
Frequently Asked Questions for Royalty Owners

Sable Permian Resources, LLC and certain of its affiliates (“SPR”) announced today, June 25th, 2020, that, in order to facilitate a restructuring, SPR has filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of Texas (the “Court”).

The following information is designed to answer questions that you may have regarding the Chapter 11 bankruptcy process with respect to the filing of SPR’s Chapter 11 proceedings.

1. What is Chapter 11?

Chapter 11 of the Bankruptcy Code provides a mechanism for companies to reorganize through a court-supervised proceeding while continuing to operate their businesses.

2. Why did SPR file Chapter 11?

Like many other companies in the oil and gas industry, SPR’s financial performance has been adversely impacted by the sustained downturn in commodity prices, uncertainty in the energy market, and global impact due to the COVID-19 pandemic. Despite taking actions to mitigate the impact of these factors, SPR continues to face increasing liquidity pressures as it navigates the competitive environment. SPR has chosen to voluntarily file for relief under Chapter 11 of the Bankruptcy Code to complete a restructuring while continuing to operate in the ordinary course without interruption. SPR is working with its advisors and stakeholders on a range of strategic alternatives that will maximize value for all stakeholders and will position SPR for long-term success.

3. Is SPR going out of business?

No. A Chapter 11 reorganization does not mean that SPR is going out of business. SPR’s operations are expected to continue in the ordinary course of business during the Chapter 11 proceedings. SPR intends to continue honoring its obligations in the ordinary course of business following the commencement of the Chapter 11 proceedings. With its strong operational expertise, SPR remains confident in its ability to deliver value for the benefit of its stakeholders.

4. Does SPR have sufficient funding to continue operations?

SPR expects to have sufficient liquidity to continue operations and meet its business obligations during the financial restructuring.

5. How will the restructuring process affect day-to-day operations?

SPR does not expect the Chapter 11 proceedings to affect day-to-day operations. SPR will continue to operate as usual during the Chapter 11 proceedings.

6. Will royalty owners still be paid?

Upon entering the Chapter 11 process, SPR petitioned the court to consider several “first day” motions. These include the ability to continue to make payments to royalty owners when due in the ordinary course of business. We fully expect these motions to be granted and your relationship with SPR to continue without disruption.

7. Can royalty owners cash royalty checks received before or after the filing date?

One of the customary first-day motions SPR filed with the Court seeks authorization for SPR to pay, and for banks to honor, all outstanding checks issued to royalty owners prior to or after the date of the commencement of the Chapter 11 proceedings. SPR expects to receive Court approval for this request. Subject to Court approval of the requested relief, in the event an outstanding check issued before or after the date of the commencement of the Chapter 11 proceedings is not honored, please contact SPR’s information hotline at (844) 627-8453 (US) or (929) 627-8453 (International).

8. How will the restructuring process impact my relationship with SPR?

SPR does not anticipate the restructuring process will affect your relationship with SPR. In conjunction with the filing of its Chapter 11 proceedings, SPR has filed a number of customary first-day motions with the Court. These motions seek authorization for SPR to continue to operate in the normal course of business without interruption or disruption to its relationships with its royalty interest holders, working interest holders, joint billing partners, customers, suppliers, vendors and employees. SPR has solidified Debtor-in-Possession (“DIP”) financing of \$150 million to finance the Company during the restructuring period. SPR expects to receive Court approval for these requests.

9. When is SPR expected to emerge from Chapter 11?

There is no definitive time frame for how long a company remains in the Chapter 11 process. While SPR cannot estimate the amount of time the process will take, it intends to exercise its best efforts to facilitate the process as expeditiously as possible.

10. Will my SPR contact remain the same?

Yes, SPR contacts will remain the same.

11. Where can I get additional information about the Chapter 11 proceedings?

SPR will continue to keep you informed as it moves through the restructuring process. For additional information, SPR has set up a toll-free hotline to answer questions about SPR’s restructuring. The hotline can be accessed by calling (844) 627-8453 (US) or (929) 602-1722 (International). Court filings and information about the claims process may be obtained free of

charge from SPR's claims agent, Prime Clerk, on a website available at <https://cases.primeclerk.com/SPR> or by sending an email to Sableinfo@primeclerk.com.