each Obligor agrees that the covenants and obligations contained in this Agreement relate to special, unique, and extraordinary matters and that a violation of any of the terms of this Agreement would cause irreparable injury in an amount which would be impossible to estimate or determine and for which any remedy at law would be inadequate. Therefore, the Parties agree that if any Obligor fails or refuses to fulfill any of its obligations under this Agreement or to make any payment or deliver any instrument required under this Agreement, then Lender shall have the remedy of specific performance, and this remedy shall be cumulative and nonexclusive and shall be in addition to any other rights and remedies otherwise available under any other contract or at law or in equity and to which Lender might be entitled.

2.12 Venue. Subject to Section 2.25 below regarding arbitration, each of the Parties: (a) irrevocably agrees that venue for any claim or dispute under this Agreement is proper in Bexar County, Texas, irrevocably agrees that all claims and disputes may be heard and determined in Bexar County, Texas courts; and (b) irrevocably waives, to the fullest extent permitted by applicable law, any objection it may now or subsequently have to venue in any proceeding brought in a Bexar County, Texas court.

2.13 No Presumption from Drafting. This Agreement has been negotiated at arm’s-length between persons knowledgeable in the matters set forth within this Agreement. Accordingly, given that all Parties have had the opportunity to draft, review, and/or edit the language of this Agreement, no presumption for or against any Party arising out of drafting all or any part of this Agreement will be applied in any action relating to, connected with, or involving this Agreement. In particular, any rule of law, legal decisions, or common law principles of similar effect that would require interpretation of any ambiguities in this Agreement against the Party that has drafted it, is of no application and is expressly waived by all Parties. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the intentions of the Parties.

2.14 **Review and Construction of Loan Instruments.** Each Party expressly represents and warrants to all other Parties that (a) before executing this Agreement, the Party has fully informed itself of the terms, contents, conditions, and effects of this Agreement; (b) the Party has relied solely and completely upon its own judgment in executing this Agreement; (c) the Party has had the opportunity to seek and has obtained the advice of its own legal, tax, and business advisors before executing this Agreement; (d) the Party has acted voluntarily and of its own free will in executing this Agreement; and (e) this Agreement is the result of arm's length negotiations conducted by and among the Parties and their respective counsel.

2.15 **Counterparts; Effect of Facsimile, Emailed, and Photocopied Signatures.** This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments to them, may be executed in one or more counterparts, all of which shall constitute one and the same instrument. Any signed counterpart, to the extent delivered by means of a facsimile machine or attached as a .pdf, .tif, .gif, .jpeg or similar file to an electronic mail (including email) or as an electronic download, all of which are referred to as an **"Electronic Delivery"** shall be treated in all manner and respects as an original executed counterpart and shall be considered to have the same binding legal effect as if it were the original signed version of the Agreement or instrument delivered in person. At the request of any Party, each other Party shall re-execute the original form of this Agreement and deliver it to all other Parties. No Party shall raise the use of Electronic Delivery to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of Electronic Delivery as a defense to the formation of a contract, and each Party forever waives any similar defense, except to the extent the defense relates to lack of authenticity.

2.16 **Claims against Lender.**

a) Each Obligor hereby represents and warrants that there are no known claims, causes of action, suits, debts, liens, obligations, liabilities, demands, losses, costs and expenses (including attorneys' fees) of any kind, character or nature whatsoever, fixed or contingent, which such Obligor may have or claim to have against Lender, which might arise out of or be connected with any act of commission or omission of Lender existing or occurring on or prior to the Effective Date, including, without limitation, any claims, liabilities or obligations arising with respect to the Loan or arising under any of the Loan Instruments.

b) In consideration of Lender's agreements as provided herein, each Obligor hereby releases, acquits, waives and forever discharges Lender, its partners, affiliates, subsidiaries and related parties and their respective directors, officers, employees, agents, predecessors, successors, assigns, attorneys, and representatives (collectively the **"Lender Parties"**) from any and all claims, demands, cross-actions, cause or causes of action, at law or in equity, costs and expenses, including legal expenses, as well as any other kind or character of claim or action, in each case to the extent held by such Obligor on or before the Effective Date, whether based upon tort, fraud, breach of any duty of fair dealing, breach of confidence, undue influence, duress, economic coercion, conflict of interest, negligence, bad faith, intentional or negligent infliction of mental distress, tortious interference with contractual relations, tortious interference with corporate governance or prospective business advantage, breach of contract, deceptive trade practices, libel, slander, conspiracy, contract, usury, common law or statutory right, known or unknown, arising, directly or indirectly, proximately or remotely, out of any of the Loan Instruments or any of the documents, instruments or any other transactions relating thereto, solely with respect to such claims, which arise in connection with events which occurred on or prior to the Effective Date (collectively, the **"Released Claims"**), to the fullest and maximum extent permitted by applicable law. Without limiting the generality of the foregoing, this release shall include all aspects of the negotiations between and among each Obligor and Lender. This release is intended to release all liability of any character claimed for damages, of any type or nature, for injunctive or other relief, for attorneys' fees, interest or any other liability whatsoever, whether statutory, contractual or tort in character, or of any other nature or character, now or henceforth in any way related to the Released Claims, including, without limitation, any loss, cost or damage in connection with, or based upon, any breach of fiduciary duty, breach of any duty of fair dealing or good faith, breach of confidence, breach of funding commitment, breach of any other duty, breach of any statutory right, fraud, usury, undue influence, duress, economic coercion, conflict of interest, negligence, bad faith, malpractice, violations of the Racketeer Influenced and Corrupt Organizations Act, intentional or negligent infliction of mental distress, tortious interference with corporate or other governance or prospective business advantage, breach of contract, deceptive trade practices, libel, slander, conspiracy, or any other cause of action, any of which arise in connection with events which occurred on or prior to the Effective Date. Each Obligor understands and agrees that this is a full, final and complete release of the Released Claims and agrees that this release may be pleaded as an absolute and final bar to any or all suit or suits pending or which may hereafter be filed or prosecuted by Obligor, or anyone claiming, by, through or under such Obligor in respect of the Released Claims, and that no recovery on account of the Released Claims may hereafter be had from anyone whomsoever, and that the consideration given for this release is no admission of liability and that Obligor, nor those claiming under such Obligor will ever claim that it is.

2.17 **Insolvency Provisions.** In the event any proceeding (an “**Insolvency Proceeding**”) is brought by or against any Obligor and/or the Camber Assets under or pursuant to any bankruptcy, insolvency, receivership or similar law or laws of the United States or any other state or other jurisdiction, including the Bankruptcy Code, and any other law or laws of the United States or any other state or other jurisdiction which affect the rights of debtors and/or creditors generally, including, without limitation: **(i)** any proceeding seeking to appoint or appointing a receiver or trustee; **(ii)** any proceeding filed by or against any Obligor under the Bankruptcy Code; **(iii)** any assignment by any Obligor of all or substantially all of their respective assets for the benefit of creditors; and **(iv)** any proceeding or other action wherein all or substantially all of any Obligor’s assets are attached, seized, subjected to a writ or distress warrant, or otherwise levied upon, such Obligor hereby agrees as follows:

- a) Venue for an Insolvency Proceeding, without waiving the provisions requiring arbitration as set forth in the Loan Instruments, shall lie exclusively in the United States Bankruptcy Court for the Western District of Texas, San Antonio Division.
- b) Each Obligor agrees that, subject to court approval, Lender shall be deemed pursuant to this Agreement to have and be entitled to relief from the automatic stay under Section 362 of the Bankruptcy Code, and each Obligor hereby unconditionally and irrevocably consents to the granting to Lender of relief from the automatic stay under Section 362 of the Bankruptcy Code to permit Lender to exercise any and all of its rights, recourses and remedies under the Loan Instruments, at law and/or in equity, including, without limitation, foreclosure of the Mortgages and sale of the Camber Assets pursuant thereto and/or collection of the rents, income, revenue from oil and gas production or in relation thereto, proceeds, and profits directly by Lender. Further, if Lender requests such relief, no Obligor shall object to or oppose Lender’s request for immediate relief from the automatic stay for purposes of exercising any and all rights, recourses, remedies and benefits Lender may have under the Loan Instruments, at law and/or in equity, including, without limitation, foreclosure of the Mortgages and sale of the Camber Assets pursuant thereto and/or collection of the rents and profits directly by Lender.
- c) Each Obligor hereby acknowledges and agrees that Lender has a properly perfected, valid and enforceable lien upon and security interest in all or any portion of the Camber Assets including, without limitation, the leases, rents, income, revenue from oil and gas production or in relation thereto, and profits, and each Obligor will acknowledge the same in any Insolvency Proceeding. Further, no Obligor shall contest that Lender holds a properly perfected, valid and enforceable first priority lien on and security interest in each and every portion of the Camber Assets, including, without limitation, the leases, rents, income, and profits.
- d) Subject to court approval, the value of the Camber Assets alone without other collateral, cash, or other assets satisfactory to Lender, in its reasonable discretion, is not adequate to offer adequate protection to Lender in the event any Obligor seeks financing as a debtor in possession. Each Obligor specifically agrees not to seek debtor in possession financing without providing adequate protection reasonably satisfactory to Lender.
- e) Each Obligor hereby agrees to indemnify, defend and hold Lender harmless from and against any and all loss, cost, liability, damage or expense Lender may suffer or incur as a result of such Obligor’s breach of their respective obligations, covenants and agreements under this Section.

2.18 No Waiver. The execution of this Agreement by Lender is not intended nor shall it be construed as an actual or implied waiver of (a) any default under the Note, the Loan Agreement, or the other Loan Instruments, including without limitation, the Mortgages; (b) any requirement under the Note, the Loan Agreement or the other Loan Instruments, including without limitation, the Mortgages; (c) any right to demand immediate payment of the Note and any other sums due under the Note, the Loan Agreement or the other Loan Instruments, including without limitation, the Mortgages; or (d) any rights Lender may have against any person not a party hereto.

2.19 Binding. This Agreement binds and benefits the parties hereto and their respective successors and assigns (provided, that no Obligor may assign its rights hereunder without Lender's prior written consent which may be withheld in Lender's sole discretion).

2.20 Costs and Expenses. Assumptor and the Assumptor Guarantors shall pay, or reimburse Lender for, all costs and expenses reasonably paid or incurred by Lender from time to time to one or more third parties in connection with (i) the preparation and acceptance of this Agreement, (ii) the evaluation of, and protection of Lender's rights with respect to, the Camber Assets; and (iii) the creation, perfection or realization upon the Liens or the exercise of Lender's rights and remedies under the Loan Instruments, such costs and expenses to include, without limitation, attorney's fees, appraisal fees, fees and expenses of environmental inspections and other professional services and recording fees.

2.21 Controlling Agreement. The Parties intend to comply with applicable usury laws. All existing and future agreements regarding the Indebtedness are hereby limited and controlled by the provisions of this paragraph. In no event (including but not limited to prepayment, default, demand for payment, or acceleration) shall the interest taken, reserved, contracted for, charged or received under the Note or otherwise exceed the maximum amount of non-usurious rate of interest permitted by applicable law (the "**Maximum Amount**"). If from any possible construction of any document, interest would otherwise be payable in excess of the Maximum Amount, such document shall be automatically reformed and the interest payable automatically reduced to the Maximum Amount, without necessity of execution of any amendment or new document. If Lender ever receives interest in an amount which apart from this provision would exceed the Maximum Amount, the excess shall, without penalty, be applied to principal of the Note in inverse order of maturity of installments or be refunded to the payor if the Note is paid in full. Lender does not intend to charge or receive unearned interest on acceleration. All interest paid or agreed to be paid shall be spread throughout the full term (including extensions) of the indebtedness so that the amount of interest does not exceed the Maximum Amount.

2.22 Gender; Person. As used herein, the masculine gender includes the other gender and the singular number includes the plural, and vice versa, unless the context otherwise requires. The term "**Person**" and words importing persons shall include firms, associations, partnerships (including limited partnerships), joint ventures, trusts, corporations and other legal entities, including public or governmental bodies, agencies or instrumentalities, as well as natural persons. Headings and titles used in this Agreement are only for convenience and shall be disregarded in construing it.

2.23 Entire Agreement. This Agreement may be executed in several identical counterparts all of which shall constitute one and the same instrument. **THIS AGREEMENT AND THE OTHER LOAN INSTRUMENTS, AS MODIFIED HEREBY, SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND APPLICABLE UNITED STATES FEDERAL LAW.** This Agreement embodies the entire agreement and understanding between the parties with respect to assumption provided for herein and supersedes all prior conflicting or inconsistent agreements, consents and understandings relating to such subject matter.

2.24 **NO ORAL AGREEMENTS. THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

2.25 **ARBITRATION.**

**BINDING ARBITRATION AGREEMENT
PLEASE READ THIS CAREFULLY. IT AFFECTS YOUR RIGHTS.**

OBLIGORS AND LENDER AGREE TO ARBITRATION AS FOLLOWS (hereinafter referred to as the “Arbitration Provisions”):

I. Special Provisions and Definitions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:

- (a) **Informal Resolution of Customer Concerns.** Most customer concerns can be resolved quickly and to the customer’s satisfaction by contacting your account officer, branch manager or by calling the Customer Service Department in your region. The region and numbers are:

1.	Laredo	956-722-7611
2.	Austin	512-397-4506
3.	Brownsville	956-547-1000
4.	Commerce Bank	956-724-1616
5.	Corpus Christi	361-888-4000
6.	Eagle Pass	830-773-2313
7.	Houston	713-526-1211
8.	McAllen	956-686-0263
9.	Oklahoma	405-841-2100
10.	Port Lavaca	361-552-9771
11.	San Antonio	210-518-2500
12.	Zapata	956-765-8361

In the unlikely event that your account officer, branch manager or the customer service department is unable to resolve a complaint to your satisfaction or if the Lender has not been able to resolve a dispute it has with you after attempting to do so informally, you and the Lender agree to resolve those disputes through binding arbitration or small claims court instead of in courts of general jurisdiction.

- (b) **Sending Notice of Dispute.** If either you or the Lender intend to seek arbitration, then you or the Lender must first send to the other by certified mail, return receipt requested, a written Notice of Dispute. The Notice of Dispute to the Lender should be addressed to: Dennis E. Nixon, President, at International Bancshares Corporation, P.O. Drawer 1359, Laredo, Texas 78042-1359 or if by email, ibcchairman@ibc.com. The Notice of Dispute must (a) describe the nature and basis of the claim or dispute; and (b) explain specifically what relief is sought. You may download a copy of the Notice of Dispute at www.ibc.com or you may obtain a copy from your account officer or branch manager.
- (c) **If the Dispute is not Informally Resolved.** If you and the Lender do not reach an agreement to resolve the claim or dispute within thirty (30) days after the Notice of Dispute is received, you or the Lender may commence a binding arbitration proceeding. During the binding arbitration proceeding, any settlement offers made by you or the Lender shall not be disclosed to the Arbitrator.
- (d) **“DISPUTE(S).”** As used herein, the word **“DISPUTE(S)”** includes any and all controversies or claims between the **PARTIES** of whatever type or manner, including without limitation, any and all claims arising out of or relating to this Assignment, compliance with applicable laws and/or regulations, any and all services or products provided by the Lender, any and all past, present and/or future loans, lines of credit, letters of credit, credit facilities or other form of indebtedness and/or agreements involving the **PARTIES**, any and all transactions between or involving the **PARTIES**, and/or any and all aspects of any past or present relationship of the **PARTIES**, whether banking or otherwise, specifically including but not limited to any claim founded in contract, tort, fraud, fraudulent inducement, misrepresentation or otherwise, whether based on statute, regulation, common law or equity.
- (e) **“CONSUMER DISPUTE”** and **“BUSINESS DISPUTE.”** As used herein, **“CONSUMER DISPUTE”** means a **DISPUTE** relating to an account (including a deposit account), agreement, extension of credit, loan, service or product provided by the Lender that is primarily for personal, family or household purposes. **“BUSINESS DISPUTE”** means any **DISPUTE** that is not a **CONSUMER DISPUTE**.
- (f) **“PARTIES”** or **“PARTY.”** As used in these Arbitration Provisions, the term **“PARTIES”** or **“PARTY”** means each of the Obligors, Lender, and each and all persons and entities signing this Assignment or any other agreements between or among any of the **PARTIES** as part of this transaction. **“PARTIES”** or **“PARTY”** shall be broadly construed and include individuals, beneficiaries, partners, limited partners, limited liability members, shareholders, subsidiaries, parent companies, affiliates, officers, directors, employees, heirs, agents and/or representatives of any party to such documents, any other person or entity claiming by or through one of the foregoing and/or any person or beneficiary who receives products or services from the Lender and shall include any other owner and holder of this Assignment. Throughout these Arbitration Provisions, the term **“you”** and **“your”** refer to Assumptor, and the term **“Arbitrator”** refers to the individual arbitrator or panel of arbitrators, as the case may be, before which the **DISPUTE** is arbitrated.

- (g) **BINDING ARBITRATION.** The **PARTIES** agree that any **DISPUTE** between the **PARTIES** shall be resolved by mandatory binding arbitration pursuant to these Arbitration Provisions at the election of either **PARTY**. **BY AGREEING TO RESOLVE A DISPUTE IN ARBITRATION, THE PARTIES ARE WAIVING THEIR RIGHT TO A JURY TRIAL OR TO LITIGATE IN COURT** (except for matters that may be taken to small claims court for a **CONSUMER DISPUTE** as provided below).
- (h) **CLASS ACTION WAIVER.** The **PARTIES** agree that (i) no arbitration proceeding hereunder whether a **CONSUMER DISPUTE** or a **BUSINESS DISPUTE** shall be certified as a class action or proceed as a class action, or on a basis involving claims brought in a purported representative capacity on behalf of the general public, other customers or potential customers or persons similarly situated, and (ii) no arbitration proceeding hereunder shall be consolidated with, or joined in any way with, any other arbitration proceeding. **THE PARTIES AGREE TO ARBITRATE A CONSUMER DISPUTE OR BUSINESS DISPUTE ON AN INDIVIDUAL BASIS AND EACH WAIVES THE RIGHT TO PARTICIPATE IN A CLASS ACTION.**
- (i) **FEDERAL ARBITRATION ACT AND TEXAS LAW.** The **PARTIES** acknowledge that this Assignment evidences a transaction involving interstate commerce. The Federal Arbitration Act shall govern (i) the interpretation and enforcement of these Arbitration Provisions, and (ii) all arbitration proceedings that take place pursuant to these Arbitration Provisions. **THE PARTIES AGREE THAT, EXCEPT AS OTHERWISE EXPRESSLY AGREED TO BY THE PARTIES IN WRITING, OR UNLESS EXPRESSLY PROHIBITED BY LAW, TEXAS SUBSTANTIVE LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) WILL APPLY IN ANY BINDING ARBITRATION PROCEEDING OR SMALL CLAIMS COURT ACTION REGARDLESS OF WHO INITIATES THE PROCEEDING, WHERE YOU RESIDE OR WHERE THE DISPUTE AROSE.**

II. Provisions applicable only to a CONSUMER DISPUTE:

- (a) Any and all **CONSUMER DISPUTES** shall be resolved by arbitration administered by the American Arbitration Association (“AAA”) under the Commercial Arbitration Rules and the Supplemental Procedures for Resolution of Consumer Disputes and Consumer Due Process Protocol (which are incorporated herein for all purposes). It is intended by the **PARTIES** that these Arbitration Provisions meet and include all fairness standards and principles of the American Arbitration Association’s Consumer Due Process Protocol and due process in predispute arbitration. If a **CONSUMER DISPUTE** is for a claim of actual damages above \$250,000 it shall be administered by the AAA before three neutral arbitrators at the request of any **PARTY**.
- (b) Instead of proceeding in arbitration, any **PARTY** hereto may pursue its claim in your local small claims court, if the **CONSUMER DISPUTE** meets the small claims court’s jurisdictional limits. If the small claims court option is chosen, the **PARTY pursuing the claim** must contact the small claims court directly. **The PARTIES agree that the class action waiver provision also applies to any CONSUMER DISPUTE brought in small claims court.**
- (c) For any claim for actual damages that does not exceed \$2,500, the Lender will pay all arbitration fees and costs provided you submitted a Notice of Dispute with regard to the **CONSUMER DISPUTE** prior to initiation of arbitration. For any claim for actual damages that does not exceed \$5,000, the Lender also agrees to pay your reasonable attorney’s fees and reasonable expenses your attorney charges you in connection with the arbitration (even if the Arbitrator does not award those to you) plus an additional \$2,500 if you obtain a favorable arbitration award for your actual damages which is greater than any written settlement offer for your actual damages made by the Lender to you prior to the selection of the Arbitrator.
- (d) Under the AAA’s Supplemental Procedures for Consumer Disputes, if your claim for actual damages does not exceed \$10,000, you shall only be responsible for paying up to a maximum of \$125 in arbitration fees and costs. If your claim for actual damages exceeds \$10,000 but does not exceed \$75,000, you shall only be responsible for paying up to a maximum of \$375 in arbitration fees and costs. For any claim for actual damages that does not exceed \$75,000, the Lender will pay all other arbitrator’s fees and costs imposed by the administrator of the arbitration. With regard to a **CONSUMER DISPUTE** for a claim of actual damages that exceeds \$75,000, or if the claim is a non-monetary claim, the Lender agrees to pay all arbitration fees and costs you would otherwise be responsible for that exceed \$1,000. The fees and costs stated above are subject to any amendments to the fee and cost schedules of the AAA. The fee and cost schedule in effect at the time you submit your claim shall apply. The AAA rules also permit you to request a waiver or deferral of the administrative fees and costs of arbitration if paying them would cause you

financial hardship.

- (e) Although under some laws, the Lender may have a right to an award of attorney's fees and expenses if it prevails in arbitration, the Lender agrees that it will not seek such an award in a binding arbitration proceeding with regard to a **CONSUMER DISPUTE** for a claim of actual damages that does not exceed \$75,000.
- (f) To request information on how to submit an arbitration claim, or to request a copy of the AAA rules or fee schedule, you may contact the AAA at 1-800-778-7879 (toll free) or at www.adr.org.

III. Provisions applicable only to a BUSINESS DISPUTE:

- (a) Any and all **BUSINESS DISPUTES** between the **PARTIES** shall be resolved by arbitration in accordance with the Commercial Arbitration Rules of the AAA in effect at the time of filing, as modified by, and subject to, these Arbitration Provisions. A **BUSINESS DISPUTE** for a claim of actual damages that exceeds \$250,000 shall be administered by AAA before at least three (3) neutral arbitrators at the request of any **PARTY**. In the event the aggregate of all affirmative claims asserted exceeds \$500,000, exclusive of interest and attorney's fees, or upon the written request of any **PARTY**, the arbitration shall be conducted under the AAA Procedures for Large, Complex Commercial Disputes. If the payment of arbitration fees and costs will cause you extreme financial hardship you may request that AAA defer or reduce the administrative fees or request the Lender to cover some of the arbitration fees and costs that would be your responsibility.
- (b) The **PARTIES** shall have the right to (i) invoke self-help remedies (such as setoff, notification of account debtors, seizure and/or foreclosure of collateral, and nonjudicial sale of personal property and real property collateral) before, during or after any arbitration, and/or (ii) request ancillary or provisional judicial remedies (such as garnishment, attachment, specific performance, receiver, injunction or restraining order, and sequestration) before or after the commencement of any arbitration proceeding (individually, and not on behalf of a class). The **PARTIES** need not await the outcome of the arbitration proceeding before using self-help remedies. Use of self-help or ancillary and/or provisional judicial remedies shall not operate as a waiver of either **PARTY**'s right to compel arbitration. Any ancillary or provisional judicial remedy which would be available from a court at law shall be available from the Arbitrator. The **PARTIES** agree that the AAA Optional Rules for Emergency Measures of Protection shall apply in an arbitration proceeding where emergency interim relief is requested.
- (c) Except to the extent the recovery of any type or types of damages or penalties may not be waived under applicable law, the Arbitrator shall not have the authority to award either **PARTY** (i) punitive, exemplary, special or indirect damages, (ii) statutory multiple damages, or (iii) penalties, statutory or otherwise.
- (d) The Arbitrator may award attorney's fees and costs including the fees, costs and expenses of arbitration and of the Arbitrator as the Arbitrator deems appropriate to the prevailing **PARTY**. The Arbitrator shall retain jurisdiction over questions of attorney's fees for fourteen (14) days after entry of the decision.

IV. General provisions applicable to both CONSUMER DISPUTES and BUSINESS DISPUTES:

- (a) The Arbitrator is bound by the terms of these Arbitration Provisions. The Arbitrator shall have exclusive authority to resolve any **DISPUTES** relating to the scope or enforceability of these Arbitration Provisions, including (i) all arbitrability questions, and (ii) any claim that all or a part of these Arbitration Provisions are void or voidable (including any claims that they are unconscionable in whole or in part).
- (b) **These Arbitration Provisions shall survive any termination, amendment, or expiration of this Assignment, unless all of the PARTIES otherwise expressly agree in writing.**
- (c) If a **PARTY** initiates legal proceedings, the failure of the initiating **PARTY** to request arbitration pursuant to these Arbitration Provisions within 180 days after the filing of the lawsuit shall be deemed a waiver of the initiating **PARTY**'S right to compel arbitration with respect to the claims asserted in the litigation. The failure of the defending **PARTY** in such litigation to request arbitration pursuant to these Arbitration Provisions within 180 days after the defending **PARTY**'S receipt of service of judicial process, shall be deemed a waiver of the right of the defending **PARTY** to compel arbitration with respect to the claims asserted in the litigation. If a counterclaim, cross-claim or third party action is filed and properly served on a **PARTY** in connection with such litigation, the failure of such **PARTY** to request arbitration pursuant to these Arbitration Provisions within ninety (90) days after such **PARTY**'S receipt of service of the counterclaim, cross-claim or third party claim shall be deemed a waiver of such **PARTY**'S right to compel arbitration with respect to the claims asserted therein. The issue of waiver pursuant to these Arbitration Provisions is an arbitrable dispute. Active participation in any pending litigation described above by a **PARTY** shall not in any event be deemed a waiver of such **PARTY**'S right to compel arbitration. All discovery obtained in the pending litigation may be used in any subsequent arbitration proceeding.

- (d) Any **PARTY** seeking to arbitrate shall serve a written notice of intent to any and all opposing **PARTIES** after a **DISPUTE** has arisen. The **PARTIES** agree a timely written notice of intent to arbitrate by either **PARTY** pursuant to these Arbitration Provisions shall stay and/or abate any and all action in a trial court, save and except a hearing on a motion to compel arbitration and/or the entry of an order compelling arbitration and staying and/or abating the litigation pending the filing of the final award of the Arbitrator.
- (e) Any Arbitrator selected shall be knowledgeable in the subject matter of the **DISPUTE** and be licensed to practice law.
- (f) For a one (1) member arbitration panel, the **PARTIES** are limited to an equal number of strikes in selecting the arbitrator from the AAA neutral list, such that at least one arbitrator remains after the **PARTIES** exercise all of their respective strikes. For a three (3) member arbitration panel, the **PARTIES** are limited to an equal number of strikes in selecting the arbitrators from the AAA neutral list, such that at least three arbitrators remain after the **PARTIES** exercise all of their respective strikes. After exercising all of their allotted respective strikes, the **PARTIES** shall rank those potential arbitrators remaining numerically in order of preference (with "1" designating the most preferred). The AAA shall review the **PARTIES** rankings and assign a score to each potential arbitrator by adding together the ranking given to such potential arbitrator by each **PARTY**. The arbitrator(s) with the lowest score total(s) will be selected. In the event of a tie or ties for lowest score total and if the selection of both or all of such potential arbitrators is not possible due to the required panel size, the AAA shall select the arbitrator(s) it believes to be best qualified.
- (g) The **PARTIES** and the Arbitrator shall treat all aspects of the arbitration proceedings, including, without limitation, any documents exchanged, testimony and other evidence, briefs and the award, as strictly confidential; provided, however, that a written award or order from the Arbitrator may be filed with any court having jurisdiction to confirm and/or enforce such award or order.
- (h) Any statute of limitation which would otherwise be applicable shall apply to any claim asserted in any arbitration proceeding under these Arbitration Provisions, and the commencement of any arbitration proceeding tolls such statute of limitations.
- (i) If the AAA is unable for any reason to provide arbitration services, then the **PARTIES** agree to select another arbitration service provider that has the ability to arbitrate the **DISPUTE** pursuant to and consistent with these Arbitration Provisions. If the **PARTIES** are unable to agree on another arbitration service provider, any **PARTY** may petition a court of competent jurisdiction to appoint an Arbitrator to administer the arbitration proceeding pursuant to and consistent with these Arbitration Provisions.
- (j) The award of the Arbitrator shall be final and Judgment upon any such award may be entered in any court of competent jurisdiction. The arbitration award shall be in the form of a written reasoned decision and shall be based on and consistent with applicable law.
- (k) Unless the **PARTIES** mutually agree to hold the binding arbitration proceeding elsewhere, venue of any arbitration proceeding under these Arbitration Provisions shall be in the county and state where Lender is located, which is Lender's address set out in the first paragraph on page 1 hereof.
- (l) If any of these Arbitration Provisions are held to be invalid or unenforceable, the remaining provisions shall be enforced without regard to the invalid or unenforceable term or provision.

JURY WAIVER: IF A DISPUTE BETWEEN YOU AND LENDER PROCEEDS IN COURT RATHER THAN THROUGH MANDATORY BINDING ARBITRATION, THEN YOU AND LENDER BOTH WAIVE THE RIGHT TO A JURY TRIAL, AND SUCH DISPUTE WILL BE TRIED BEFORE A JUDGE ONLY.

2.26 Further Assurances. Upon the request of Lender, each Obligor shall execute and deliver such further documents, including financing statements, and take such further actions as may be required by Lender to carry out the intent of this Agreement and the other Loan Instruments and to perfect and preserve the rights, interests, and priority of Lender hereunder on or before ten (10) days after Lender's request is made to any Obligor.

2.27 Assumptor Release of Original Borrower. Assumptor hereby **(i)** consents to the release of Original Borrower from personal liability for payment and performance of the Obligations now or hereafter outstanding, and **(ii)** confirms that such release of Original Borrower from personal liability shall not affect in any manner the joint and several personal liability of Assumptor for the full payment and performance of all Obligations now or hereafter outstanding under the Note, and all other Loan Instruments.

2.28 Notices.

All notices, demands, requests, approvals and other communications required or permitted hereunder shall be in writing and shall be deemed to have been given when presented personally or deposited in a regularly maintained mail receptacle of the United States Postal Service, postage prepaid, registered or certified, return receipt requested, addressed to an Obligor, or Lender, as the case may be, at the respective addresses set forth on the first page of this Agreement, or such other address as Obligors, or Lender may from time to time designate by written notice to the other as herein required.

2.29 No Impairment.

Notwithstanding any other provision of this Agreement herein to the contrary, this Agreement shall not affect or impair any liability of or representation in regard to any warranty of title heretofore made by Original Borrower and Original Borrower Pledgor as to the Camber Assets, including without limitation, the Oklahoma Interests, all of which shall remain in force and inure to the benefit of Lender.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the Effective Date.

[Signature and acknowledgment pages follow.]

LENDER:

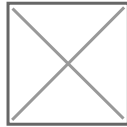
INTERNATIONAL BANK OF COMMERCE,
a Texas state banking corporation

By: /s/ Bernardo de la Garza
Bernardo de la Garza, Vice President

STATE OF TEXAS §

COUNTY OF BEXAR §

This instrument was acknowledged before me on the 26th day of Sept. 2018, by Bernardo de la Garza, Vice President of International Bank of Commerce, a Texas state banking corporation, on behalf of said corporation.



/s/ Delia Sandoval
Notary Public, State of Texas

ORIGINAL BORROWER:

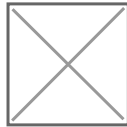
CAMBER ENERGY, INC. f/k/a LUCAS ENERGY, INC.,
a Nevada corporation

By: /s/ Louis G. Schott
Louis G. Schott, Interim Chief Executive Officer

STATE OF TEXAS §

COUNTY OF BEXAR §

This instrument was acknowledged before me on the 26th day of Sept. 2018, by Louis G. Schott, Interim Chief Executive Officer of Camber Energy, Inc. f/k/a Lucas Energy, Inc., a Nevada corporation, on behalf of said corporation.



/s/ Delia Sandoval
Notary Public, State of Texas

ORIGINAL BORROWER PLEDGOR:

CE OPERATING, LLC,
an Oklahoma limited liability company

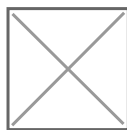
By: Camber Energy, Inc.,
a Nevada corporation,
its Manager

By: /s/ Louis G. Schott
Louis G. Schott, Interim Chief Executive Officer

STATE OF TEXAS §

COUNTY OF BEXAR §

This instrument was acknowledged before me on the 26th day of Sept. 2018, by Louis G. Schott, Interim Chief Executive Officer of Camber Energy, Inc., Nevada corporation, the Manager of CE Operating, LLC, an Oklahoma limited liability company, on behalf of said limited liability company.



/s/ Delia Sandoval
Notary Public, State of Texas

ASSUMPTOR:

N&B ENERGY, LLC,
a Texas limited liability company

By: /s/ Richard N. Azar, II

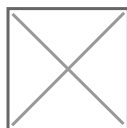
Name: Richard N. Azar, II

Title: Manager

STATE OF TEXAS §

COUNTY OF BEXAR §

This instrument was acknowledged before me on the 26th day of Sept. 2018, by Richard N. Azar, II, the Manager of N&B Energy, LLC, a Texas limited liability company, on behalf of said limited liability company.



/s/ Delia Sandoval
Notary Public, State of Texas

AZAR:

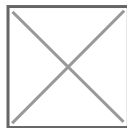
/s/ Richard Nathan Azar, II.

RICHARD NATHAN AZAR, II.

STATE OF TEXAS §

COUNTY OF BEXAR §

This instrument was acknowledged before me on the 26th day of Sept. 2018, by Richard Nathan Azar, II.



/s/ Delia Sandoval

Notary Public, State of Texas

SEAY:

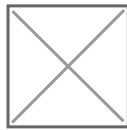
DONNIE BAKER SEAY

By: /s/ Gregory Don Seay
Gregory Don Seay, attorney-in-fact

STATE OF TEXAS §

COUNTY OF BEXAR §

This instrument was acknowledged before me on the 26th day of Sept. 2018, by Gregory Don Seay, attorney-in-fact on behalf of Donnie Baker Seay.



/s/ Delia Sandoval
Notary Public, State of Texas

RAD2:

RAD2 MINERALS, LTD.,
a Texas limited partnership

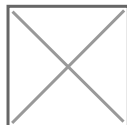
By: RAD2 Management, LLC,
a Texas limited liability company,
its General Partner

By: /s/ Richard N. Azar, II
Richard N. Azar, II, Manager

STATE OF TEXAS §

COUNTY OF BEXAR §

This instrument was acknowledged before me on the 26th day of Sept. 2018, by Richard N. Azar, II, Manager of RAD2 Management, LLC, a Texas limited liability company, the General Partner of RAD2 Minerals, Ltd., a Texas limited partnership, on behalf of said limited partnership.



/s/ Delia Sandoval
Notary Public, State of Texas

DBS:

DBS INVESTMENTS, LTD.,
a Texas limited partnership

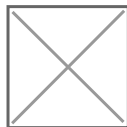
By: DBS Management, LLC,
a Texas limited liability company,
its General Partner

By: /s/ Gregory Don Seay
Gregory Don Seay, Authorized Agent

STATE OF TEXAS §

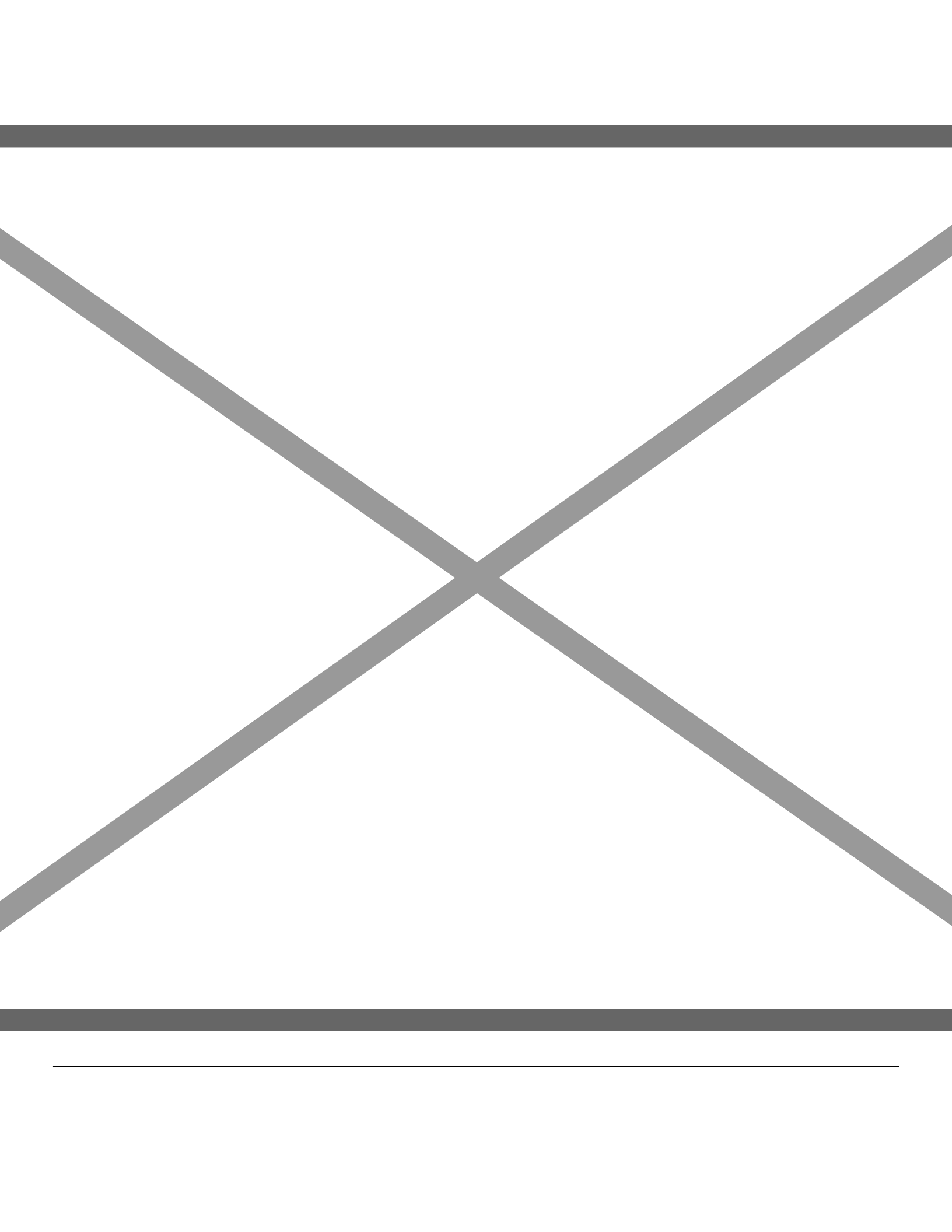
COUNTY OF BEXAR §

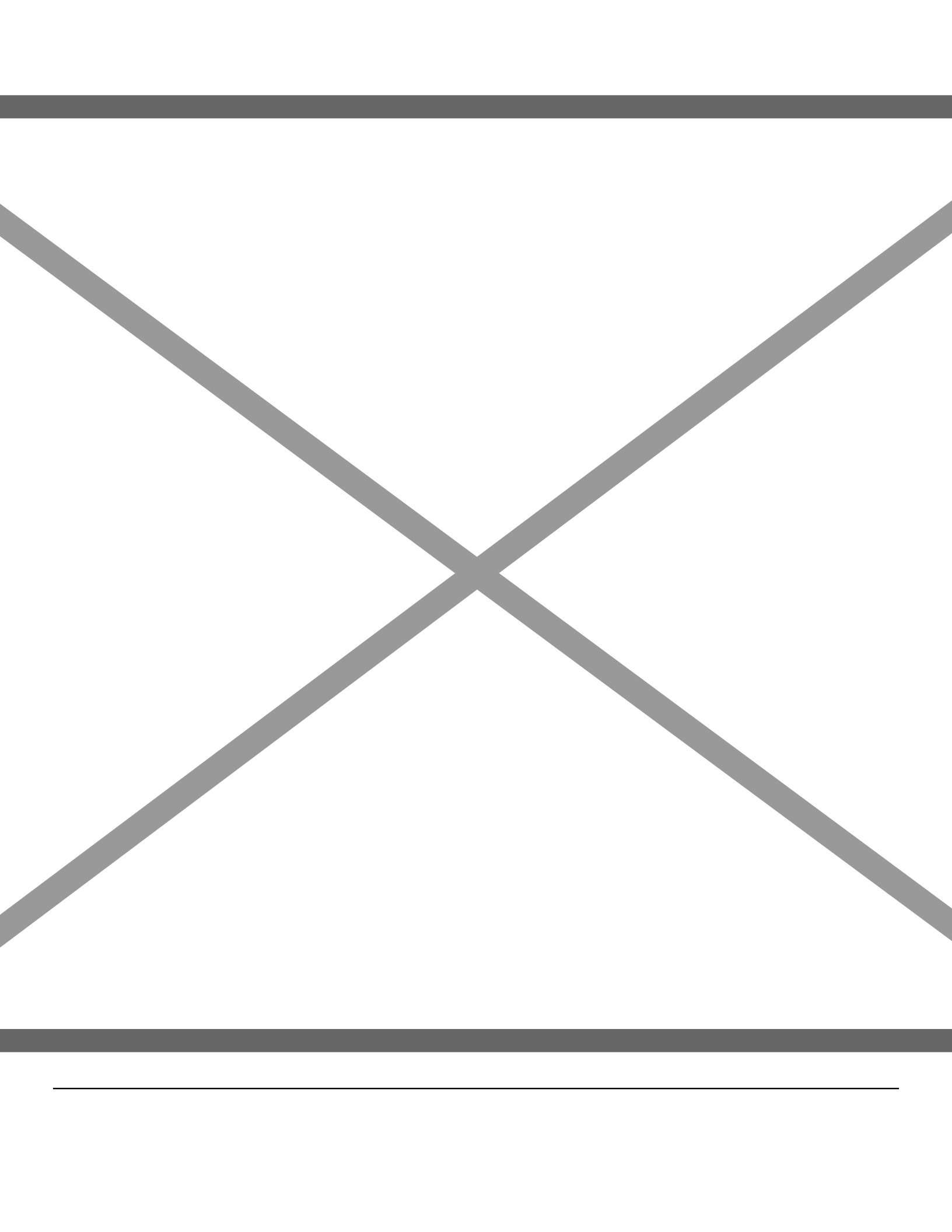
This instrument was acknowledged before me on the 26th day of Sept. 2018, by Gregory Don Seay, Authorized Agent of DBS Management, LLC, a Texas limited liability company, the General Partner of DBS Investments, Ltd., a Texas limited partnership, on behalf of said limited partnership.

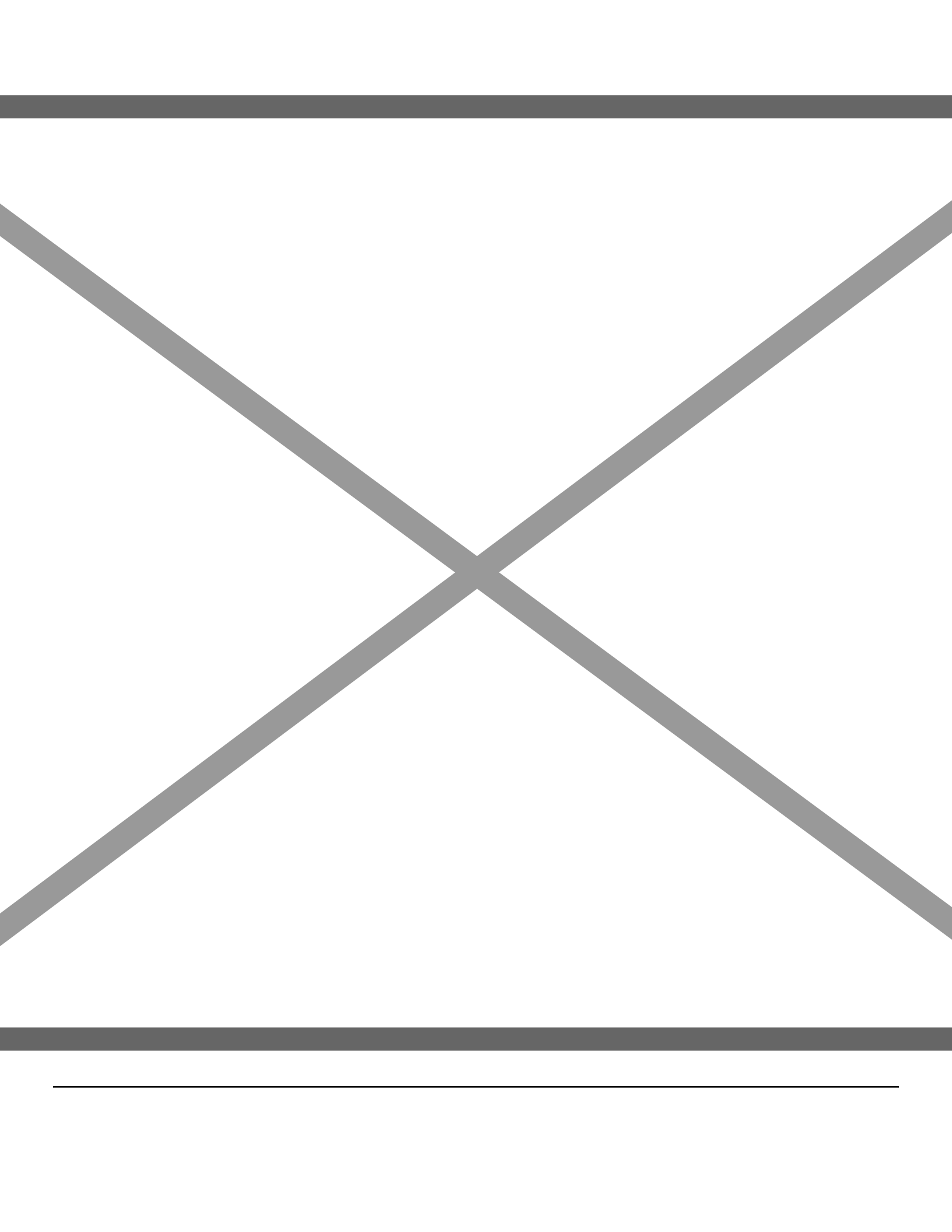


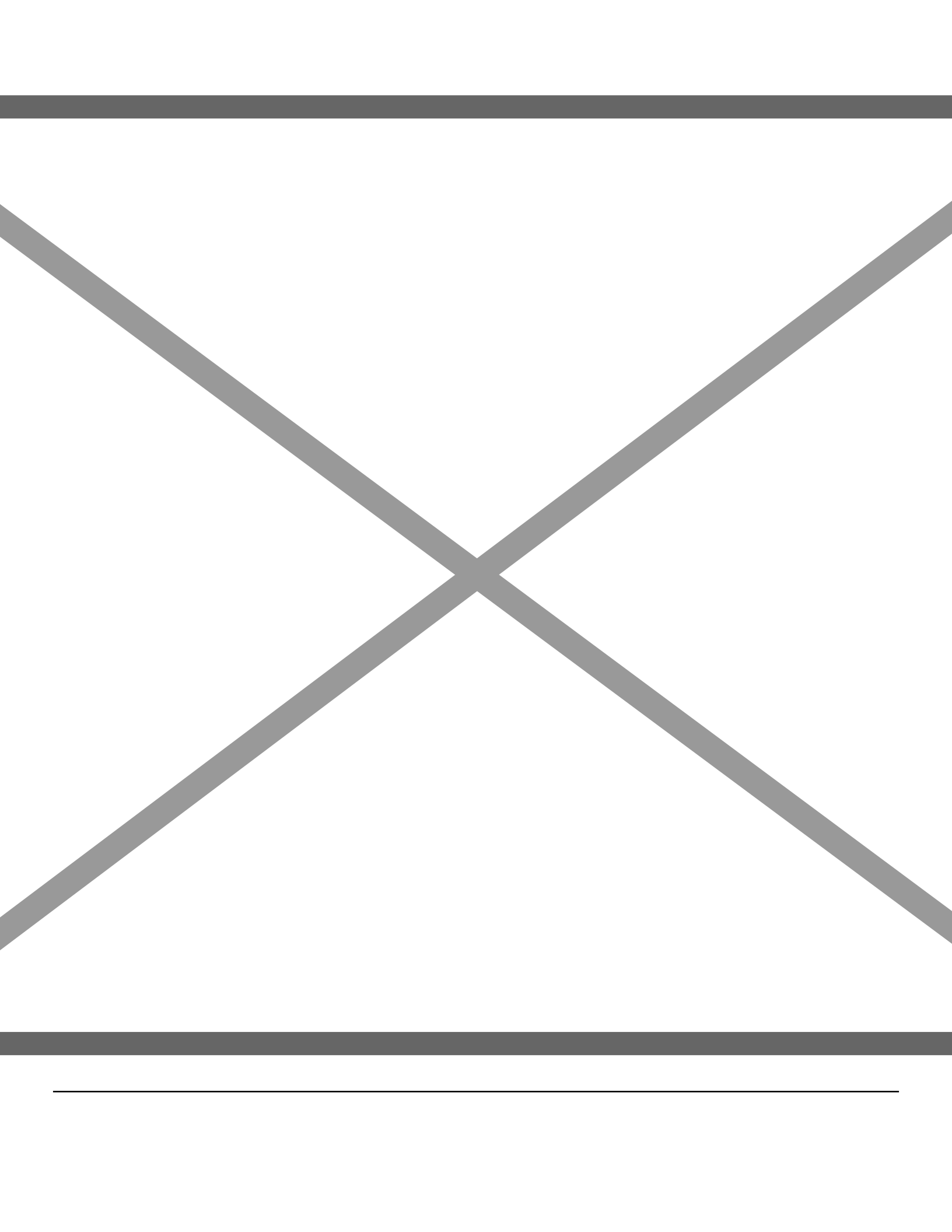
/s/ Delia Sandoval
Notary Public, State of Texas

EXHIBIT “A”
2016 Oklahoma Interests









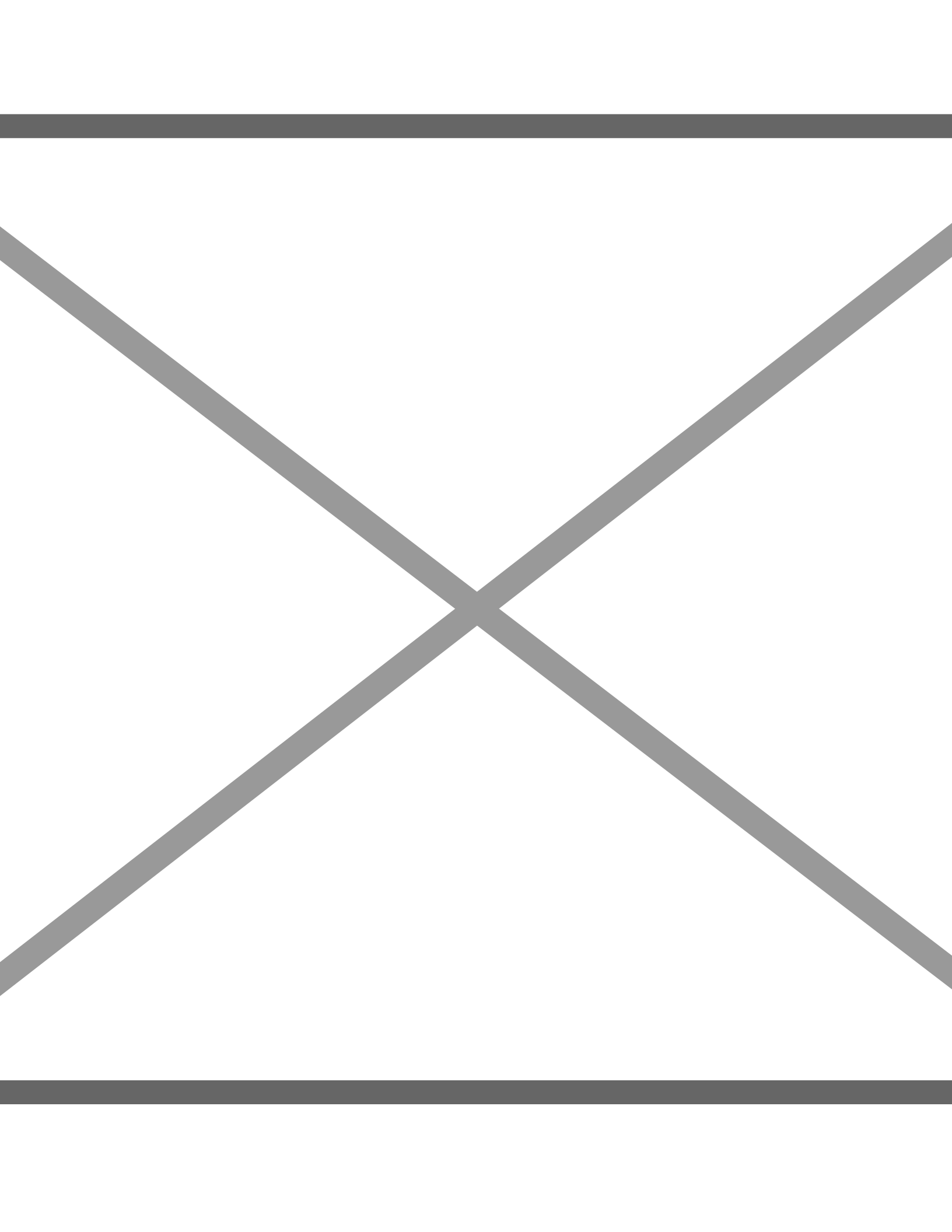
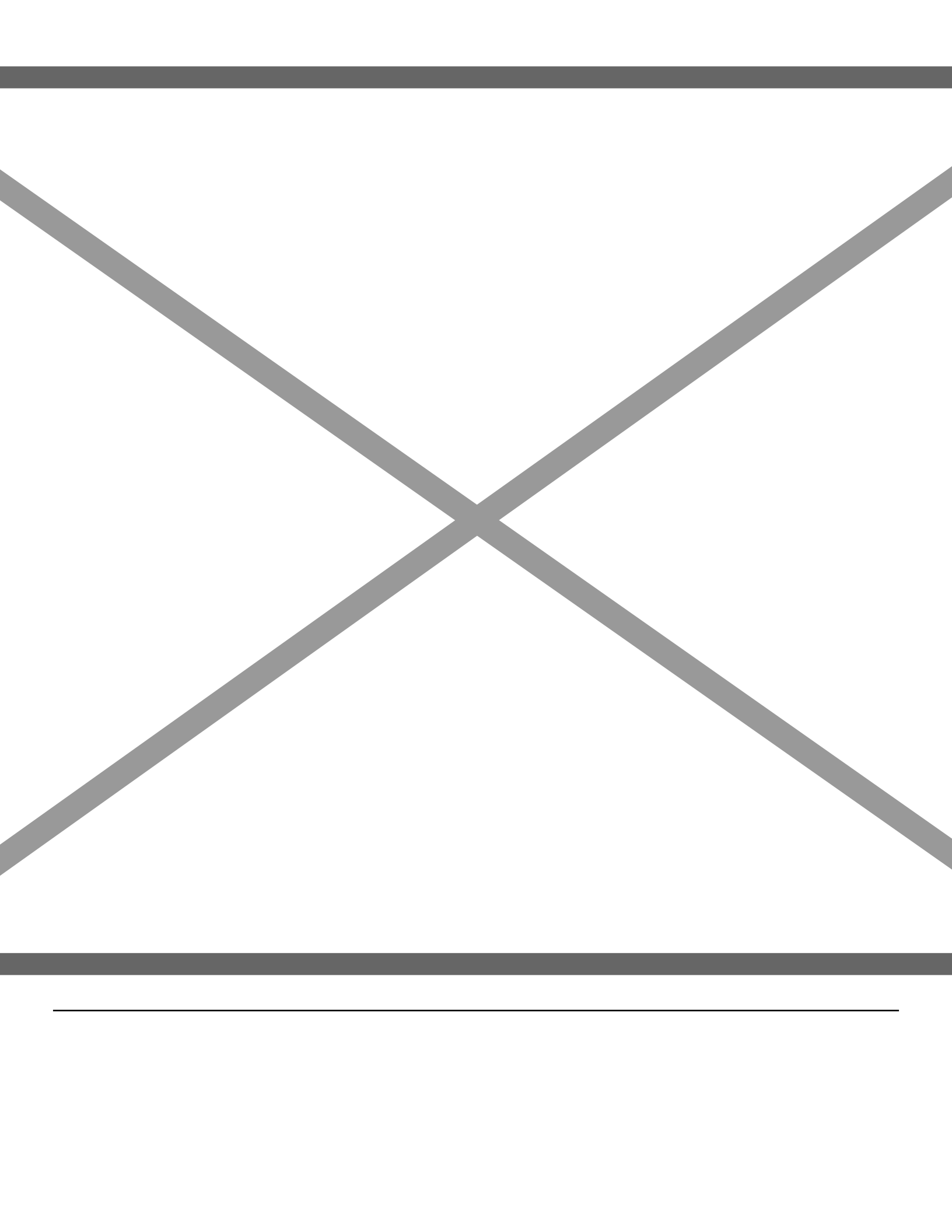
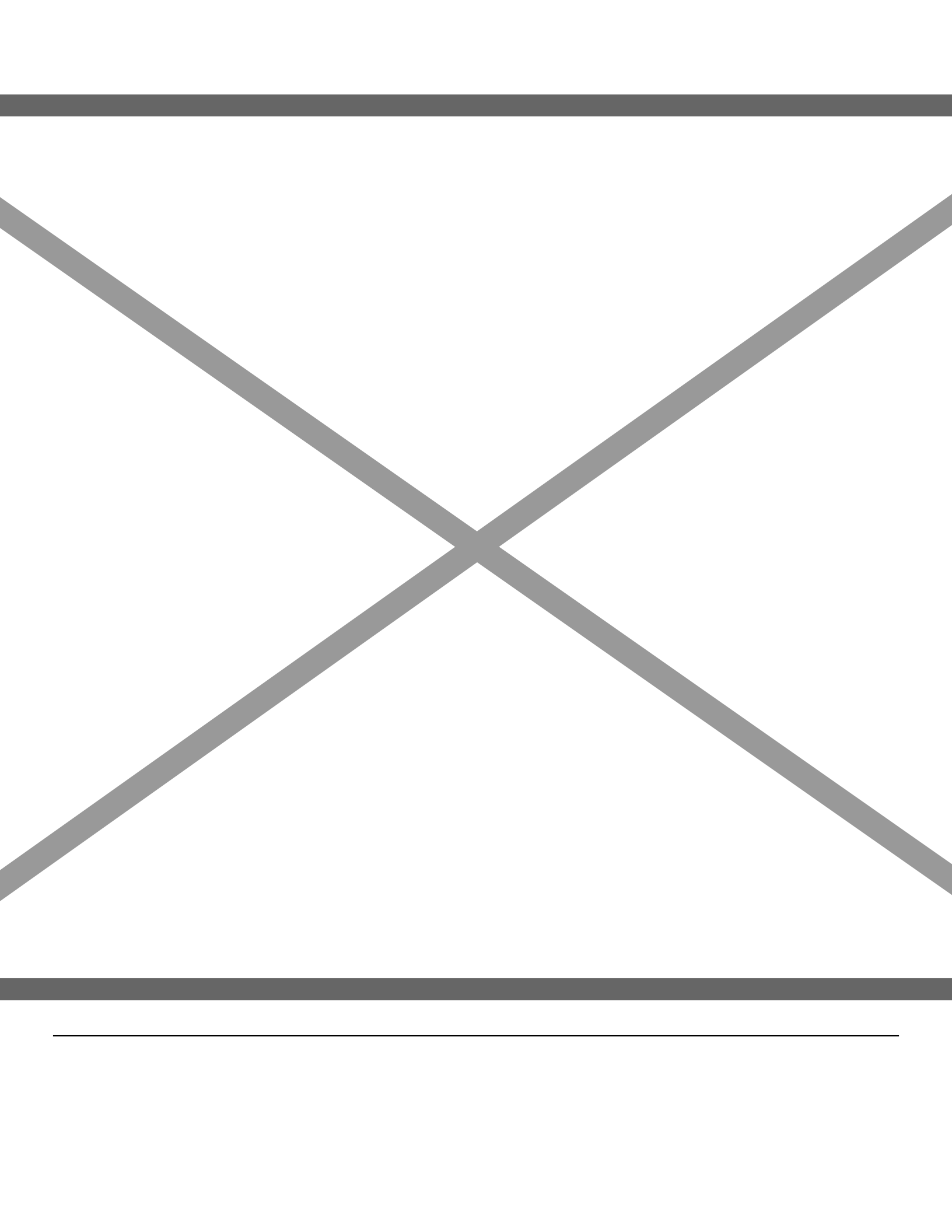


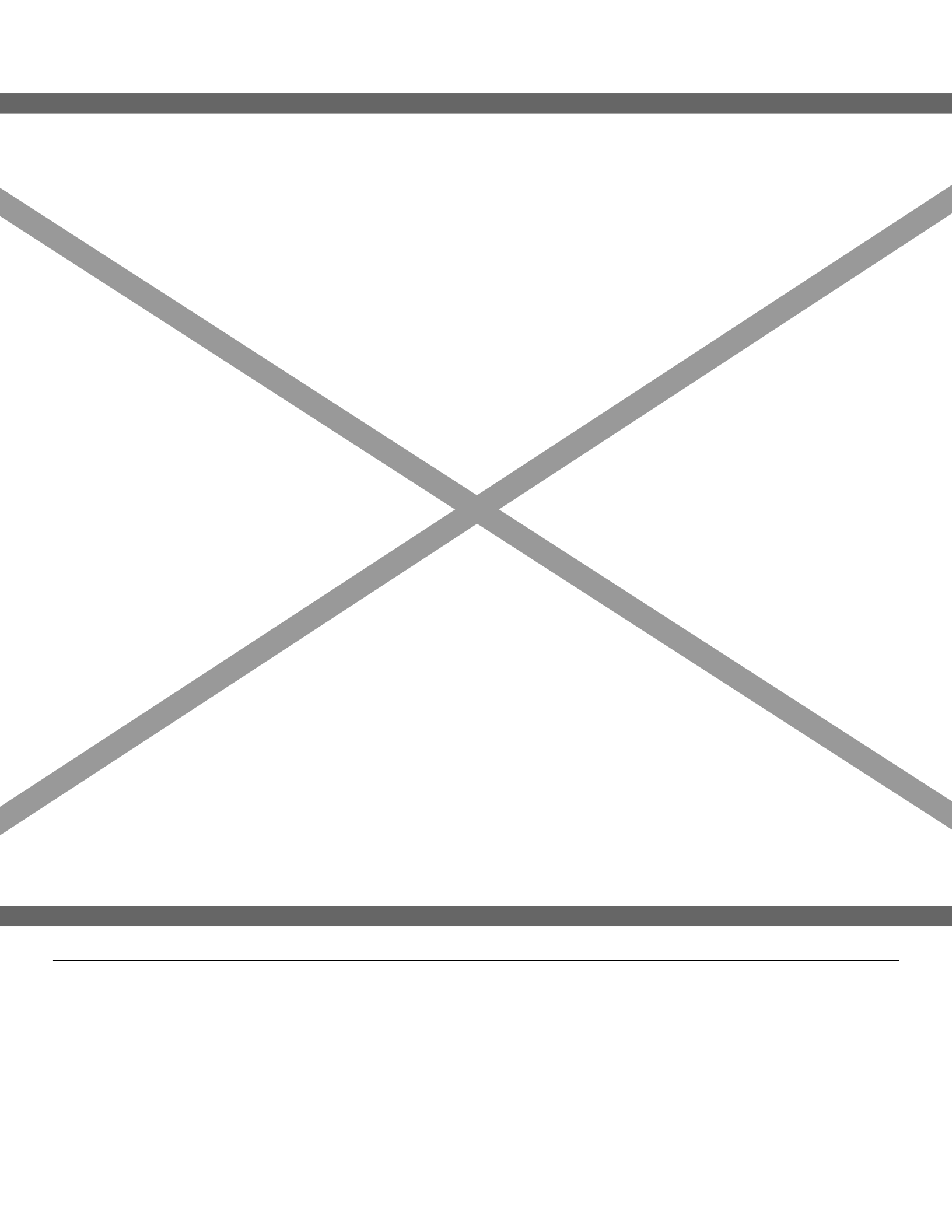
EXHIBIT “A-1”

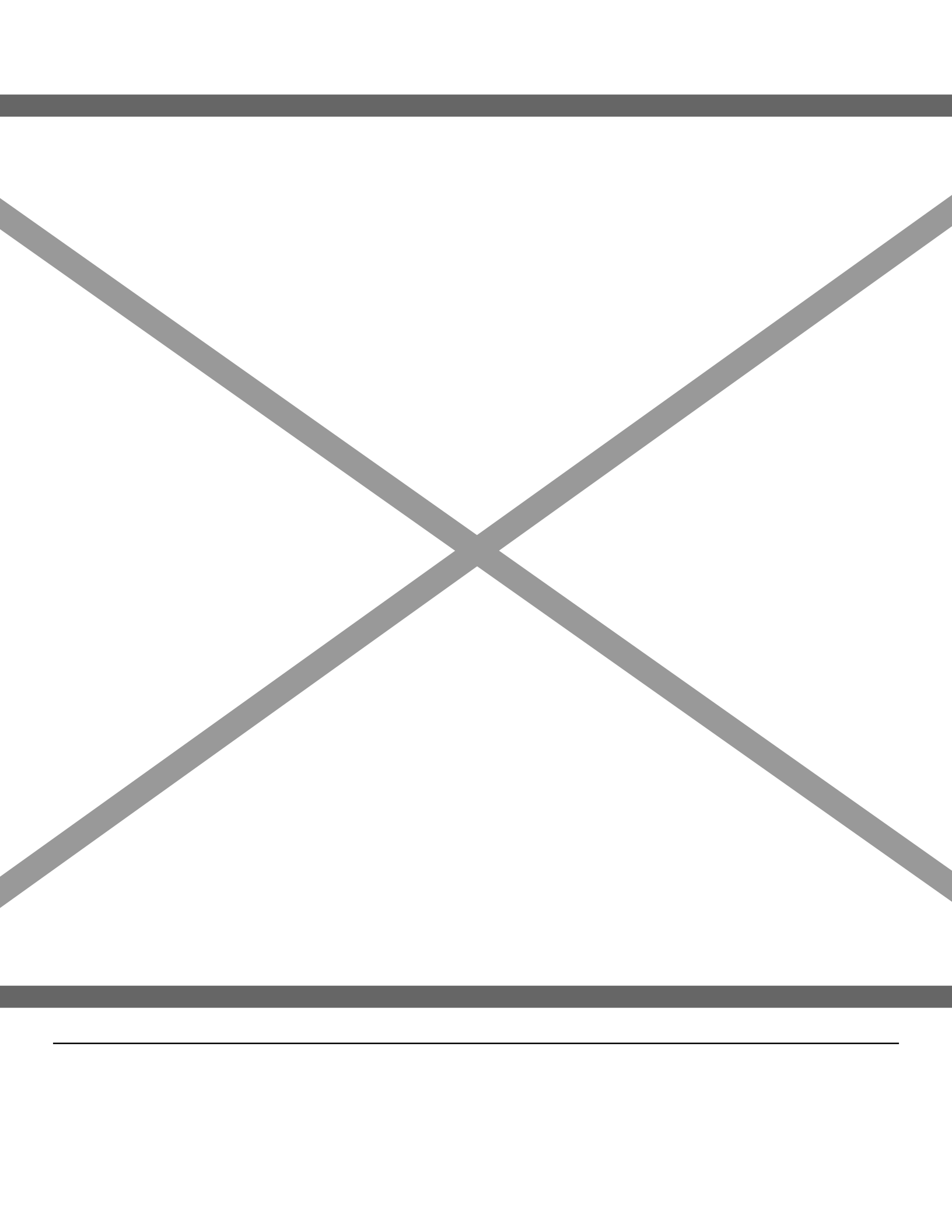
The Orion Assets

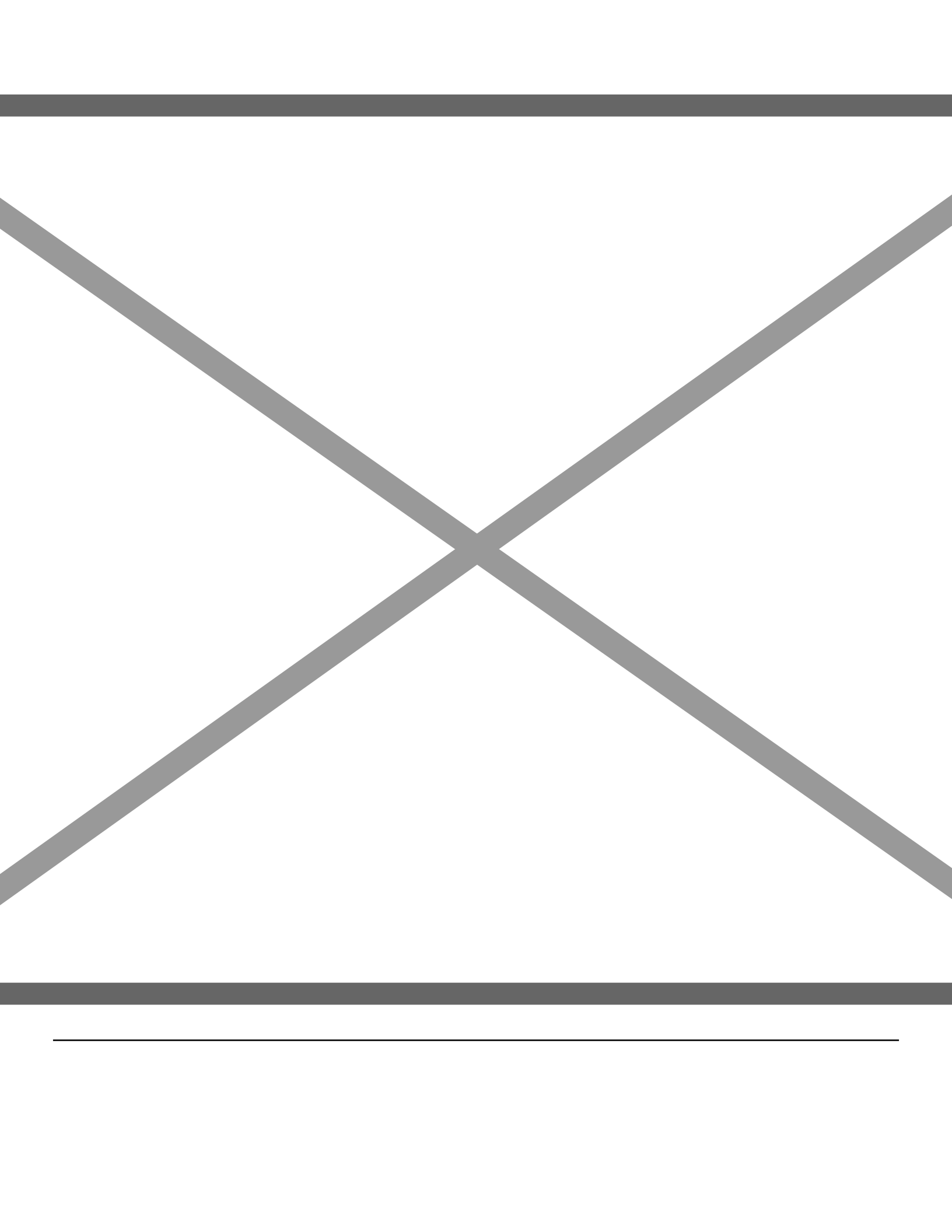
[see following pages]

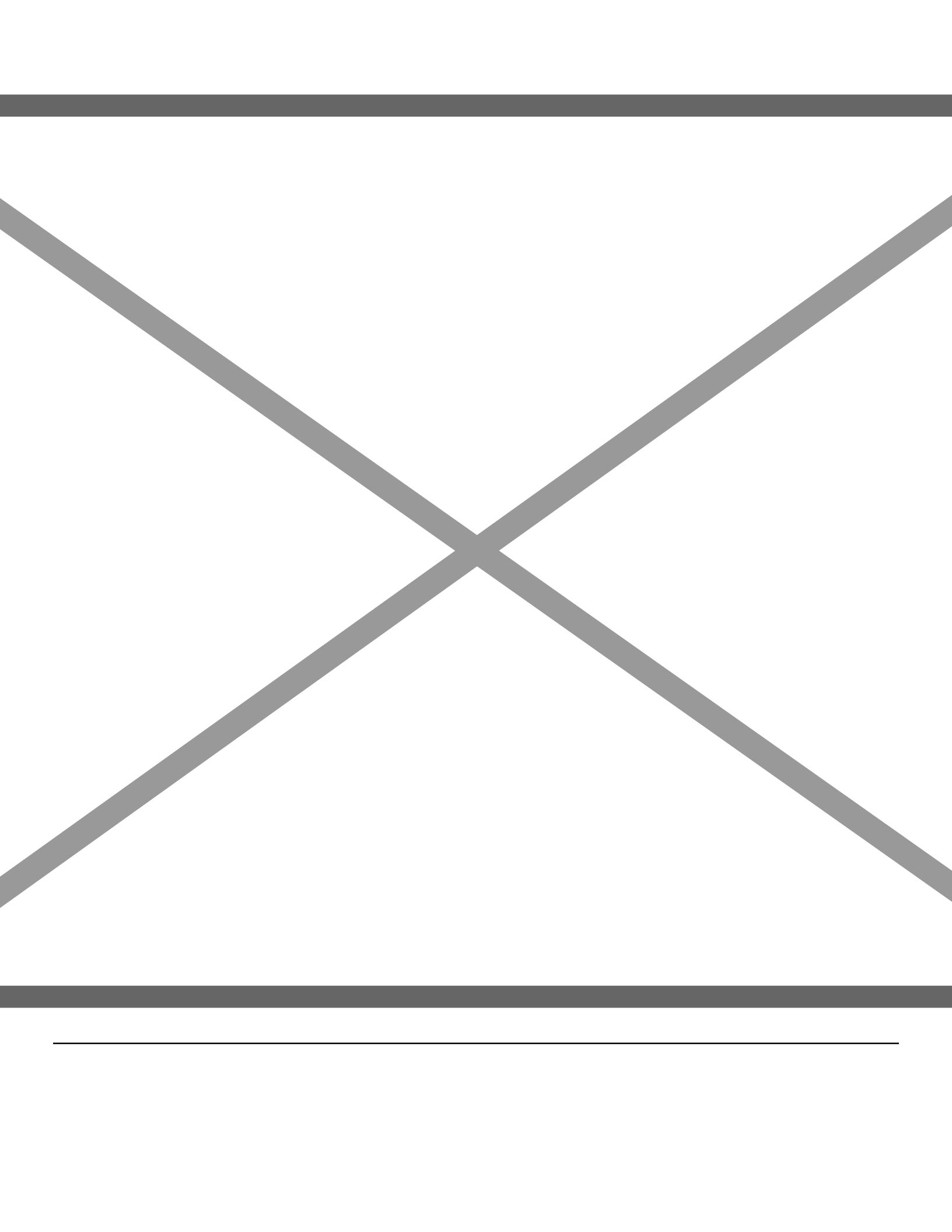


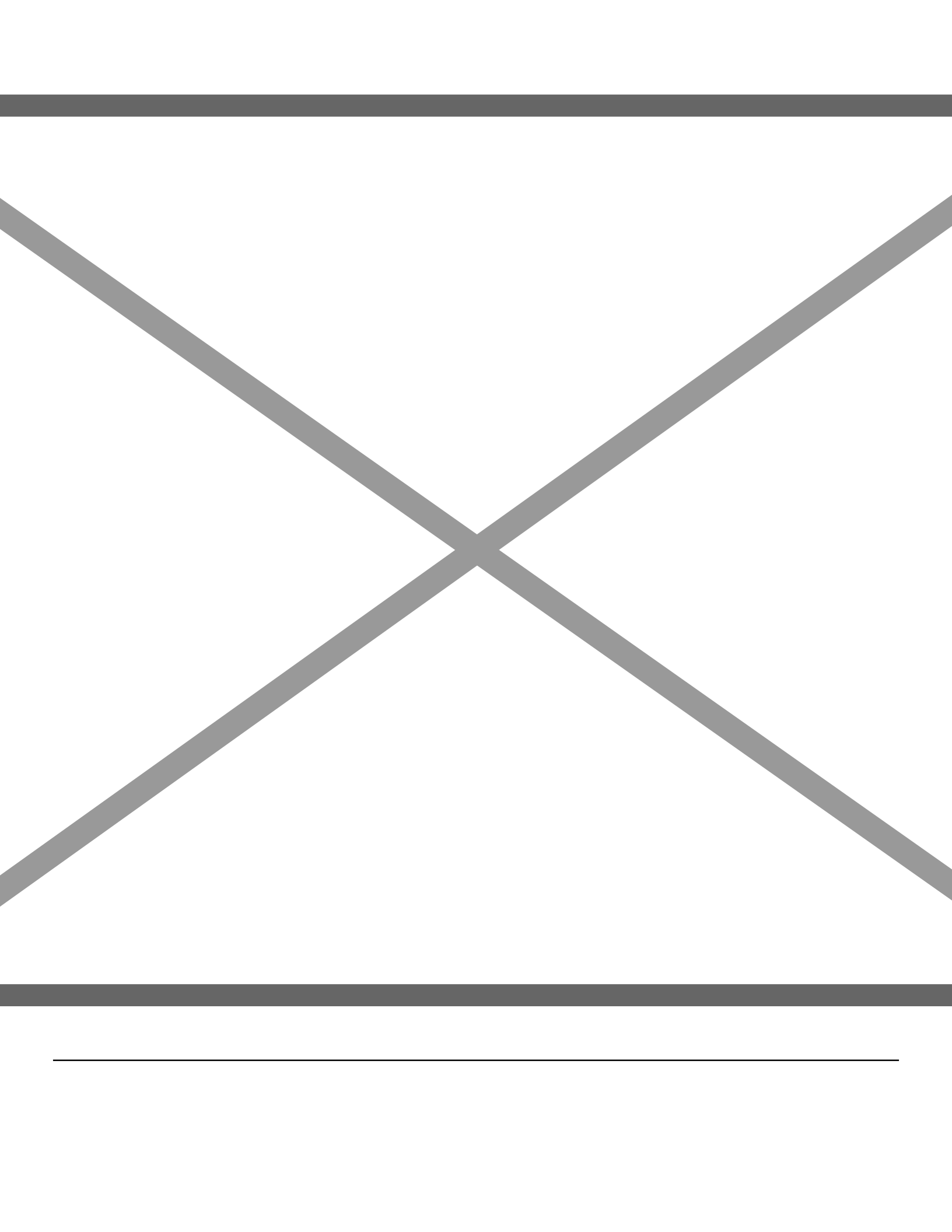












ASSIGNMENT OF PRODUCTION PAYMENT

STATE OF OKLAHOMA §
 § KNOW ALL MEN BY THESE PRESENTS:
 COUNTY OF OKFUSKEE §

This Assignment of Production Payment (the “**Assignment**”), dated as of August 1, 2018 the (“**Effective Date**”), is by and among **N&B ENERGY, LLC**, whose address is 4040 Broadway St., Suite 425 San Antonio, Texas 78209 (“**Assignor**”); and **CE Operating, LLC**, whose address is 4040 Broadway St., Suite 425 San Antonio, Texas 78209 (“**CE Operating**”) or CE Operating’s designee (collectively, “**Assignee**”). Assignor and Assignee are collectively the “**Parties**”.

NOW THEREFORE, in consideration of the mutual obligations contained herein, the Parties agree as follows:

Definitions. When used in this Assignment, the following terms shall have the meanings indicated below:

“**Gross Proceeds**” for each calendar month or portion thereof during the term of this Assignment means the amounts actually received during such period by Assignor or any successor or assignee of Assignor as revenues from the sale of Hydrocarbons (determined before calculating payments hereunder).

“**Hydrocarbons**” means all oil, gas, and other gaseous and liquid hydrocarbons or any combination of one or more of such substances in and under, and which may be produced, saved, and sold from, and which shall accrue and be attributable to, the Leases described on Exhibit “A”, and all unitization and pooling agreements and the units created thereby which cover or include such Leases or portions thereof.

“**Leases**” means those leases described on Exhibit “A”, attached hereto and incorporated herein for all purposes.

“**Production Costs**” are those costs, charges, and expenses incurred by Assignor subsequent to the Effective Date and prior to expiration of the term of this Assignment in connection with the Leases and listed on Exhibit “A”, expressly limited to:

- (1) costs and expenses incurred in drilling, deepening, side-tracking, plugging-back, coring, testing, logging, completing and equipping for production (including, the cost of wellhead facilities, storage tanks, separators, pumping equipment, flow lines, salt water disposal equipment, and other similar production facilities), all wells now or hereafter located on the lands covered by the Leases or on lands pooled or unitized therewith;
- (2) expenditures made and costs incurred in connection with the operation and maintenance of the Leases and the production and marketing of Hydrocarbons therefrom, such items of cost to include: (i) all costs of complying with legal requirements; (ii) all costs of lifting, producing, and handling Hydrocarbons from the Leases, including but not limited to all costs of labor, fuel, repairs, hauling, materials, supplies, utility charges, water and other costs incident thereto; (iii) costs of gathering, compressing, dehydrating, separating, treating, processing, disposing, transporting, and marketing Hydrocarbons produced from the Leases, including the cost of constructing and installing pipelines and other facilities necessary in connection therewith; (iv) all delay rentals, shut-in well payments, minimum royalties and other payments made in connection with the maintenance of the Leases; (v) the costs of all workover and other remedial well servicing operations; and (vi) the cost of all fluid injection, pressure maintenance, secondary recovery, recycling, and other enhanced recovery operations; and

(3) all insurance premiums to the extent insurance is maintained with respect to the Leases.

The term **"Production Costs"** shall not include any administrative charges or any overhead charges paid, directly or indirectly, to the operator or operators of the Leases.

Conveyance.

Assignor, for and in consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby assign, transfer and convey unto Assignee this Production Payment in the amount(s) set forth below.

The Production Payment shall be twelve and five tenths (12.5%) percent of the Net Revenue (as defined below) attributable to and to the extent of any leasehold interest of Assignor in and to all production from the Leases, and in each case after deducting therefrom the following: (a) royalties reserved in said Lease(s); (b) all severance, production, excise, or other similar taxes measured by the Production Payment for that particular month, limited to the amount of or the value of such production; and (c) any third-party lender's or investor's recorded interest, including principal and interest, to the extent it encumbers the leasehold interests or extends into the Net Revenue. Any investments, loans or other contributions received by Assignor, any of its affiliates, from third parties for the purpose of drilling or operating costs which is not expended on direct drilling or operating costs, shall not be included in Production Costs as a deduction against Gross Proceeds from which the Production Payment is payable. The 12.5% share of Assignor's net revenue interest out of which the Production Payment shall be made will not be burdened by administrative overhead costs.

The Production Payment shall be payable each month running from the Effective Date of this Assignment until Assignee has received Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00). Assignor shall also receive credit towards the Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00) for the amounts received by Assignee or its designee for the proceeds of the three (3.0) percent overriding royalty interest it has on the same leases and wells listed on Exhibit "A" derived under that certain Assignment of Overriding Royalty Interest dated September 25 2018, from Assignor to Assignee, recorded as Document No. _____ in the Real Property Records of Okfuskee County, Oklahoma.

Net Revenue Account. Assignor shall establish and maintain a Net Revenue account (“**Net Revenue Account**”) in accordance with consistently applied generally accepted accounting practices and the provisions of this Assignment, as follows:

- (a) The Net Revenue Account shall be credited with all Gross Proceeds;
- (b) The Net Revenue Account shall be debited for all Production Costs and taxes; and
- (c) The balance in the Net Revenue Account, shall be determined as of the end of each calendar month, and, if positive, shall be deemed “**Net Revenue**” for purposes of this Assignment.

Monthly Statement; Payment. On or before the last business day of the month following the close of each calendar month, (a) Assignor shall deliver to Assignee a statement showing, in reasonable detail, the balance of the Net Revenue Account as of the end of such calendar month, and (b) Assignor shall pay to Assignee an amount equal to 12.50% of the Net Revenue, if any, for such calendar month (the “**Production Payment**”). Assignee and its representatives shall have the right to audit the Net Revenue Account and records relating to the Net Revenue Account upon request, such request not to be made more than once annually, to be performed at the sole cost and expense of Assignee, except as provided below. Upon such a request, Assignor shall make available to Assignee or its designated representative all records of account and supporting documentation within thirty (30) days. Assignee may specify the time period for such audit, not to exceed twenty-four (24) months. In the event the Assignee finds any discrepancy of more than 5% in the amount of proceeds paid to Assignee and the amount of proceeds which were due to Assignee, the Assignor shall pay all of the costs and expenses of the audit. The Assignor shall promptly pay the amount of any deficiency in the proceeds paid to the Assignee hereunder which are discovered as a result of any audit, from the date originally due.

In accordance with Section 2.7(b) of that certain Asset Purchase Agreement dated July 10, 2018, between Assignor and Camber Energy, Inc., the parent company of Assignee (the “APA”), and provided the Closing (as defined in the APA) occurs and Assignee fails to pay any Unpaid Bills (as defined in the APA), Assignor may be entitled to pay such expenses and deduct the amount of such expenses from any sums payable to Assignee hereunder.

Sales Contracts. Assignor shall use commercially reasonable efforts to market or cause to be marketed all commercial quantities of Hydrocarbons. Assignor may enter into one or more Hydrocarbon processing, sales or exchange contracts (“**Marketing Contracts**”) under such terms as are acceptable to Assignor in its reasonable judgment; provided Assignor shall not enter into a Marketing Contract with an affiliate, whether wholly or partially owned, by Assignor unless such Marketing Contract is on substantially the same material terms and prices prevailing in the area in marketing contracts entered into by unaffiliated third parties in arm’s-length transactions.

Assignee agrees to execute such documents as may be reasonably requested by Assignor or its permitted successors in interest, from time to time, including to evidence the unliquidated balance of the Production Payment or to evidence the termination of same upon the Production Payment having been paid in full.

Assignor reserves the right to pre-pay to Assignee the unpaid balance of the Production Payment at any time and, upon such payment, the Production Payment shall be in all things satisfied and terminated. A recordable release of the Production Payment shall be prepared to the reasonable satisfaction of Assignor, executed by Assignee, and held in escrow by an escrow officer appointed by Assignor and shall be filed of record within fourteen (14) days of the Production Payment's termination.

Nothing contained herein shall be deemed to constitute or create a joint venture or partnership between the parties hereto.

Assignee may convey its rights under this Assignment and the Production Payment set forth herein to another party with written notice to Assignor.

TO HAVE AND TO HOLD the Production Payment assigned herein unto Assignee, its successors and assigns forever, subject to the terms and provisions hereof.

The parties agree to take all such further actions and to execute, acknowledge and deliver all such further documents that are reasonably necessary or useful in carrying out the purposes of this Assignment.

IN WITNESS WHEREOF, this Assignment is executed on the dates set forth below.

ASSIGNOR:
N&B ENERGY, LLC

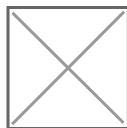
BY: /s/ Richard N. Azar, II
Richard N. Azar, II, Manager

ASSIGNEE:
CAMBER ENERGY, INC.

BY: /s/ Louis Schott
ITS: Louis Schott, Interim Chief Executive Officer

THE STATE OF TEXAS §
 §
COUNTY OF BEXAR §

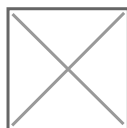
This instrument was acknowledged before me on this 26th day of September, 2018, by Richard N. Azar, II, as Manager of N & B Energy, LLC, a Texas limited liability company, on behalf of said company.



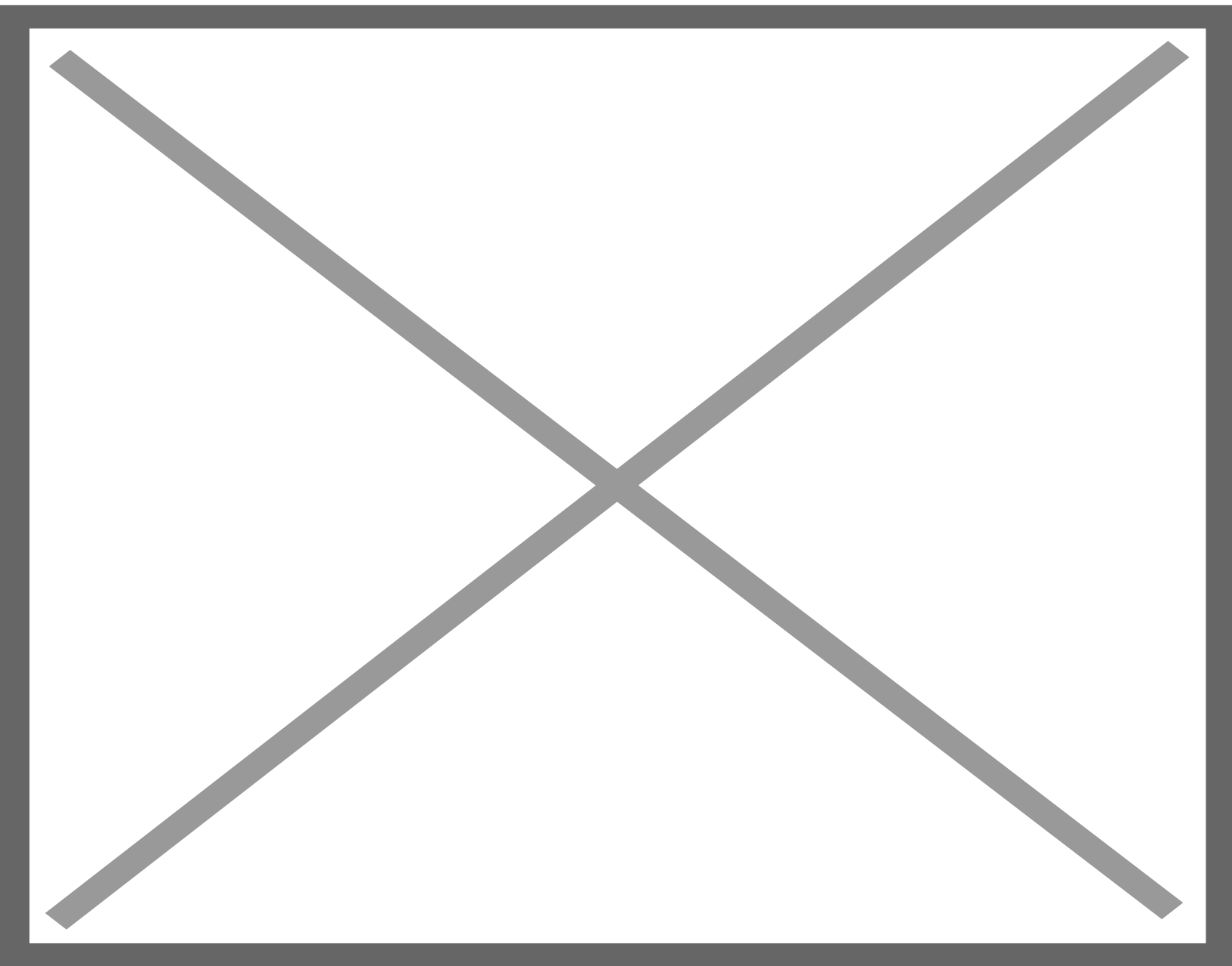
/s/ Delia Sandoval
Notary Public, in and for The State of Texas

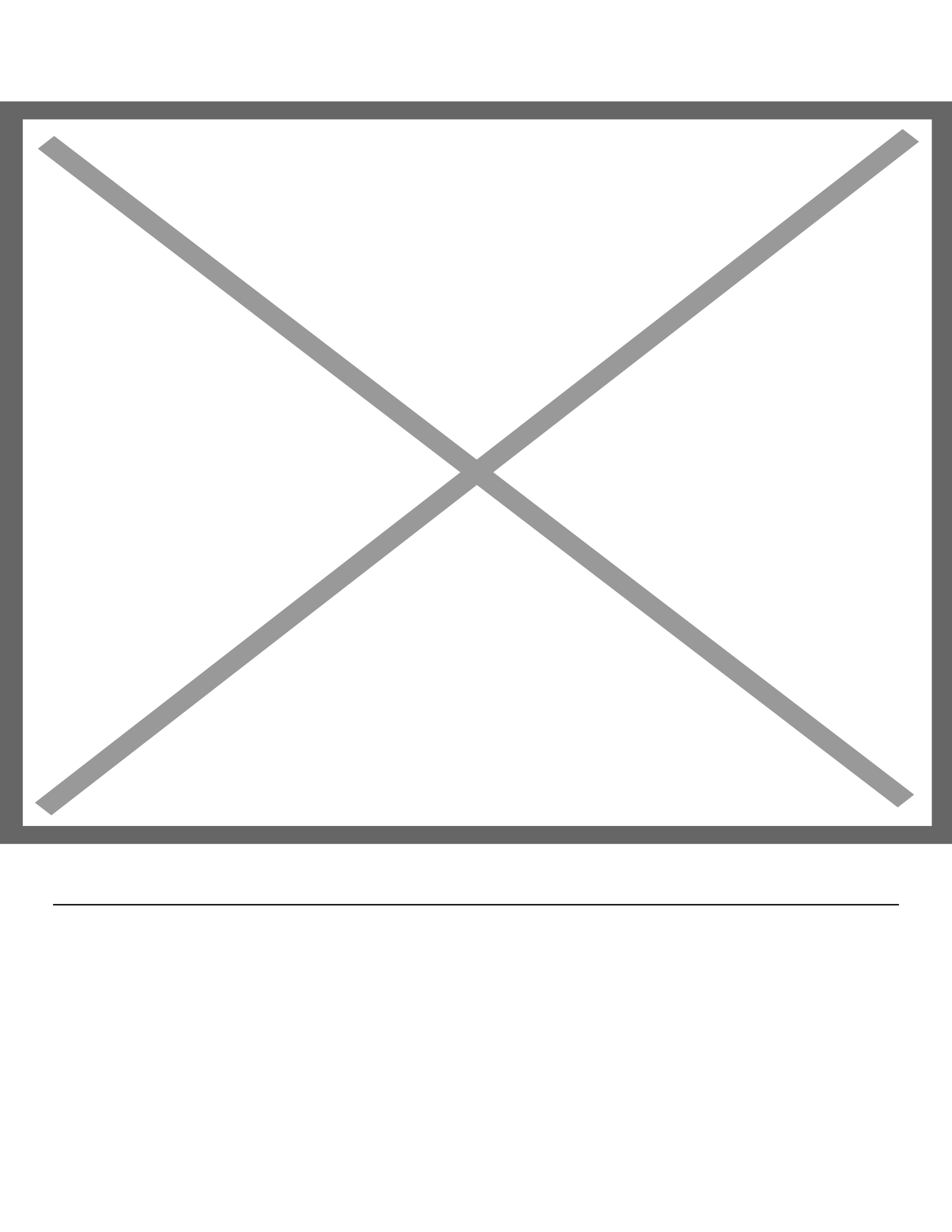
THE STATE OF TEXAS §
 §
COUNTY OF BEXAR §

This instrument was acknowledged before me on this 26th day of September, 2018, by Louis Schott, as Interim Chief Executive Officer of Camber Energy, Inc., a Nevada corporation, on behalf of said corporation.



/s/ Delia Sandoval
Notary Public, in and for The State of Texas





EX-10.3

EX-10.3 4 ex10-3.htm ASSIGNMENT OF OVERRIDING ROYALTY INTEREST (ORION PROPERTIES)

[Camber Energy, Inc. 8-K](#)**Exhibit 10.3****ASSIGNMENT OF OVERRIDING ROYALTY INTEREST**

STATE OF OKLAHOMA

§

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF OKFUSKEE

§

That **CE Operating, LLC** having a mailing address at 4040 Broadway Street, Suite 425, San Antonio, Texas 78209 (hereinafter "Assignor"), for and in consideration of one dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby assign, transfer, sell and convey unto **Camber Royalties, LLC** having a mailing address at 4040 Broadway Street, Suite 425 San Antonio, Texas 78209 (hereinafter "Assignee") an **Overriding Royalty Interest** equal to three percent of eight-eighths (the "Overriding Royalty Interest") in and to those Oil and Gas Leases and Orders which cover the lands and wells described on Exhibit "A-1" and Exhibit "B" in Okfuskee County, State of Oklahoma.

The Overriding Royalty Interest assigned herein applies to all oil, gas, casinghead gas or other hydrocarbon substances which may be produced, saved and marketed from the lands under the terms of the Oil and Gas Leases described on Exhibit "A-1" or the wells described on Exhibit "B", if, as and when produced, saved, sold and marketed, but not otherwise, insofar and only insofar as the Oil and Gas Leases cover the lands specifically described on Exhibit "A-1" and the wells on Exhibit "B", and subject to the provisions and conditions herein set forth. The Overriding Royalty Interest herein shall bear all costs borne under the oil and gas leases constituting the Oil and Gas Leases described on Exhibit "A-1", including without limitation, taxes and treating, transportation, and marketing costs of the minerals produced thereunder and pay currently its proportionate share of gross production, severance, pipeline taxes and other taxes which may be assessed or levied against said Overriding Royalty Interest or the production attributable thereto. The Overriding Royalty Interest assigned herein shall not impose upon Assignor herein, or Assignor's successors and assigns, any duty or obligation to develop or operate the lands covered by the Oil and Gas Leases which cover the lands described on Exhibit "A-1" for oil, gas or other hydrocarbons other than as required by the provisions of the Oil and Gas Leases, nor to maintain the Oil and Gas Leases in effect by the payment of delay rentals.

In the event the Oil and Gas Leases cover less than the entire interest in the oil, gas and other hydrocarbons in the lands covered thereby, the Overriding Royalty Interest assigned herein shall be reduced proportionately and shall be payable to Assignee in the proportion which the interests in the oil, gas and other hydrocarbons in the lands covered by the Oil and Gas Leases bear to the entire estate in the oil, gas and other hydrocarbons in and under said lands described on Exhibit "A-1".

In accordance with Section 2.7(b) of that certain Asset Purchase Agreement dated July 10, 2018, between Camber Energy, Inc. and N&B Energy, LLC (the "APA"), and provided the Closing (as defined in the APA) of such APA occurs and Assignee fails to pay any Unpaid Bills (as defined in the APA), N&B Energy, LLC may be entitled to pay such expenses and deduct the amount of such expenses from any sums payable to Assignee hereunder.

This Overriding Royalty Interest shall attach and apply to all extensions and renewals of the Oil and Gas Leases including any new leases covering any of the wells described on Exhibit "B" as well as any existing. Furthermore, this Overriding Royalty Interest shall apply to all extensions, renewals, ratifications, and amendments.

Assignor, and Assignor's assigns, are hereby expressly permitted to pool any interest in the Oil and Gas Leases described on Exhibit "A-1" or the wells described on Exhibit "B" without the consent of Assignee.

If the assignment of the Overriding Royalty Interest herein conveyed results in Assignor, or any third-party buyer of Assignor's interest in the Oil and Gas Leases and Orders which cover the lands and wells described on Exhibit "A-1" and Exhibit "B", receiving less than a 75.0% net revenue interest in any of the Oil and Gas Leases and Orders which cover the lands and wells described on Exhibit "A-1" and Exhibit "B", the Overriding Royalty Interest shall apply to such oil and gas lease(s) assigned only to the extent necessary for Assignor or any third-party buyer of Assignor's interest to receive no less than a 75.0% net revenue interest in any of the Oil and Gas Leases and Orders.

If (i) the Oil and Gas Leases described on Exhibit "A-1" or the wells described on Exhibit "B" cover less than the entire mineral interest, and/or (ii) the interest of Assignor in the Oil and Gas Leases described on Exhibit "A-1" or the wells described on Exhibit "B" cover less than the entire leasehold interest, the overriding royalty interest shall be proportionately reduced.

This Assignment is made without warranty of title, either express or implied. Provided, however, Assignor makes a special limited warranty to Assignee that the interests assigned herein are not subject to any Agreement which has not been disclosed to Assignee which would adversely affect the interests assigned herein. ANY AND ALL IMPLIED COVENANTS RELATING TO THE OVERRIDING ROYALTY INTEREST ASSIGNED HEREBY ARE EXPRESSLY WAIVED BY ASSIGNEE.

All of the terms, provisions, covenants and agreements herein contained shall extend to and be binding upon the parties hereto, their respective successors and assigns.

Executed this 26th day of September, and effective August 1, 2018.

Assignor:
CE OPERATING, LLC

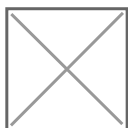
By: Camber Energy, Inc., a Nevada corporation, it's manager

/s/ Louis Schott
By: Louis Schott, Interim Chief Executive Officer

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

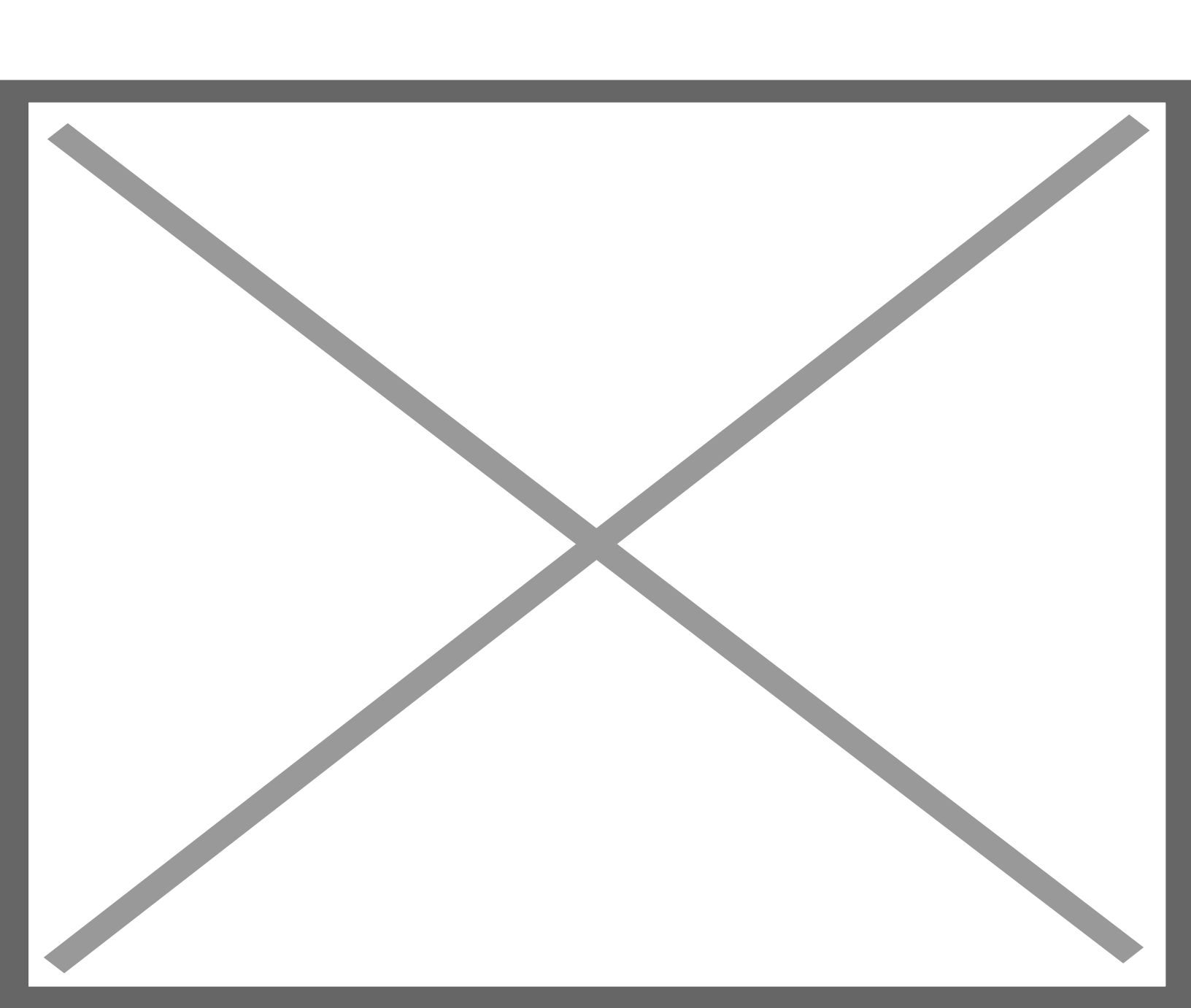
Before me, the undersigned, a Notary Public, in and for said County and State on this 26th day of September, 2018, personally appeared Louis Schott, Interim Chief Executive Officer of Camber Energy, Inc., in its capacity as Manager of CE Operating, LLC, an Oklahoma limited liability company, to me known to be the identical person who subscribed the name of the maker thereof to the within and foregoing instrument, and acknowledged to me that he/she executed the same as his/her free and voluntary act and deed, and the free and voluntary act and deed of such limited liability company for the uses and purposes therein set forth.

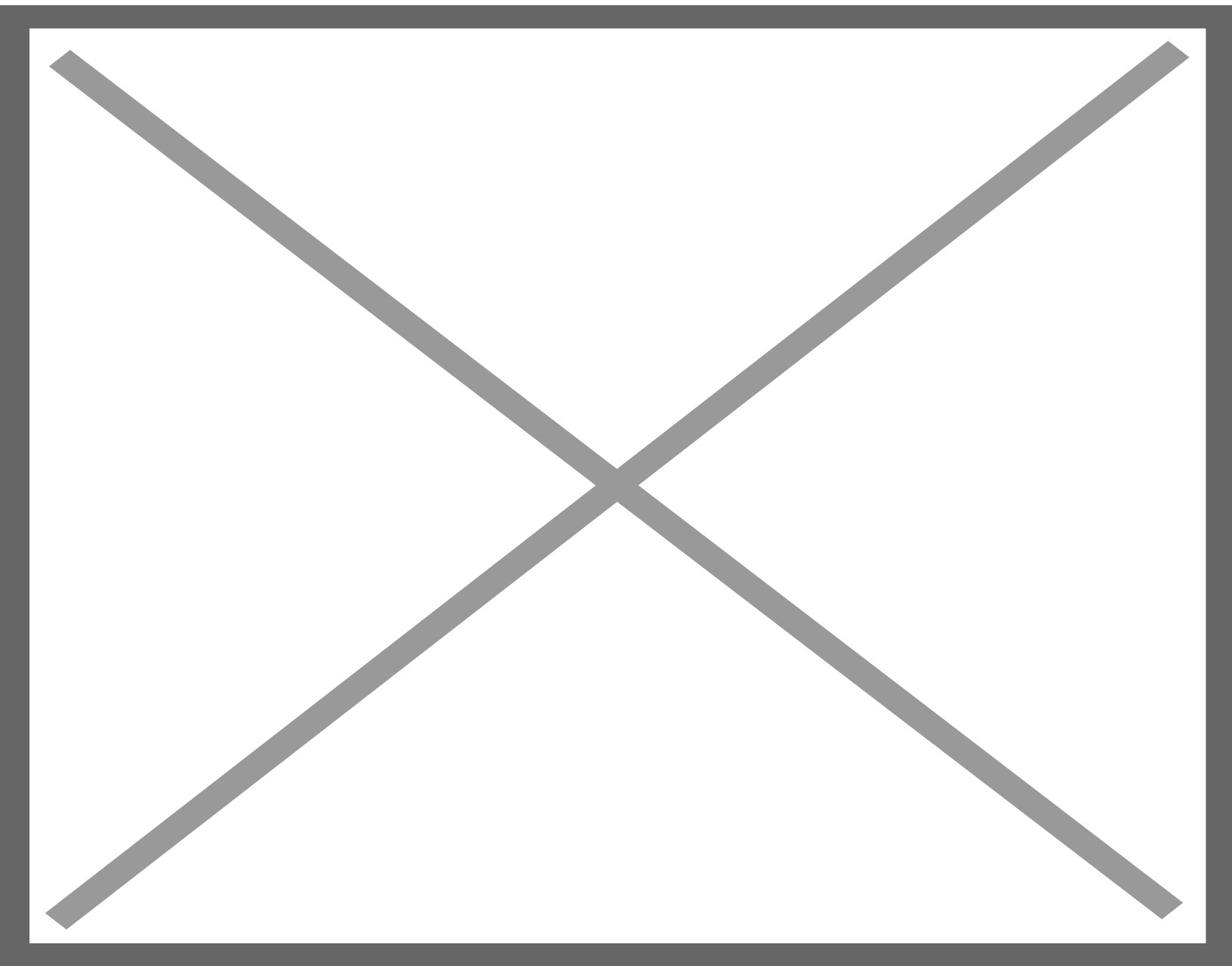
IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my official seal the day and year first above written.

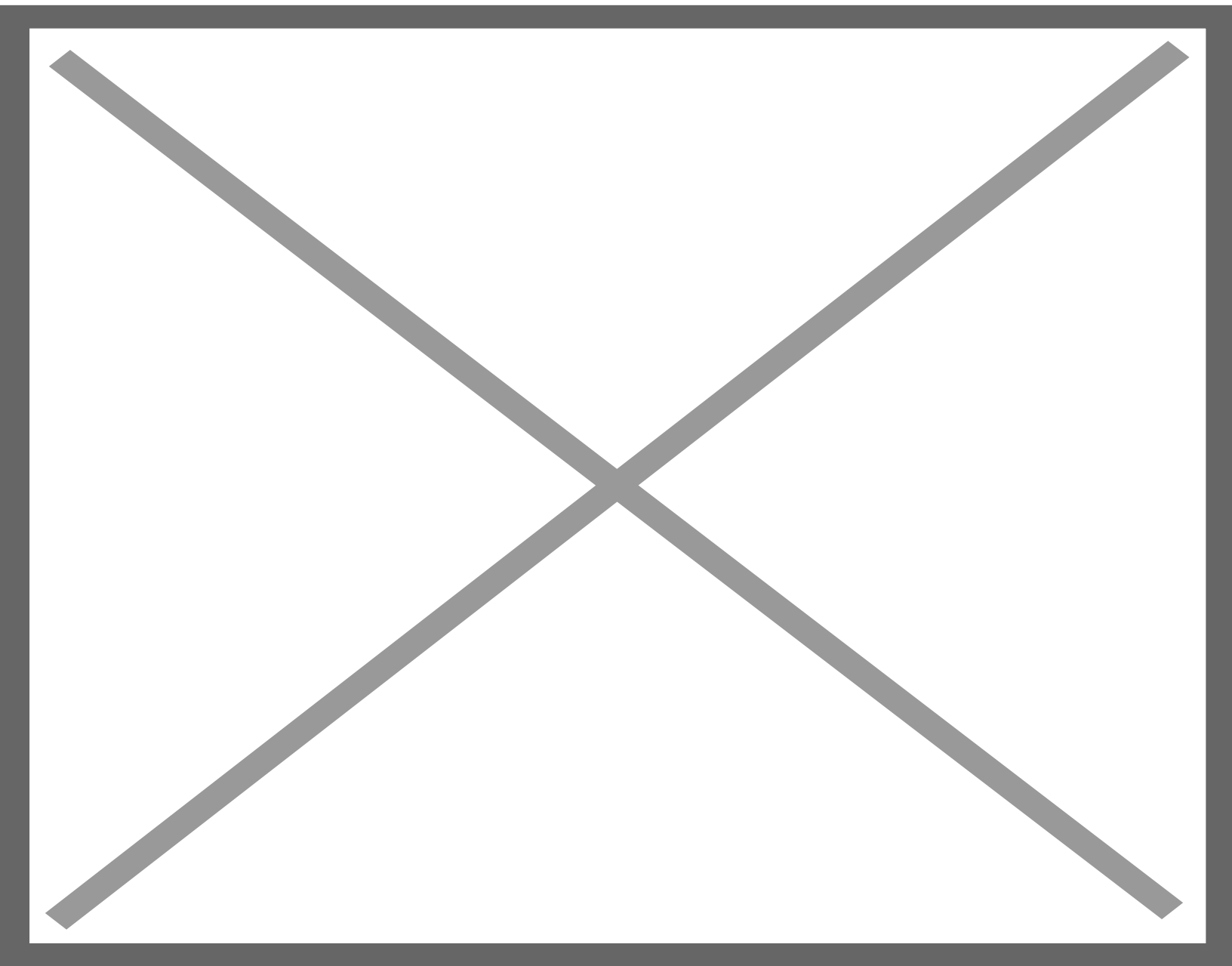


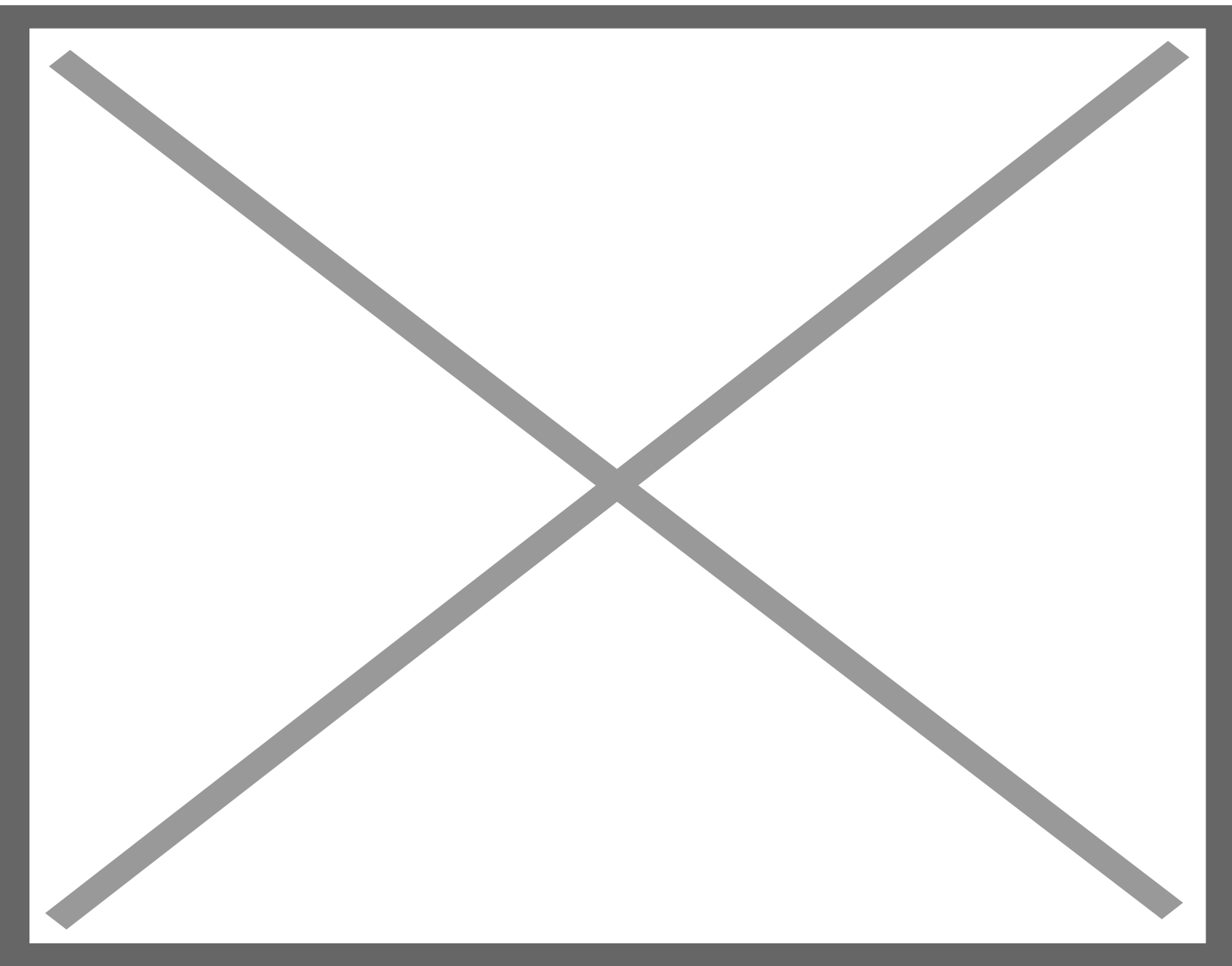
/s/ Delia Sandoval
Notary Public, State of Texas
Commission No.: 373053-7
My Commission expires on: 11-27-2020

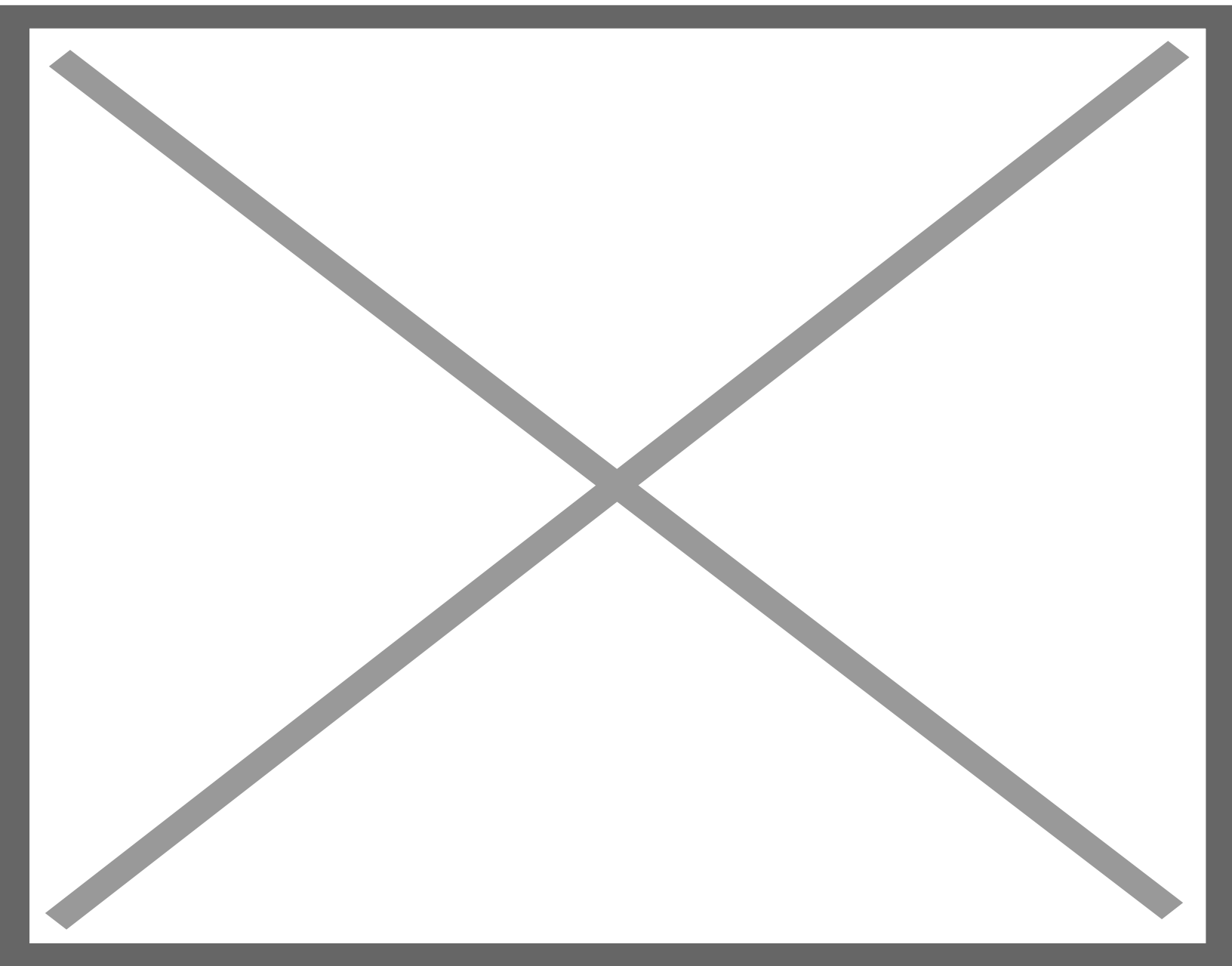
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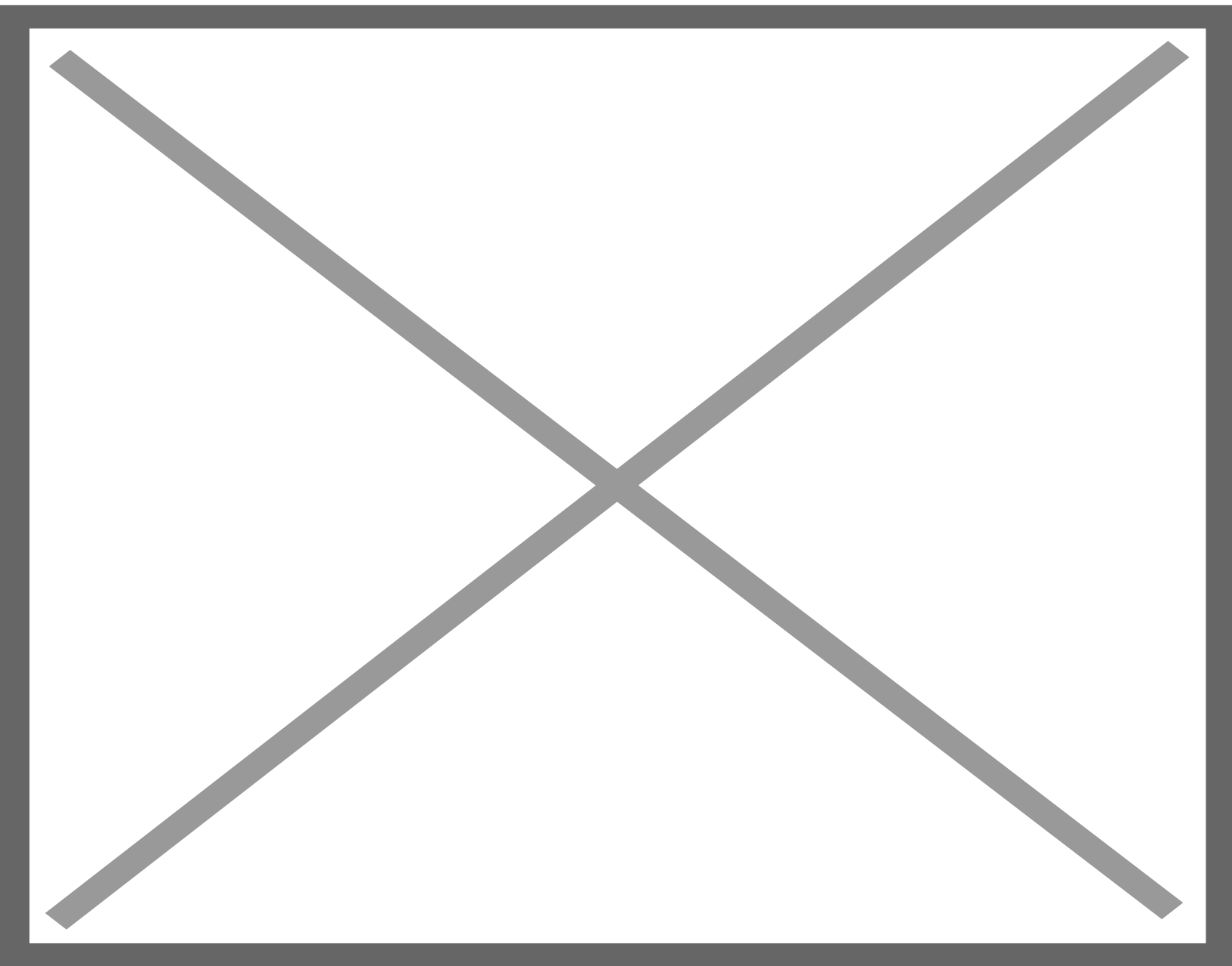


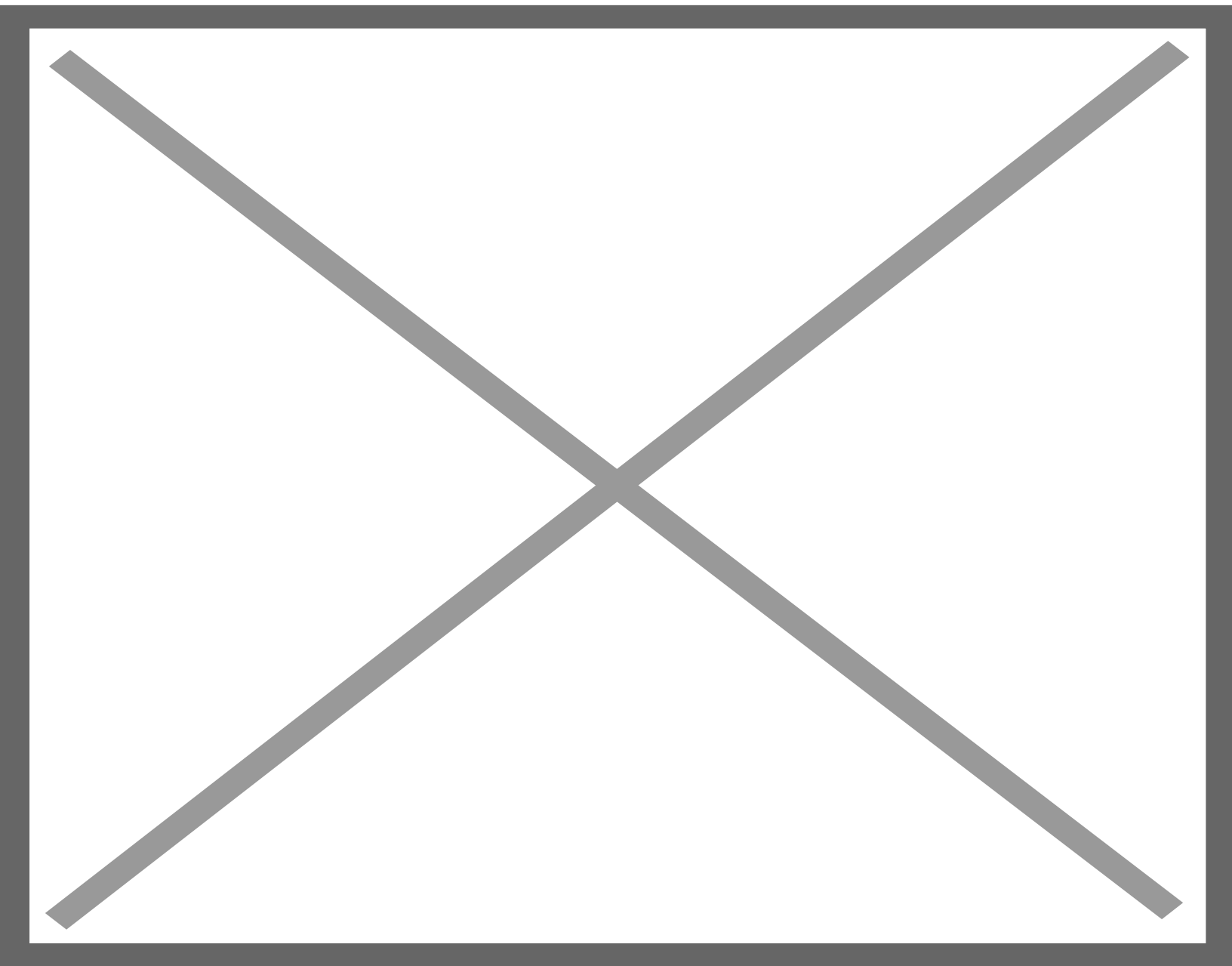


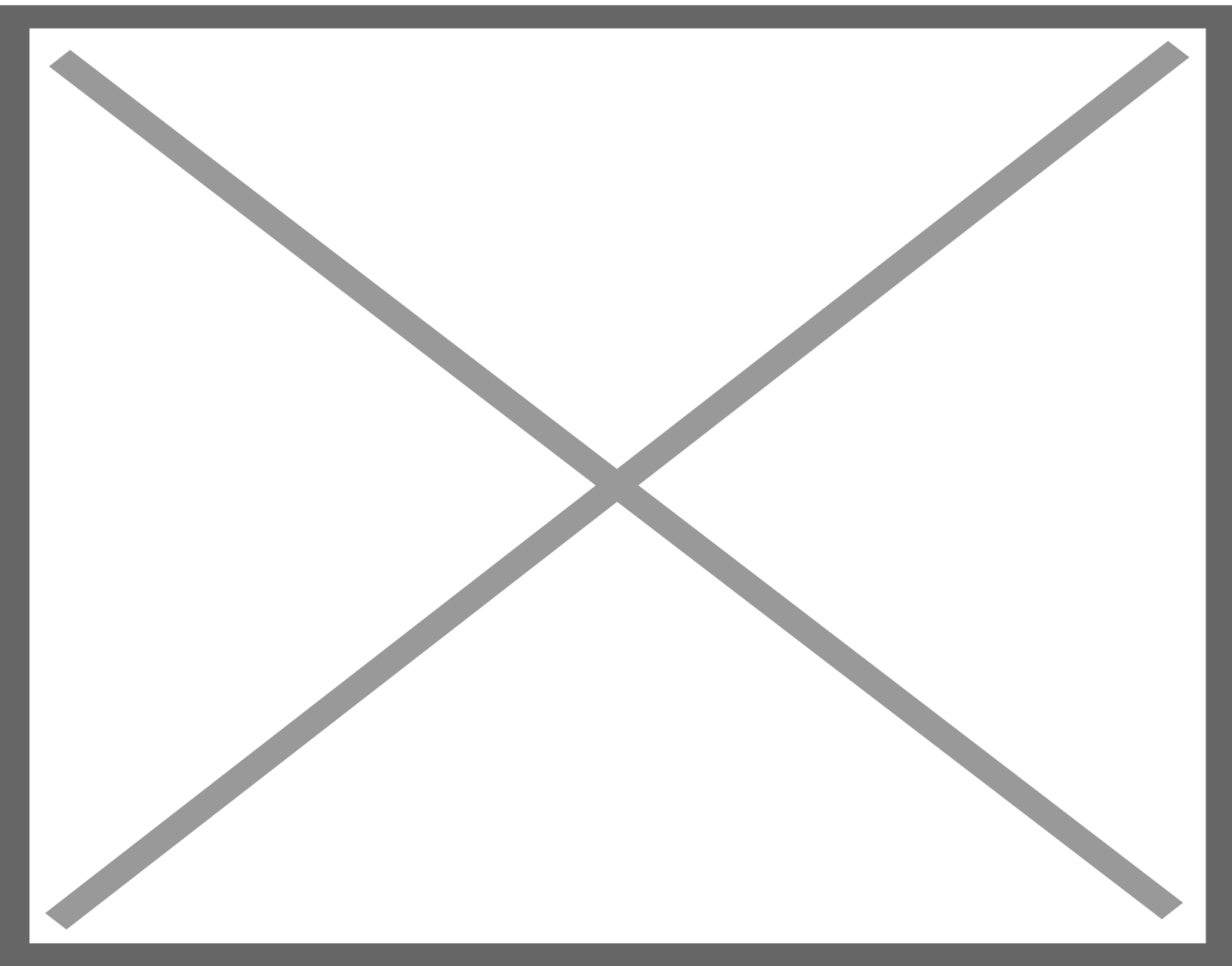












EX-10.4

EX-10.4 5 ex10-4.htm ASSIGNMENT OF OVERRIDING ROYALTY INTEREST (TAW LEASES)

[Camber Energy, Inc. 8-K](#)**Exhibit 10.4****ASSIGNMENT OF OVERRIDING ROYALTY INTEREST**

STATE OF OKLAHOMA

§

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF LINCOLN

§

That **N & B Energy, LLC**, a Texas limited liability company, having a mailing address at 4040 Broadway, Suite 425, San Antonio, Texas 78209 (hereinafter "Assignor"), for and in consideration of one dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby assign, transfer, sell and convey unto **Camber Royalties, LLC** having a mailing address at 4040 Broadway Street, Suite 425, San Antonio, Texas 78209 (hereinafter "Assignee") an **Overriding Royalty Interest** equal to the difference between existing burdens and eighteen and eight hundred seventy-five one thousands percent (18.875%) (the "Overriding Royalty Interest") in and to those Oil and Gas Leases and Orders which cover the lands and wells described on Exhibit "A-1" and Exhibit "B" in Lincoln County, State of Oklahoma.

The Overriding Royalty Interest assigned herein applies to all oil, gas, casinghead gas or other hydrocarbon substances which may be produced, saved and marketed from the lands under the terms of the Oil and Gas Leases described on Exhibit "A-1" or the Wells described on Exhibit "B", if, as and when produced, saved, sold and marketed, but not otherwise, insofar and only insofar as the Oil and Gas Leases cover the lands specifically described on Exhibit "A-1" and the Wells on Exhibit "B", and subject to the provisions and conditions herein set forth. The Overriding Royalty Interest herein shall bear all costs borne under the oil and gas leases constituting the Oil and Gas Leases described on Exhibit "A-1", including without limitation, taxes and treating, transportation, and marketing costs of the minerals produced thereunder and pay currently its proportionate share of gross production, severance, pipeline taxes and other taxes which may be assessed or levied against said Overriding Royalty Interest or the production attributable thereto. The Overriding Royalty Interest assigned herein shall not impose upon Assignor herein, or Assignor's successors and assigns, any duty or obligation to develop or operate the lands covered by the Oil and Gas Leases which cover the lands described on Exhibit "A-1" for oil, gas or other hydrocarbons other than as required by the provisions of the Oil and Gas Leases nor to maintain the Oil and Gas Leases in effect by the payment of delay rentals.

In the event the Oil and Gas Leases cover less than the entire interest in the oil, gas and other hydrocarbons in the lands covered thereby, the Overriding Royalty Interest assigned herein shall be reduced proportionately and shall be payable to Assignee in the proportion which the interests in the oil, gas and other hydrocarbons in the lands covered by the Oil and Gas Leases bear to the entire estate in the oil, gas and other hydrocarbons in and under said lands described on Exhibit "A-1".

In accordance with Section 2.7(b) of that certain Asset Purchase Agreement dated July 10, 2018, between Camber Energy, Inc. and N&B Energy, LLC (the "APA"), and provided the Closing (as defined in the APA) of such APA occurs and Assignee fails to pay any Unpaid Bills (as defined in the APA), N&B Energy, LLC may be entitled to pay such expenses and deduct the amount of such expenses from any sums payable to Assignee hereunder.

This Overriding Royalty Interest shall attach and apply to all extensions and renewals of the Oil and Gas Leases including any new leases covering any of the wells described on Exhibit "B" as well as any leases under existing. Furthermore, this overriding royalty interest assigned hereby shall apply to all extensions, renewals, ratifications, and amendments.

If the assignment of the Overriding Royalty Interest herein conveyed results in Assignor, or any third-party buyer of Assignor's interest in the Oil and Gas Leases and Orders which cover the lands and wells described on Exhibit "A-1" and Exhibit "B", receiving less than an 81.125% net revenue interest in any of the Oil and Gas Leases and Orders which cover the lands and wells described on Exhibit "A-1" and Exhibit "B", the Overriding Royalty Interest shall apply to such oil and gas lease(s) assigned only to the extent necessary for Assignor or any third-party buyer of Assignor's interest to receive no less than an 81.125% net revenue interest in any of the Oil and Gas Leases and Orders.

If (i) the Oil and Gas Leases described on Exhibit "A-1" or the wells described on Exhibit "B" cover less than the entire mineral interest, and/or (ii) the interest of Assignor in the Oil and Gas Leases described on Exhibit "A-1" or the wells described on Exhibit "B" cover less than the entire leasehold interest, the overriding royalty interest shall be proportionately reduced.

This Assignment is made without warranty of title, either express or implied. Provided, however, Assignor makes a special limited warranty to Assignee that the interests assigned herein are not subject to any Agreement which has not been disclosed to Assignee which would adversely affect the interests assigned herein.

All of the terms, provisions, covenants and agreements herein contained shall extend to and be binding upon the parties hereto, their respective successors and assigns.

Executed this 26th day of September, but effective August 1, 2018.

Assignor:

N & B ENERGY, LLC, A TEXAS LIMITED LIABILITY COMPANY

BY: /s/ RICHARD N. AZAR, II
RICHARD N. AZAR, II, MANAGER

ACKNOWLEDGEMENT

STATE OF TEXAS §

COUNTY OF BEXAR §

This instrument was acknowledged before me on the 26th day of September, 2018 by **RICHARD N. AZAR, II, MANAGER OF N & B ENERGY, LLC, A TEXAS LIMITED LIABILITY COMPANY**, on behalf of said company.

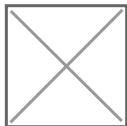
Given under my hand and seal of office this 26th day of September, 2018.

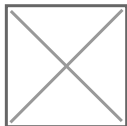


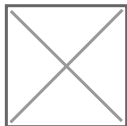
/s/ Delia Sandoval

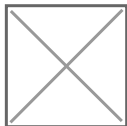
Notary Public, State of Texas

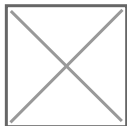
My Commission expires on 11-27-2020

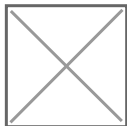


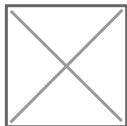


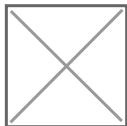


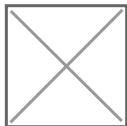


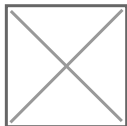


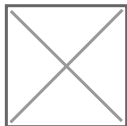












Camber Energy Announces Closing of Asset Disposition and Assignment of Debt

HOUSTON, TX / ACCESSWIRE / September 27, 2018 / Camber Energy, Inc. (NYSE American: CEI) (the “Company” or “Camber”), based in Houston, Texas, a growth-oriented, independent oil and gas company engaged in the development of crude oil, natural gas and natural gas liquids, announced the closing, on September 26, 2018, of its previously announced transaction with N&B Energy, LLC (“N&B”), in connection with the disposition of a substantial portion of its assets in exchange for N&B’s assumption of all of Camber’s senior debt with International Bank of Commerce (“IBC”). As previously disclosed, N&B is affiliated with Richard N. Azar, II, Camber’s former Chief Executive Officer and former director who resigned as a member of the Board on June 21, 2018, and Donnie B. Seay, a former director who resigned as a member of the Board on July 10, 2018.

Pursuant to the terms of the transaction, the Company has retained its assets in Glasscock County and Hutchinson Counties, Texas and has also been assigned a 12.5% production payment (subject to a maximum of \$2,500,000) and a 3% overriding royalty interest in its Okfuskee County, Oklahoma asset which were otherwise assigned to N&B as part of the transaction. In addition, Camber has been assigned an overriding royalty interest on certain undeveloped leasehold interests.

Finally, the Company has, most importantly, extinguished all of its existing bank debt, which totaled approximately \$36,900,000, significantly enhancing its balance sheet and cash flow by eliminating the current required monthly debt service payments of \$425,000 per month.

The Interim CEO of Camber, Louis G. Schott, noted, “This transaction is a major milestone for the Company. We have significantly improved the Company’s balance sheet and have taken major steps towards regaining compliance with the continued listing standards of the NYSE American.”

Mr. Schott continued, “With this momentum, we believe the Company is in a position for growth through acquisition and development opportunities.”

About Camber Energy, Inc.

Based in Houston, Texas, Camber Energy (NYSE American: CEI) is a growth-oriented, independent oil and gas company engaged in the development of crude oil, natural gas and natural gas liquids in the Texas Panhandle as well as other basins. For more information, please visit the Company's website at www.camber.energy.

Safe Harbor Statement and Disclaimer

This release includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements give our current expectations, opinion, belief or forecasts of future events and performance. A statement identified by the use of forward-looking words including “will,” “may,” “expects,” “projects,” “anticipates,” “plans,” “believes,” “estimate,” “should,” and certain of the other foregoing statements may be deemed forward-looking statements. Although Camber believes that the expectations reflected in such forward-looking statements are reasonable, these statements involve risks and uncertainties that may cause actual future activities and results to be materially different from those suggested or described in this news release. These include risks inherent in natural gas and oil drilling and production activities, including risks of fire, explosion, blowouts, pipe failure, casing collapse, unusual or unexpected formation pressures, environmental hazards, and other operating and production risks, which may temporarily or permanently reduce production or cause initial production or test results to not be indicative of future well performance or delay the timing of sales or completion of drilling operations; delays in receipt of drilling permits; risks with respect to natural gas and oil prices, a material decline which could cause Camber to delay or suspend planned drilling operations or reduce production levels; risks relating to the availability of capital to fund drilling operations that can be adversely affected by adverse drilling results, production declines and declines in natural gas and oil prices; risks relating to unexpected adverse developments in the status of properties; risks associated with the conditions to closing required to be met to obtain all but the initial \$11 million due pursuant to the terms of the Stock Purchase Agreement; risks relating to the absence or delay in receipt of government approvals or third party consents; and other risks described in Camber's Annual Report on Form 10-K and other filings with the SEC, available at the SEC's website at www.sec.gov. Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected. The forward-looking statements in this press release are made as of the date hereof. The Company takes no obligation to update or correct its own forward-looking statements, except as required by law, or those prepared by third parties that are not paid for by the Company. The Company's SEC filings are available at <http://www.sec.gov>.

SOURCE: Camber Energy, Inc.

Released September 27, 2018
