

STIPULATED SETTLEMENT AGREEMENT

I.
THE PARTIES

1. This Stipulated Settlement Agreement (“SSA”) memorializes the settlement reached between the Plaintiffs, the “Class” as defined below and Halcón Energy Properties, Inc. (“Halcón”) (Plaintiffs, the Class and Halcón collectively the “Parties”) on March 8, 2016 as reflected in the March 8, 2016 Memorandum of Understanding (“Memorandum”) (**Exhibit A** hereto) and the Order of the Court of the same date (**Exhibit B** hereto) (the Memorandum, the March 8, 2016 Order and this SSA are collectively referred to as the “Settlement”) in the matter styled *Vodenichar, et al. v. Halcón Energy Properties, Inc.*, pending in the Court of Common Pleas of Mercer County, Pennsylvania at No. 2013-512 (the “Litigation”).

2. Unless otherwise defined herein, capitalized terms used herein shall have the same meaning as those terms are given in the Memorandum.

3. The Class (“Class” or “Class Members”) consists of:

All persons (1) who entered into a Landowner MarketPlace Agreement with CX-Energy and M&P relating to property located in Mercer County, Pennsylvania, (2) who executed an oil and gas lease and related documents with Halcón Energy Properties, Inc., (3) whose name was submitted to Halcón pursuant to ¶ 3 of the Halcón Agreement (as defined in the Amended Complaint), but (4) whose oil and gas lease was not paid by Halcón. Excluded from the class are claims arising from any oil and gas lease for which Halcón, within the time period permitted under the Halcón Agreement, gave written notice to CX-Energy or M&P asserting a Title Defect or "other Defect," except for any purported notice contained in the November 1, 2012 letter from David S. Elkouri to Joseph E. Morascyzk.

II.
THE SETTLEMENT BENEFITS

4. Pursuant to the Memorandum and March 8, 2016 Order, Halcón paid the Settlement Amount of \$5,800,000 and the Administration Amount of \$150,000, which amounts

are held in an account (the "Settlement Account"). The Settlement Amount, Administration Amount and all interest earned on such funds are collectively referred to herein as the "Settlement Benefits."

5. The Settlement Benefits, less amounts used for implementing, administering, securing and carrying out the settlement of this action and less Plaintiffs' Counsels' attorneys' fees, expenses and class representative stipends as may be awarded by the Court, shall be distributed to the Class Members who do not properly exclude themselves from the Settlement ("Settlement Class Members") in the manner provided for in a plan of distribution to be approved by the Court. Counsel for the Class and the Claims Administrator may administer the Settlement Benefits through a Qualified Settlement Fund as that term is used under Internal Revenue Service Rules and Regulations.

6. Halcón shall have no responsibility for determining, implementing, administering, securing or carrying out the distribution of Settlement Benefits to the Settlement Class Members.

III. PROCEDURES FOR ENTRY OF FAIRNESS HEARING

7. As promptly as possible the Parties will jointly request the Court to hold a Fairness Hearing on the Settlement. Prior to the Fairness Hearing the Parties shall jointly submit to the Court a proposed motion for entry of an Order, "Fairness Order". The Fairness Order shall direct implementation of the Settlement in accordance with its terms.

8. Subject to the terms of the Settlement, the Fairness Order shall: (1) permanently bar and enjoin the institution and prosecution against Halcón of any Released Claims (as defined herein); (2) dismiss with prejudice all Released Claims of the Plaintiffs and the Settlement Class Members against Halcón; and (3) dismiss with prejudice all Released Claims (as defined herein) that Halcón may have against Plaintiffs, the Settlement Class Members and their properties.

9. The Court shall reserve jurisdiction, without affecting the finality of any judgment with respect to the foregoing matters, over the action, the Settlement, this SSA and the Fairness Order, including, but not limited to, the administration, interpretation, effectuation and enforcement of the Settlement and the Fairness Order, requests for exclusion and any application for Class Counsel's fees and expenses incurred in connection with enforcing the Settlement or the Fairness Order.

10. The Fairness Order shall provide for such Class Counsel's fees, expenses and class representative stipends as may be awarded by the Court.

11. The Parties shall jointly request the Court to make the Fairness Order a "final order" pursuant to Pa.R.A.P. 341.

12. The Fairness Order may contain such other and further provisions consistent with the terms of the Settlement as the Court may deem appropriate.

IV. RELEASE

13. Except for claims expressly reserved in Paragraph 14 below, the following releases shall be effective thirty-one days after the entry of a final order related to the settlement if no appeal is taken and, if an appeal is taken, five (5) business days following the voluntary or involuntary termination of the appeal whether through order of an appellate court or otherwise with no right of additional appeal remaining:

- (i) Halcón on behalf of itself and its parents, affiliates, subsidiaries, successors, assigns, partners, officers, agents, employees and attorneys, shall be deemed to have and by operation of Fairness Order shall have, fully, and finally, and forever released, relinquished, and discharged all claims, rights, demands, actions and causes of action it has, had, may have, or may in the future have against Plaintiffs and the Settlement

Class Members and each of their heirs, executors, successors, assigns, partners, officers, agents, employees, attorneys, parents, subsidiaries and affiliates based on, related to, or arising out of the unfunded oil and gas leases with Halcón, the Orders for Payment (both of which Halcón denies were executed or effective), the Landowner Marketplace Agreements (LMAs), and the Letter of Intent between Halcón and M&P and CX and the same or similar factual predicate as that underlying the claims in this action against Halcón, even though such claims were not presented and might not have been presentable in this action, including but not limited to claims (whether based upon state or federal law) for conspiracy, fraud, negligence, breach of warranty, indemnification, breach of contract and/or breach of fiduciary duty and any and all causes of action, claims, damages, restitution, disgorgement, punitive damages, statutory penalties, equitable, legal and administrative relief, interest, attorneys' fees, demands or rights, of every kind or nature whatsoever, whether based on federal, state or local statute or ordinance, regulation, contract, common law or any other source, whether known or unknown, that have been or could have been alleged or asserted by Halcón against Plaintiffs or any Settlement Class Member in this action (the "Halcón Release").

- (ii) Each of the Plaintiffs and Settlement Class Members on behalf of themselves and their heirs, executors, successors, assigns, partners, officers, agents, employees, attorneys, parents, subsidiaries and affiliates shall be deemed to have and by operation of Fairness Order shall have, fully, and finally, and forever released, relinquished, and discharged all claims, rights, demands, actions and causes of action each of them has, had, may have, or may in the future have against Halcón, its

officers, attorneys, directors, shareholders, parent corporations, subsidiaries, affiliates, divisions, heirs, successors and assigns based on, related to, or arising out of the oil and gas leases with Halcón, the Orders for Payment (both of which Halcón denies were executed or effective), the LMAs and the Letter of Intent between Halcón and M&P and CX and the same or similar factual predicate as that underlying the claims in this action against Halcón, even though such claims were not presented and might not have been presentable in this action, including but not limited to claims, (whether based upon state or federal law), for conspiracy, fraud, negligence, breach of warranty, indemnification, breach of contract and/or breach of fiduciary duty and any and all causes of action, claims, damages, restitution, disgorgement, punitive damages, statutory penalties, equitable, legal and administrative relief, interest, attorneys' fees, demands or rights, of every kind or nature whatsoever, whether based on federal, state or local statute or ordinance, regulation, contract, common law or any other source, whether known or unknown, that have been or could have been alleged or asserted by Plaintiffs against Halcón, its officers, attorneys, directors, shareholders, parent corporations, subsidiaries, affiliates, divisions, heirs, successors and assigns in this action (the "Class Release") (The Halcón Release and the Class Release collectively the "Released Claims").

14. Expressly excluded from the Released Claims are rights of Settlement Class Members in the Settlement Benefits and for claims against Halcón that are unrelated to the claims or conduct described in subparagraph 13(ii) above. Thus, for example, the following claims are not released: (i) any claims by Class Members who have excluded themselves by opting out of the Settlement Class; (ii) any claims against Halcón for personal injury; (iii) any

claims which a non-party to this SSA may have against Halcón; (iv) any claims Class Members may have against one another or any other party or entity other than Halcón; (v) any claim or defense asserted by Halcón that its liability to M&P and/or CX on the Cross Claims M&P and CX have asserted against Halcón in the Litigation is limited to the Settlement Account, (vi) any claims of the federal government, or (vii) any claims a state governmental entity has or may have with respect to any police powers it may assert. It is further expressly agreed that Settlement Class Members are not releasing, and this Settlement shall not impact, any claims Settlement Class Members have or may have against any other defendant(s) in this action. It is further expressly agreed that neither Halcón nor any Settlement Class Member is releasing its or his/her rights under any oil and gas lease executed by any Settlement Class Member where such oil and gas lease (i) was previously funded; and (ii) is not the subject of the Litigation.

15. Halcón has and has had no right, title or interest in any oil and gas lease of any Settlement Class Member for which the Settlement Class Member will receive compensation in connection with this Settlement.

16. Nothing in this Release shall preclude any action by Plaintiffs and the Class to enforce the terms of the SSA or the Settlement.

V.
ADMINISTRATION OF CLAIMS AND NOTICE

17. Garden City Group (or such other entity as shall be appointed by the Court) shall serve as Claims Administrator of the Settlement and shall take all such actions as necessary to fully implement the terms and conditions of the Settlement, including a notice plan approved by the Court. The Administrative Amount may be disbursed at any time and in the normal course of business by or at the direction of Plaintiffs' Counsel to pay the Claims Administrator and for

other expenses incurred in implementing, administering, securing and carrying out the settlement.

18. As soon as practicable after the Court enters an Order approving a notice plan, the Claims Administrator shall send the Notice in the form approved by the Court by first class United States mail to the Class Members at their last known addresses. The cost of printing and postage shall be paid by the Class and charged against the Administrative Amount. In addition, the Class Counsel or the Claims Administrator shall cause a summary notice, as approved by the Court, to be published two (2) times each in the Sharon Herald and the Tribune Review, the first published notices to appear approximately seven (7) to ten (10) days after the mailing of individual settlement notices, and the second published notices to appear approximately seven (7) days thereafter.

19. The Claims Administrator shall report monthly to Class Counsel on all actions taken in the previous month in the administration of the Settlement.

20. Class Members have the right to opt out of the settlement, provided, however, if more than 10% of all Class Members elect to opt out (counted by the number of individual lessors), Halcón may, in its sole discretion, elect to terminate this Stipulated Settlement Agreement by written notice to Class Counsel. In the event of such termination by Halcón, the Settlement Amount and any remaining balance of the Administration Amount shall revert to Halcón and Class Counsel shall cause the same to be returned to Halcón via wire transfer within two (2) business days.

21. Any member of the Class who chooses NOT to be a Settlement Class Member (an "Excluded Class Member") and NOT to be bound by the Settlement must either: (a) complete and fax a letter requesting exclusion to the Claims Administrator on or before the date set forth

in the Notice; **OR** (b) complete and submit a letter requesting exclusion to the Claims Administrator by mail on or before the date set forth in the Notice. Each Excluded Class Member must also mail a copy of their letter requesting exclusion to:

David A. Borkovic, Esq.
Jones Gregg Creehan & Gerace, LLP
411 Seventh Avenue, Suite 1200
Pittsburgh, Pennsylvania 15219

Exclusion requests may only be exercised individually and not on a class or group basis. Excluded Class Members shall have no rights with respect to this Settlement or Settlement Benefits and shall not be bound by the Settlement, this SSA or the Fairness Order. An exclusion request by a joint owner of a property shall bind any and all joint owners who will be thereby deemed an Excluded Class Member(s).

22. As soon as practicable after the deadline for exclusion, the Claims Administrator shall prepare and send to Plaintiffs' Class Counsel and Halcón's counsel a written report identifying, to the extent practicable, the Excluded Class Members who validly elected to exclude themselves from the Settlement Class within the deadline specified.

23. Each Class Member shall be deemed to have submitted to the jurisdiction of the Court with respect to the Class Member's claim or request for exclusion.

24. Stale Checks. Checks issued pursuant to this Settlement shall bear a legend or be accompanied by a notice which informs the Settlement Class Member that the check will be void unless the check is negotiated within 180 days after issuance, subject to Class Counsel's agreement to have the Claims Administrator reissue such checks

25. Joint Checks. Where Settlement Class Members own real estate interests jointly or commonly, the checks making distributions pursuant to the Settlement shall be made payable to such Settlement Class Members jointly to the extent practicable. Any Settlement Class

Member who is unable to cash a distribution check as issued may request to have the check reissued in a different manner or name so long as any joint payee agrees or as the Court orders. If any such check is so reissued, the Claims Administrator may stop payment on the original check and shall have no other obligation to make any other or any further payment. If any dispute exists over whether a check should be reissued, the Settlement Class Member may seek an Order from the Court directing the manner in which such distribution shall occur, but any such request shall be invalid unless made less than six (6) months after the date of issuance of the original check.

26. The Claims Administrator shall comply with all provisions of the plan of distribution, including, without limitation, provisions relating to reasonable searches for Class Members whose notices or checks are returned as undeliverable, the disposition of shares of deceased Settlement Class Members, complying with tax reporting requirements, and distribution of any residue of the Settlement Benefits as approved by the Court.

VI.
REQUEST FOR ATTORNEYS' FEES AND EXPENSES
AND STIPENDS TO PLAINTIFFS

27. Plaintiffs' Counsel intend to apply to the Court for an award of attorneys' fees, expenses and stipends for class representatives, all of which shall be distributed from the Settlement Benefits.

28. Unless otherwise ordered by the Court, any attorneys' fees, reimbursement of expenses or class representative stipends awarded by the Court shall be paid upon award, notwithstanding the existence of any timely filed objections thereto, or potential for review or appeal therefrom, provided however that each recipient shall be obligated to make an appropriate

refund or repayment (except for the Administrative Amount used for implementing, administering, securing and carrying out the settlement) to the Settlement Account, plus accrued interest at the same net rate as is earned by the Settlement Account, if and when, as a result of any appeal and/or further proceedings on remand, the fee, expense or stipend awards are reduced or reversed.

VII.
MISCELLANEOUS PROVISIONS

29. Subject to the approval of the Court, the Parties may agree to reasonable extensions of time to carry out any of the provisions of this SSA.

30. Words used herein, regardless of the gender or number specifically used, shall be deemed to include the other gender and any other number singular or plural, as the context may require. This SSA shall be binding upon and inure to the benefit of the Parties and their respective heirs, successors, and assigns and any corporation, partnership or other entity into or with which any Party hereto may merge, consolidate, or reorganize.

31. This SSA may be executed in one or more counterparts, all of which shall be considered duplicate originals.

32. All of the Exhibits to this SSA are material and integral parts hereof and are fully incorporated herein by this reference. In the event of a conflict between the terms and conditions of any Exhibit and the SSA, the SSA shall control.

33. This SSA, including all attached Exhibits, constitutes the entire agreement of the Parties with respect to the subject matter hereof and may not be modified or amended except in a writing signed by all parties hereto.

34. The waiver by one Party of any breach of this SSA by any other Party shall not be deemed a waiver of any prior or subsequent breach of this SSA.

35. Should any part of this SSA be rendered or declared invalid by a court of competent jurisdiction, such invalidation of such part or portion of this SSA shall not invalidate the remaining portions hereof, and they shall remain in full force and effect. It is further agreed that if part of this SSA is determined invalid, any Party may open negotiations solely with respect to a substitute for such section and all Parties shall work in good faith to resolve same within 10 days.

36. The Parties agree that paragraph 18 of the Memorandum was, is and should be as set forth in paragraph 18 of the copy of the Memorandum attached hereto as **Exhibit A**.

37. This SSA shall be considered to have been negotiated, executed, and delivered, and to be wholly performed, in the Commonwealth of Pennsylvania, and the rights and obligations of the Parties to this SSA and Settlement shall be construed and enforced in accordance with, and governed by the internal, substantive laws of the Commonwealth of Pennsylvania, without giving effect to that state's choice of law principles.

38. Neither this SSA nor any of its terms or provisions, nor the Settlement of this action shall be construed as a concession or admission by Defendant Halcón or be deemed evidence of any violation of any statute or law or of any liability, fault or wrongdoing with respect to the released claims. Any such violation, liability, fault and wrongdoing has been and is again denied by Defendant Halcón.

39. Neither this SSA nor any of its terms nor provisions, nor the Settlement of this action shall be construed as a concession or admission by Plaintiffs or any Class Member that their claims lack merit or that the defenses asserted by Defendant Halcón have merit.

40. The Parties agree to fully cooperate with each other relating to all matters in this SSA, the Settlement, the Fairness Order and enforcement of same, including in obtaining any

necessary court approvals. The Parties, their successors and assigns, and their attorneys, undertake to implement the terms of this SSA and the Settlement in good faith, to use good faith in interpreting this SSA and the Settlement and resolving any disputes that may arise in the implementation of this SSA and the Settlement, to cooperate with one another in seeking entry of the Fairness Order, and to use their best efforts to carry out their remaining obligations under this SSA and the Settlement. The Parties, their successors and assigns, and their attorneys further agree that they will take no action to encourage Class Members to opt-out or object to the Settlement, nor act to disparage the terms of the Settlement or benefits to be paid hereunder. Further, the Parties agree to cooperate in any dissemination of descriptions of the Settlement or benefits to the public, to ensure accuracy, and that any comments, announcements or descriptions of the Settlement or benefits will be fair and balanced.

41. If Halcón (or any affiliate of Halcón with any interest in the Settlement Benefits) is the subject of a voluntary or involuntary petition for relief under Title 11 of the United States Code (the "Bankruptcy Code,") and any proceedings resulting from such voluntary or involuntary petitions for relief under the Bankruptcy Code by or against Halcón or its affiliates (each being a "Bankruptcy Case"), Halcón and/or any debtor affiliate shall, as soon as practicable but in no event earlier than August 20, 2016, seek relief from the automatic stay pursuant to section 362 of the Bankruptcy Code as necessary to allow the Parties to promptly take any and all steps to seek the approval and carry out the terms of this Settlement as directed by the Court of Common Pleas of Mercer County, Pennsylvania, to obtain promptly an order of that court approving the Settlement (a "Settlement Order") and to promptly authorize Halcón and/or any debtor affiliate to perform under the Settlement, if approved.

42. Notwithstanding any other provision of this Stipulation or any document related to the Settlement, if (a) Halcón or any affiliate fails to promptly obtain entry of any Settlement Order as required by the previous paragraph, or (b) at any time any portion of either the Settlement Benefits or any distributions made according to a plan of distribution contemplated by this Stipulation should for any reason subsequently be asserted, or declared, to be void or voidable or is unwound in any way under any state or federal law, including without limitation provisions of the Bankruptcy Code related to fraudulent conveyances or preferences (each, a “Voidable Transfer”), and if any Class Member or Plaintiffs’ Counsel is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so, then the Class Release shall be null and void and have no effect or force whatsoever and all claims included in the Class Release shall be automatically revived, reinstated, and restored for all purposes.

43. Halcón shall insert language reasonably acceptable to Class Counsel in any order confirming a Chapter 11 Plan of Reorganization (“Confirmation Order”) that makes clear that, notwithstanding any other provisions of the Confirmation Order or the Chapter 11 Plan of Reorganization (i) nothing in the Confirmation Order or the Chapter 11 Plan of Reorganization shall diminish, enhance or modify any applicable nonbankruptcy legal, equitable and/or contractual rights of Settlement Class Members to receive payment(s) on account of their General Unsecured Claims, and (ii) until Settlement Class Members’ General Unsecured Claims are indefeasibly paid in full in accordance with applicable law or on terms agreed to in the Settlement, (x) any provisions of the Confirmation Order or the Chapter 11 Plan of Reorganization related to the discharge, releases, exculpation and injunctions (except for the automatic stay pursuant to Section 362 of the Bankruptcy Code, to the extent applicable) shall not apply or take effect with respect to Settlement Class Members’ General Unsecured Claims,

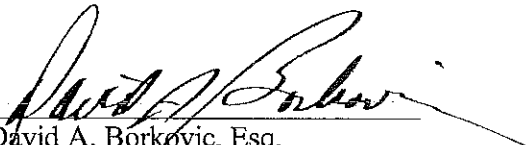
(y) Settlement Class Members' General Unsecured Claims shall not be deemed settled, satisfied, resolved, released, discharged or enjoined by any provisions of the Confirmation Order or the Chapter 11 Plan of Reorganization, and (z) the liability, if any, of Halcón and/or Reorganized Halcón for Settlement Class Members' General Unsecured Claims survives but remains subject to Halcón's rights, claims and defenses. Further, in the event that Halcón (or any affiliate of Halcón with any interest in the Settlement Benefits) commences a Bankruptcy Case, the Confirmation Order shall provide that once the Settlement Order is final and non-appealable which Settlement Order provides, among other things for releases by all Settlement Class Members of Halcón, its successors, assigns and affiliates, neither Halcón, its debtor-affiliates, its debtor-estate, its successors and designees nor any reorganized debtor shall have the right to seek to challenge the Settlement or seek disgorgement or avoidance of any Settlement Benefits, except in connection with a breach of obligations under the Settlement or the Settlement Order.

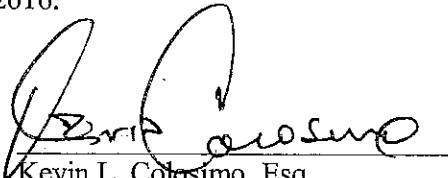
44. Counsel for the settling Parties are authorized to and shall take all appropriate actions required or permitted to be taken pursuant to this SSA to effectuate its terms and conditions, including, without limitation, entering into any modifications or amendments to the SSA they deem appropriate.

45. Each counsel or other person executing this SSA or any of its Exhibits on behalf of any Party hereby warrants that such person has the full authority to do so.

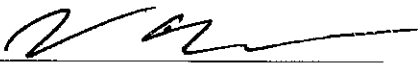
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IN WITNESS WHEREOF and intending to be legally bound, this SSA is entered and of full force and effect as of March 8, 2016.


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Lead Counsel for the Class


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Halcón Energy Properties, Inc.,

By: 
Walter Mayer
Vice President Legal and
Deputy General Counsel

DATED: July 6, 2016