

7711 Corp
Form 424B3
April 18, 2014

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[Table of Contents](#)

**Filed Pursuant to Rule 424(b)(3)
Registration No. 333-194585**

PROSPECTUS

Halcón Resources Corporation

Offer to Exchange up to \$400,000,000 aggregate principal amount of 9.75% Senior Notes due 2020 for up to \$400,000,000 aggregate principal amount of 9.75% Senior Notes due 2020 which have been registered under the Securities Act of 1933; and

Offer to Exchange up to \$400,000,000 aggregate principal amount of 9.25% Senior Notes due 2022 for up to \$400,000,000 aggregate principal amount of 9.25% Senior Notes due 2022 which have been registered under the Securities Act of 1933

We are offering to exchange \$400,000,000 aggregate principal amount of our outstanding, unregistered 9.75% Senior Notes due 2020 (the "old 2020 notes") for an equivalent amount of registered 9.75% Senior Notes due 2020 (the "new 2020 notes") and \$400,000,000 aggregate principal amount of our outstanding, unregistered 9.25% Senior Notes due 2022 (the "old 2022 notes" and collectively with the old 2020 notes, the "old notes") for an equivalent amount of registered 9.25% Senior Notes due 2022 (the "new 2022 notes" and collectively with the new 2020 notes, the "new notes"). The old notes and the new notes are sometimes referred to in this prospectus together as the "notes."

Terms of the New Notes Offered in the Exchange Offers:

The terms of the new notes are identical to the terms of the old notes, except that the new notes will be registered under the Securities Act of 1933, as amended (the "Securities Act") and will not contain restrictions on transfer, registration rights or provisions for payment of additional interest in case of non-registration.

Terms of the Exchange Offers:

We will exchange the new notes for all outstanding old notes of the same series that are validly tendered and not withdrawn prior to the expiration or termination of the exchange offers.

Edgar Filing: 7711 Corp - Form 424B3

The exchange offers expire at 5:00 p.m., New York City time, on May 22, 2014, unless extended.

Tenders of old notes may be withdrawn at any time prior to the expiration of the exchange offers.

The exchange of new notes for old notes will not be a taxable event for U.S. federal income tax purposes.

The old notes are, and the new notes will be, guaranteed by each of our existing and future domestic restricted subsidiaries.

There is no established trading market for the new notes.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offers must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The accompanying letter of transmittal relating to the exchange offers states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of up to 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

You should carefully consider the risk factors beginning on page 14 of this prospectus before participating in the exchange offers.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 18, 2014.

Table of Contents

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus and in the accompanying letter of transmittal. We have not authorized anyone to provide you with any other information. We are not making an offer to sell these securities or soliciting an offer to buy these securities in any jurisdiction where an offer or solicitation is not authorized or in which the person making that offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation. You should not assume that the information contained in this prospectus, as well as the information we previously filed with the Securities and Exchange Commission that is incorporated by reference herein, is accurate as of any date other than its respective date.

TABLE OF CONTENTS

	Page
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	ii
<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	14
<u>Ratio of Earnings to Fixed Charges</u>	21
<u>Use of Proceeds</u>	22
<u>Description of Other Indebtedness</u>	23
<u>The Exchange Offers</u>	26
<u>Description of the New Notes</u>	33
<u>Certain U.S. Federal Income Tax Consequences</u>	86
<u>Certain ERISA Considerations</u>	91
<u>Plan of Distribution</u>	92
<u>Legal Matters</u>	92
<u>Experts</u>	92
<u>Where You Can Find More Information</u>	94
<u>Incorporation By Reference</u>	94

In this prospectus, "we," "us," "our," the "Company" and "Halcón," refer to Halcón Resources Corporation and its consolidated subsidiaries, unless otherwise indicated or the context otherwise requires.

This prospectus incorporates important business and financial information about us that is not included or delivered with this prospectus. Such information is available without charge to holders of old notes upon written or oral request made to Halcón Resources Corporation, 1000 Louisiana Street, Suite 6700, Houston, Texas 77002, Attn: Investor Relations, (832) 538-0300. To obtain timely delivery of any requested information, holders of old notes must make any request no later than five business days before the date the exchange offers expire.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The information in this prospectus, including information in documents incorporated by reference, includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical facts, included in or incorporated by reference into this prospectus that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements may be, but are not always, identified by their use of terms and phrases such as "may," "expect," "estimate," "project," "plan," "objective," "believe," "predict," "intend," "achievable," "anticipate," "will," "continue," "potential," "should," "could" and similar terms and phrases. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements. Readers should carefully consider the risks in the "Risk Factors" section of this prospectus and in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013, which describe factors that could cause our actual results to differ from those anticipated in forward-looking statements, including, but not limited to, the following factors:

our ability to successfully integrate acquired oil and natural gas businesses and operations;

the possibility that acquisitions and divestitures may involve unexpected costs or delays, and that acquisitions will not achieve intended benefits and will divert management's time and energy, which could have an adverse effect on our financial position, results of operations, or cash flows;

risks in connection with potential acquisitions and the integration of significant acquisitions;

we have substantial indebtedness and may incur more debt; higher levels of indebtedness make us more vulnerable to economic downturns and adverse developments in our business;

our ability to successfully develop our large inventory of undeveloped acreage in our resource plays;

access to and availability of water and other treatment materials to carry out planned fracture stimulations in our resource plays;

access to adequate gathering systems, processing facilities, transportation take-away capacity to move our production to market, and marketing outlets to sell our production at market prices, which is necessary to fully execute our capital program;

our ability to generate sufficient cash flow from operations, borrowings or other sources to enable us to fund our operations, satisfy our obligations and fully develop our undeveloped acreage positions;

volatility in commodity prices for oil and natural gas;

our ability to replace our oil and natural gas reserves;

the presence or recoverability of estimated oil and natural gas reserves and the actual future production rates and associated costs;

Edgar Filing: 7711 Corp - Form 424B3

contractual limitations that affect our management's discretion in managing our business, including covenants that, among other things, limit our ability to incur debt, make investments and pay cash dividends;

the potential for production decline rates for our wells to be greater than we expect;

our ability to retain key members of senior management and key technical employees;

Table of Contents

competition, including competition for acreage in resource play holdings;

environmental risks;

drilling and operating risks;

exploration and development risks;

the possibility that the industry may be subject to future regulatory or legislative actions (including additional taxes and changes in environmental regulations);

general economic conditions, whether internationally, nationally or in the regional and local market areas in which we do business, may be less favorable than expected, including the possibility that economic conditions in the United States will worsen and that capital markets are disrupted, which could adversely affect demand for oil and natural gas and make it difficult to access capital;

social unrest, political instability or armed conflict in major oil and natural gas producing regions outside the United States, such as the Middle East, and armed conflict or acts of terrorism or sabotage;

other economic, competitive, governmental, regulatory, legislative, including federal, state and tribal regulations and laws, geopolitical and technological factors that may negatively impact our business, operations or oil and natural gas prices;

the insurance coverage maintained by us may not adequately cover all losses that may be sustained in connection with our business activities;

title to the properties in which we have an interest may be impaired by title defects;

senior management's ability to execute our plans to meet our goals;

the cost and availability of goods and services, such as drilling rigs, fracture stimulation services and tubulars; and

our dependency on the skill, ability and decisions of third party operators of the oil and natural gas properties in which we have a non-operated working interest;

All forward-looking statements are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere in this document. Other than as required under the securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

Table of Contents

PROSPECTUS SUMMARY

This summary does not contain all the information that may be important to you. You should read the following summary together with the more detailed information appearing elsewhere in or incorporated by reference in this prospectus, including the section titled "Risk Factors" and the financial statements and related notes incorporated by reference herein.

All references to the "notes" refer to both the old notes and the new notes, except as otherwise indicated.

Our Company

Halcón Resources Corporation is an independent energy company focused on the acquisition, production, exploration and development of onshore liquids-rich oil and natural gas assets in the United States. We were incorporated in Delaware on February 5, 2004 and were recapitalized on February 8, 2012. During 2012, we focused our efforts on the acquisition of unevaluated leasehold and producing properties in selected prospect areas, providing us with an extensive drilling inventory in multiple basins that we believe allow for multiple years of production growth and broad flexibility to direct our capital resources to projects with the greatest potential returns. During 2013, we focused on the development of acquired properties and also divested non-core assets in order to fund activities in our core resource plays.

At December 31, 2013, our estimated total proved oil and natural gas reserves, as prepared by our independent reserve engineering firm, Netherland, Sewell & Associates, Inc., or "Netherland, Sewell," were approximately 136 million barrels of oil equivalent (MMBoe), consisting of 114.5 million barrels (MMBbls) of oil, 9.8 MMBbls of natural gas liquids, and 69.7 billion cubic feet (Bcf) of natural gas. Approximately 40% of our proved reserves were classified as proved developed. We maintain operational control of approximately 92% of our proved reserves.

Our oil and natural gas assets consist of undeveloped acreage positions in unconventional liquids-rich basins/fields. We have acquired acreage and may acquire additional acreage in the Bakken / Three Forks formations in North Dakota, the Eagle Ford formation in East Texas, the Utica / Point Pleasant formations in Ohio and Pennsylvania and the Tuscaloosa Marine Shale formation in Mississippi and Louisiana, as well as several other areas.

Our total operating revenues for 2013 were approximately \$999.5 million. Production for the fourth quarter of 2013 averaged 40,217 barrels of oil equivalent per day (Boe/d). Pro forma for the divestitures of certain non-core assets, production for the fourth quarter of 2013 averaged 37,489 Boe/d. Full year 2013 production averaged 33,329 Boe/d compared to 9,404 Boe/d in 2012, resulting in a 254% year over year increase in our average daily production. The increase in production compared to the prior year was driven by our operated drilling results and increased production volumes associated with the development of properties we acquired in 2012 in the Bakken / Three Forks, Woodbine, and Eagle Ford formation in East Texas, which we refer to as "El Halcón". These areas collectively accounted for approximately 25,764 Boe/d, or 77% of our production in 2013. Our remaining production was associated with various non-core properties, many of which have since been divested. In 2013, we participated in the drilling of 284 gross (107.4 net) wells of which 281 gross (104.4 net) wells were completed and capable of production, and 3 gross (3.0 net) wells were dry holes.

Our Business and Recent Developments

For a description of our business, please see our annual report on Form 10-K for the year ended December 31, 2013, filed with the Commission on February 27, 2014 and incorporated herein by reference, as well as the other documents incorporated herein by reference.

Table of Contents

We have recently engaged in several significant transactions:

Pending Sale of East Texas Assets

On February 25, 2014, certain of our wholly owned subsidiaries entered into an Agreement of Sale and Purchase with a privately-owned company pursuant to which we agreed to sell our Woodbine properties and related assets located in East Texas for a total purchase price of \$450.0 million. The effective date of the transaction will be April 1, 2014 and is expected to close in mid-April 2014, subject to satisfaction of customary closing conditions set forth in the agreement of sale and purchase. The purchase price is subject to adjustment for (i) operating expenses, capital expenditures and revenues between the effective date and the closing date, (ii) title and environmental defects, and (iii) other purchase price adjustments customary in oil and gas purchase and sale agreements. The assets subject to the purchase and sale agreement include approximately 83,000 net acres primarily located in Leon, Madison and Grimes Counties, Texas. These properties produced an average of approximately 3,800 Boe/d during the month of January 2014. Estimated proved reserves associated with these assets, as of December 31, 2013, were approximately 16.3 MMBoe, 39% of which was proved developed. Upon the closing of the agreement of sale and purchase, the borrowing base on our revolving credit facility is expected to be reduced by \$100.0 million.

Divestitures of Non-Core Assets

During the second half of 2013, we entered into three separate purchase and sale agreements with unrelated parties to divest certain non-core assets located throughout the United States for total consideration of approximately \$302.0 million, all three of which closed in the fourth quarter of 2013. In aggregate, as of December 31, 2012, estimated proved reserves associated with these non-core assets, were approximately 21.2 MMBoe (69% oil). Production from these non-core assets averaged approximately 4,400 Boe/d during the third quarter of 2013. Proceeds from the sales of the non-core assets were recorded as a reduction to the carrying value of our full cost pool with no gain or loss recorded. The borrowing base reduction associated with these non-core asset sales was \$50.0 million. Following the closing of the last of these three divestitures, on December 20, 2013, the borrowing base under our senior revolving credit facility, which we refer to as our Senior Credit Agreement, was reduced by the \$50.0 million to \$700.0 million.

Issuance of Additional 9.75% Senior Notes

On December 19, 2013, we issued an additional \$400.0 million aggregate principal amount of our 9.75% senior notes due 2020. The net proceeds from the sale of the additional 2020 notes of approximately \$406.1 million were used to repay a portion of the then outstanding borrowings under our Senior Credit Agreement. In total, we have issued \$1.15 billion of 9.75% senior notes due 2020.

Issuance of 9.25% Senior Notes and Common Stock

On August 13, 2013, we issued \$400.0 million aggregate principal amount of 9.25% senior notes due 2022. The net proceeds from the offering of approximately \$392.1 million were used to repay a portion of the then outstanding borrowings on our Senior Credit Agreement. On August 13, 2013, we also completed the issuance of 43.7 million shares of common stock in an underwritten public offering. The net proceeds from the offering of common stock of approximately \$215.2 million were used to repay a portion of the then outstanding borrowings on our Senior Credit Agreement.

Divestiture of Eagle Ford Assets

On July 19, 2013, we completed the sale of our interest in Eagle Ford assets in Fayette and Gonzales Counties, Texas to private buyers for proceeds of approximately \$147.9 million, before

Table of Contents

post-closing adjustments. Proceeds from the sale were recorded as a reduction to the carrying value of our full cost pool with no gain or loss recorded. As of December 31, 2012, we had approximately 3.6 MMBoe of estimated proved reserves associated with these properties. Production from the Eagle Ford assets averaged approximately 1,811 Boe/d during the second quarter of 2013.

Issuance of 5.75% Series A Convertible Perpetual Preferred Stock

On June 18, 2013, we issued in a public offering 345,000 shares of 5.75% Series A Convertible Perpetual Preferred Stock (the Series A Preferred Stock). The net proceeds of approximately \$335.5 million were used to repay a portion of the then outstanding borrowings under our Senior Credit Agreement. Holders of the Series A Preferred Stock are entitled to receive, when, as and if declared by our Board of Directors, cumulative dividends at the rate of 5.75% per annum on the \$1,000 liquidation preference per share of the Series A Preferred Stock, payable quarterly in arrears on each dividend payment date. Dividends may be paid in cash or, where freely transferable by any non-affiliate recipient thereof, in shares of common stock or a combination thereof, and are payable on March 1, June 1, September 1 and December 1 of each year.

Issuance of Additional 8.875% Senior Notes

On January 14, 2013, we issued an additional \$600.0 million aggregate principal amount of our 8.875% senior notes due 2021. The net proceeds of approximately \$619.5 million were used to repay a portion of the then outstanding borrowings on our Senior Credit Agreement and for general corporate purposes. In total, we have issued \$1.35 billion of 8.875% senior notes due 2021.

Amendments to Senior Credit Agreement and Borrowing Base

On October 31, 2013, we entered into the Sixth Amendment to our Senior Credit Agreement. The Sixth Amendment established our borrowing base at \$850.0 million, which has since been reduced to \$700.0 million upon the closing of the final non-core divestiture in December 2013. Additionally, the Sixth Amendment provides for EBITDA (as defined in the Senior Credit Agreement) to be annualized for purposes of measuring compliance with the interest coverage test under the Senior Credit Agreement. Specifically, (i) for the fiscal quarter ended December 31, 2013, the Interest Coverage Ratio will be calculated by utilizing EBITDA for the three month period then ended multiplied by 4; (ii) for the fiscal quarter ended March 31, 2014, the Interest Coverage Ratio will be calculated by utilizing EBITDA for the six month period then ended multiplied by 2; and (iii) for the fiscal quarter ended June 30, 2014, the Interest Coverage Ratio will be calculated by utilizing EBITDA for the nine month period then ended multiplied by 1.333.

On June 11, 2013, we entered into the Fifth Amendment to the Senior Credit Agreement which permits us, among other things, to pay cash dividends to holders of our preferred capital stock. On May 8, 2013, we entered into the Fourth Amendment to the Senior Credit Agreement which modified the calculation of the interest coverage test, which was superseded by the Sixth Amendment. On April 26, 2013, we entered into the Third Amendment to our Senior Credit Agreement, which, among other things, provided additional flexibility under certain affirmative and negative covenants and on January 25, 2013, we entered into the Second Amendment to our Senior Credit Agreement which expanded our ability to enter into certain commodity hedging agreements.

2014 Capital Budget

We expect to spend approximately \$950 million on drilling and completion capital expenditures during 2014. Approximately 49% of our 2014 drilling and completions budget is expected to be spent in the Bakken / Three Forks formations in North Dakota, approximately 40% is budgeted for the El Halcón area in East Texas, and the remaining amount is planned for various other project areas,

Table of Contents

including the Tuscaloosa Marine Shale in Louisiana and Mississippi and the Utica / Point Pleasant formations in Ohio. Our 2014 drilling and completion budget contemplates four to five operated rigs running in the Bakken / Three Forks, three to four operated rigs running in the El Halcón area and one to two operated rigs running in the other areas. Our drilling and completion budget for 2014 is based on our current view of market conditions and current business plans, and is subject to change.

We expect to fund our budgeted 2014 capital expenditures with cash flows from operations, proceeds from additional potential non-core asset divestitures and borrowings under our Senior Credit Agreement. We strive to maintain financial flexibility and may access capital markets as necessary to maintain substantial borrowing capacity under our Senior Credit Agreement, facilitate drilling on our large undeveloped acreage position and permit us to selectively expand our acreage position. In the event our cash flows or proceeds from additional potential non-core asset dispositions are materially less than anticipated and other sources of capital we historically have utilized are not available on acceptable terms, we may curtail our capital spending.

Our financial results depend upon many factors, but are largely driven by the volume of our oil and natural gas production and the price that we receive for that production. Our production volumes will decline as reserves are depleted unless we expend capital in successful development and exploration activities or acquire properties with existing production. The amount we realize for our production depends predominately upon commodity prices and our related commodity price hedging activities, which are affected by changes in market demand and supply, as impacted by overall economic activity, weather, pipeline capacity constraints, inventory storage levels, basis differentials and other factors. Accordingly, finding and developing oil and natural gas reserves in an economical manner is critical to our long-term success.

Corporate Information

Halcón is a Delaware corporation formerly known as "RAM Energy Resources, Inc." Halcón's principal offices are located at 1000 Louisiana Street, Suite 6700, Houston, Texas 77002, telephone number (832) 538-0300, and its website can be found at www.halconresources.com. Unless specifically incorporated by reference in this prospectus, information that you may find on Halcón's website is not part of this prospectus.

Table of Contents

The Exchange Offers

On August 13, 2013, we completed a private offering of \$400.0 million in aggregate principal of the old 2022 notes. On December 19, 2013, we completed a follow-on private offering of \$400.0 million in aggregate principal of additional old 2020 notes. As part of each private offering, we entered into registration rights agreements with the initial purchasers in which we agreed, among other things, to deliver this prospectus to you and to use our reasonable best efforts to consummate an exchange offer for the old notes. The following is a summary of the exchange offers.

Old 2020 Notes	Additional issuance of 9.75% Senior Notes due 2020, which were issued on December 19, 2013.
Old 2022 Notes	9.25% Senior Notes due 2022, which were issued on August 13, 2013.
New 2020 Notes	9.75% Senior Notes due 2020. The terms of the new notes are substantially identical to those terms of the outstanding old 2020 notes, except that the transfer restrictions, registration rights and liquidated damages provisions relating to the old 2020 notes will not apply to the new 2020 notes.
New 2022 Notes	9.25% Senior Notes due 2022. The terms of the new notes are substantially identical to those terms of the outstanding old 2022 notes, except that the transfer restrictions, registration rights and liquidated damages provisions relating to the old 2022 notes will not apply to the new 2022 notes.
The Exchange Offers	We are offering to exchange: up to \$400.0 million aggregate principal amount of our new 2020 notes that have been registered under the Securities Act for a like principal amount of our outstanding old 2020 notes that have not been registered under the Securities Act to satisfy our obligations under the registration rights agreement; up to \$400.0 million aggregate principal amount of our new 2022 notes that have been registered under the Securities Act for a like principal amount of our outstanding old 2022 notes that have not been registered under the Securities Act to satisfy our obligations under the registration rights agreement.

Table of Contents

	<p>The new notes will evidence the same debt as the corresponding old notes and will be issued under, and be entitled to the benefits of, the same indenture that governs the old notes. Holders of the old notes do not have any appraisal or dissenter's rights in connection with the exchange offers. Because the new notes will be registered, the new notes will not be subject to transfer restrictions, and holders of old notes that have tendered and had their old notes accepted in the exchange offer will have no registration rights.</p> <p>Old notes tendered in the exchange offer must be in denominations of principal amount of \$2,000 and any integral multiple of \$1,000 in excess of \$2,000.</p>
Expiration Date	<p>The exchange offer will expire at 5:00 p.m., New York City time, on May 22, 2014 unless we decide to extend it.</p>
Conditions to the Exchange Offers	<p>The exchange offers are subject to certain customary conditions, which we may waive. The registration rights agreements do not require us to accept old notes for exchange if the exchange offer or the making of any exchange by a holder of the old notes would violate any applicable law or interpretation of the staff of the Securities and Exchange Commission, which we refer to as the "SEC." A minimum aggregate principal amount of old notes being tendered is not a condition to the exchange offers.</p>
Procedures for Tendering Old Notes	<p>Unless you comply with the procedures described under the caption "The Exchange Offers Exchange Offer Procedures," you must do one of the following on or prior to the expiration of the exchange offers to participate in the exchange offers:</p>

tender your old notes by sending the certificates for your old notes, in proper form for transfer, a properly completed and duly executed letter of transmittal, with any required signature guarantees, and all other documents required by the letter of transmittal, to U.S. Bank National Association, as exchange agent, at one of the addresses listed below under the caption "The Exchange Offers Exchange Agent;" or

Table of Contents

Special Procedures for Beneficial Owners

tender your old notes by using the book-entry transfer procedures described below and transmitting a properly completed and duly executed letter of transmittal, with any required signature guarantees, or an agent's message instead of the letter of transmittal, to the exchange agent. In order for a book-entry transfer to constitute a valid tender of your old notes in the exchange offer, U.S. Bank National Association, as exchange agent, must receive a confirmation of book-entry transfer of your old notes into the exchange agent's account at The Depository Trust Company, which we call "DTC," prior to the expiration of the exchange offers. For more information regarding the use of book-entry transfer procedures, including a description of the required agent's message, see the discussion below under the caption "The Exchange Offers Book-Entry Transfers." If you are a beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender your old notes in the exchange offer, you should promptly contact the person in whose name the old notes are registered and instruct that person to tender on your behalf. If you wish to tender in the exchange offers on your own behalf, prior to completing and executing the letter of transmittal and delivering the certificates for your old notes, you must either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the person in whose name the old notes are registered.

Table of Contents

Withdrawal; Non-Acceptance

You may withdraw any old notes tendered in the exchange offer at any time prior to 5:00 p.m., New York City time, on May 22, 2014. If we decide for any reason not to accept any old notes tendered for exchange, the old notes will be returned to the registered holder at our expense promptly after the expiration or termination of the exchange offers. In the case of old notes tendered by book-entry transfer into the exchange agent's account at DTC, any withdrawn or unaccepted old notes will be credited to the tendering holder's account at DTC. For further information regarding the withdrawal of tendered old notes, please read "The Exchange Offers Withdrawal Rights."

United States Federal Income Tax Consequences

The exchange of the old notes for new notes in the exchange offers will not be a taxable transaction for United States federal income tax purposes. See the discussion under the caption "Certain U.S. Federal Income Tax Consequences" for more information regarding the tax consequences to you of the exchange offers.

**Use of Proceeds
Fees and Expenses
Exchange Agent**

We will not receive any proceeds from the exchange offers. We will pay all of our expenses incident to the exchange offers. We have appointed U.S. Bank National Association as exchange agent for the exchange offers. You can find the address, telephone number and fax number of the exchange agent under the caption "The Exchange Offers Exchange Agent."

Resales of New Notes

Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties that are not related to us, we believe that the new notes you receive in the exchange offers may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act so long as:

you are acquiring the new notes in the exchange offers in the ordinary course of your business;

Table of Contents

you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in the distribution, as defined in the Securities Act, of the Exchange Notes you will receive in the exchange offers;

you are not our "affiliate" as defined in Rule 405 under the Securities Act; and

you are not a broker-dealer tendering old notes acquired directly from us for your account.

By tendering your old notes as described in "The Exchange Offers Exchange Offer Procedures," you will be making representations to this effect. If you fail to satisfy any of these conditions, you cannot rely on the position of the SEC set forth in the no-action letters referred to above and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the new notes.

We base our belief on interpretations by the SEC staff in no-action letters issued to other issuers in exchange offers like ours. We cannot guarantee that the SEC would make a similar decision about our exchange offers. If our belief is wrong, you could incur liability under the Securities Act. We will not protect you against any loss incurred as a result of this liability under the Securities Act.

Each broker-dealer that receives new notes for its own account in exchange for old notes, where such new notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the new notes. We have agreed that, for a period of up to 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

Table of Contents

Consequences of Not Exchanging Your Old Notes

If you do not exchange your old notes in the exchange offers, you will no longer be able to require us to register your old notes under the Securities Act, except in the limited circumstances provided under the registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer your old notes unless we have registered the old notes under the Securities Act or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act.

For information regarding the consequences of not tendering your old notes and our obligation to file a registration statement, please read "The Exchange Offer - Consequences of Exchanging or Failure to Exchange Old Notes" and "Description of the New Notes."

Table of Contents

Terms of the New Notes

The terms of the new notes and those of the outstanding old notes are substantially identical, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes. As a result, the new notes will not bear legends restricting their transfer and will not have the benefit of the registration rights and related special interest provisions contained in the old notes. The new notes represent the same debt as the old notes for which they are being exchanged.

The following is a summary of the terms of the new notes. It may not contain all the information that is important to you. For a more detailed description of the new notes, please read "Description of the New Notes."

Issuer	Halcón Resources Corporation
Securities Offered	Up to \$400.0 million aggregate principal amount of 9.75% Senior Notes due 2020. Up to \$400.0 million aggregate principal amount of 9.25% Senior Notes due 2022.
Maturity Dates	July 15, 2020 for the new 2020 notes. February 15, 2022 for the new 2022 notes.
Interest	Interest on the new 2020 notes will accrue at the rate of 9.75% per year and will be payable semi-annually on January 15 and July 15 of each year. Interest on the new 2022 notes will accrue at the rate of 9.25% per year and will be payable semi-annually on February 15 and August 15 of each year.
Guarantees	The new notes will be jointly and severally guaranteed on a senior unsecured basis by all of our current restricted subsidiaries. If we cannot make payments on the new notes when they are due, the guarantor subsidiaries must make them instead.
Ranking	The new notes will be our senior unsecured obligations. The new notes will rank equally with all our current and future senior indebtedness. The new notes will rank effectively junior to our secured debt to the extent of the collateral, including secured debt under our existing senior revolving credit facility.
Optional Redemption	At any time on or before July 15, 2015, we may redeem up to 35% of the aggregate principal amount of the old 2020 notes and the new 2020 notes with the net cash proceeds of certain equity offerings at the redemption price set forth under "Description of the New Notes Optional Redemption," if at least 65% of the aggregate principal amount of the notes issued under the indenture remains outstanding immediately after such redemption and the redemption occurs within 180 days of the closing date of such equity offering.

Table of Contents

At any time prior to July 15, 2016, we may redeem the old 2020 notes and the new 2020 notes, in whole or in part, at a "make whole" redemption price set forth under "Description of the New Notes Optional Redemption." On or after July 15, 2016, we may redeem the old 2020 notes and the new 2020 notes, in whole or in part, at the redemption prices set forth under "Description of the New Notes Optional Redemption."

At any time before August 15, 2016, we may redeem up to 35% of the aggregate principal amount of the old 2022 notes and the new 2022 notes with the net cash proceeds of certain equity offerings at the redemption price set forth under "Description of the New Notes Optional Redemption," if at least 65% of the aggregate principal amount of the notes issued under the indenture remains outstanding immediately after such redemption and the redemption occurs within 180 days of the closing date of such equity offering.

At any time prior to August 15, 2017, we may redeem the old 2022 notes and the new 2022 notes, in whole or in part, at a "make whole" redemption price set forth under "Description of the New Notes Optional Redemption." On or after August 15, 2017, we may redeem the notes, in whole or in part, at the redemption prices set forth under "Description of the New Notes Optional Redemption."

Mandatory Offer to Repurchase

If we experience specific kinds of changes of control followed by a rating decline or sell certain assets, we may be required to purchase all or a portion of the new notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. See "Description of the New Notes Repurchase at the Option of Holders."

Basic Covenants of Indenture

The indentures governing the new notes contain covenants that will limit our ability and the ability of our restricted subsidiaries to, among other things:

borrow money;

pay dividends or make other distributions on stock;

purchase or redeem stock or subordinated indebtedness;

make investments;

create liens

enter into transactions with affiliates;

sell assets;

refinance certain indebtedness; and

merge with or into other companies or transfer all or substantially all our assets.

Table of Contents

These limitations are subject to a number of important qualifications and exceptions which are described in "Description of the New Notes Certain Covenants." However, most of the limitations will terminate with respect to either series of notes if both Moody's Investors Service, Inc. and Standard & Poor's Ratings Services assign that series an investment grade rating and no default exists with respect to such notes.

Events of Default

If there is an event of default on the new notes, the principal amount of notes plus accrued and unpaid interest, if any, may be declared immediately due and payable in specified circumstances. Please read "Description of the New Notes Events of Default and Remedies."

Transfer Restrictions; Absence of a Public Market for the Notes

The new notes generally will be freely transferable, but will also be new securities for which there will not initially be a market. There can be no assurance as to the development or liquidity of any market for the new notes.

Risk Factors

Tendering your old notes in the exchange offers involves risks. You should carefully consider the information set forth in this prospectus and, in particular, should evaluate the specific factors set forth in the section entitled "Risk Factors" for an explanation of certain risks of investing in the new notes before tendering any old notes. For a description of risks related to our industry and business, you should also evaluate the specific risk factors set forth under the heading "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference in this prospectus, and, to the extent applicable, any subsequently filed reports.

Table of Contents

RISK FACTORS

You should carefully consider the information included or incorporated by reference in this prospectus, including the matters addressed under "Cautionary Statement Regarding Forward-Looking Statements," and the risks described below. In addition, you should read the risk factors in our Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference in this prospectus and, to the extent applicable, any subsequently filed reports.

We are subject to certain risks and hazards due to the nature of the business activities we conduct. The risks discussed below, any of which could materially and adversely affect our business, financial condition, cash flows and results of operations, are not the only risks we face. We may experience additional risks and uncertainties not currently known to us; or, as a result of developments occurring in the future, conditions that we currently deem to be immaterial may also materially and adversely affect our business, financial condition, cash flows, and results of operations.

Risks Related to the Exchange Offers and the New Notes

If you do not properly tender your old notes, you will continue to hold unregistered outstanding notes and your ability to transfer outstanding notes will be adversely affected.

We will only issue new notes in exchange for old notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the old notes and you should carefully follow the instructions on how to tender your old notes. Neither we nor the exchange agent is required to tell you of any defects or irregularities with respect to your tender of old notes. Please read "The Exchange Offers Exchange Offer Procedures" and "Description of the New Notes."

If you do not exchange your old notes for new notes in the exchange offer, you will continue to be subject to the restrictions on transfer of your old notes described in the legend on the certificates for your old notes. In general, you may only offer or sell the old notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold under an exemption from these requirements. We do not plan to register any sale of the old notes under the Securities Act. For further information regarding the consequences of tendering your old notes in the exchange offer, please read "The Exchange Offers Consequences of Exchanging or Failure to Exchange Old Notes."

You may find it difficult to sell your new notes.

The new notes are a new issue of securities and although the new notes will be registered under the Securities Act, the new notes will not be listed on any securities exchange. Because there is no public market for the new notes, you may not be able to resell them.

We cannot assure you that an active market will exist for the new notes or that any trading market that does develop will be liquid. If an active market does not develop or is not maintained, the market price and liquidity of our new notes may be adversely affected. If a market for the new notes develops, they may trade at a discount from their initial offering price. The trading market for the new notes may be adversely affected by:

changes in the overall market for non-investment grade securities;

changes in our financial performance or prospects;

the financial performance or prospects for companies in our industry generally;

the number of holders of the notes;

the interest of securities dealers in making a market for the notes; and

prevailing interest rates and general economic conditions.

Table of Contents

Historically, the market for non-investment grade debt has been subject to substantial volatility in prices. The market for the new notes, if any, may be subject to similar volatility. Prospective investors in the new notes should be aware that they may be required to bear the financial risks of such investment for an indefinite period of time.

Some holders who exchange their old notes may be deemed to be underwriters.

If you exchange your old notes in the exchange offers for the purpose of participating in a distribution of the new notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Risks Related to Our Indebtedness and the Notes

We have a holding company structure in which our subsidiaries conduct our operations and own our operating assets and our ability to make payments on the notes is therefore dependent upon the performance of our subsidiaries.

We are a holding company, and our subsidiaries conduct substantially all of our operations and own substantially all of our operating assets. We have no significant assets other than the equity interests in our subsidiaries. As a result, our ability to make required payments on the notes depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, any future indebtedness of our subsidiaries. If we are unable to obtain the funds necessary to pay the principal amount at the maturity of the notes, or to repurchase the notes upon an occurrence of a change of control, we may be required to adopt one or more alternatives, such as a refinancing of the notes. We cannot assure you that we would be able to refinance the notes.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.

If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants under the agreements governing our indebtedness, including financial and operating covenants, we could be in default under the terms of such agreements. In the event of any such default:

the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest;

the lenders under our credit agreement could elect to terminate their commitments thereunder, cease making further loans and commence foreclosure proceedings against our assets; and

we could be forced into bankruptcy or liquidation.

If we breach our covenants under our Senior Credit Agreement or the indentures governing the notes and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our Senior Credit Agreement or the indenture governing such notes, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

We may not be able to generate sufficient cash flow to meet our debt service obligations.

Our ability to make payments on our indebtedness, including the notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to conditions in the oil and gas industry, general economic and financial conditions, the

Table of Contents

impact of legislative and regulatory actions on how we conduct our business and other factors, all of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations to service our outstanding indebtedness, or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other capital needs. If our business does not generate sufficient cash flow from operations to service our outstanding indebtedness, we may have to undertake alternative financing plans, such as:

refinancing or restructuring our debt;

selling assets;

reducing or delaying acquisitions or capital investments, such as remanufacturing our rigs and related equipment; or

seeking to raise additional capital.

However, we cannot assure you that we would be able to implement alternative financing plans, if necessary, on commercially reasonable terms or at all, or that implementing any such alternative financing plans would allow us to meet our debt obligations. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness, including the notes, would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on acceptable terms.

Our inability to generate sufficient cash flow to satisfy our debt obligations, including our obligations under the notes, or to obtain alternative financings, could materially and adversely affect our business, financial condition, results of operations and prospects.

Restrictive covenants in the indentures governing the notes and in our Senior Credit Agreement could limit our growth and our ability to finance our operations, fund our capital needs, respond to changing conditions and engage in other business activities that may be in our best interests.

The indentures governing the notes impose significant operating and financial restrictions on us. These restrictions limit our ability and that of our restricted subsidiaries to, among other things:

pay dividends on or make distributions in respect of our capital stock or make other restricted payments;

incur additional indebtedness;

create liens;

engage in mergers or consolidations or sell or otherwise dispose of all or substantially all of our assets;

make certain dispositions and transfers of assets; and

engage in transactions with affiliates.

In addition, our Senior Credit Agreement contains a number of significant covenants that, among other things, restrict our ability to:

dispose of assets;

incur or guarantee additional indebtedness and issue certain types of preferred stock;

pay dividends on our capital stock;

create liens on our assets;

enter into sale or leaseback transactions;

Table of Contents

enter into specified investments or acquisitions;

repurchase, redeem or retire our capital stock or subordinated debt;

merge or consolidate, or transfer all or substantially all of our assets and the assets of our subsidiaries;

engage in specified transactions with subsidiaries and affiliates; or

pursue other corporate activities.

We may be prevented from taking advantage of business opportunities that arise because of the limitations imposed on us by the restrictive covenants under the indentures governing the notes and our Senior Credit Agreement. Also, our Senior Credit Agreement requires us to maintain compliance with specified financial ratios and satisfy certain financial condition tests. Our ability to comply with these ratios and financial condition tests may be affected by events beyond our control and, as a result, we may be unable to meet these ratios and financial condition tests. These financial ratio restrictions and financial condition tests could limit our ability to obtain future financings, make needed capital expenditures, withstand a future downturn in our business or the economy in general or otherwise conduct necessary corporate activities. A decline in oil, natural gas liquids and natural gas prices, or a prolonged period of oil, natural gas liquids and natural gas prices at lower levels, could result in our failing to meet one or more of the financial covenants under our Senior Credit Agreement, which could require us to refinance or amend the Senior Credit Agreement resulting in the payment of consent fees or higher interest rates, or require us to raise additional capital at an inopportune time or on terms not favorable to us.

A breach of any of these covenants or our inability to comply with the required financial ratios or financial condition tests could result in a default under our Senior Credit Agreement. A default under our Senior Credit Agreement or the indentures governing the notes, if not cured or waived, could result in acceleration of all indebtedness outstanding thereunder. The accelerated debt would become immediately due and payable. If that should occur, we may be unable to pay all such debt or to borrow sufficient funds to refinance it. Even if new financing were then available, it may not be on terms that are acceptable to us. Moreover, any new indebtedness we incur may impose financial restrictions and other covenants on us that may be more restrictive than the Senior Credit Agreement or the indentures governing the notes. See "Description of the New Notes."

The notes and the guarantees will be unsecured and effectively subordinated to our secured indebtedness and that of our subsidiary guarantors.

The notes and the guarantees will be general unsecured senior obligations ranking effectively junior in right of payment to any secured debt of ours and that of each subsidiary guarantor, respectively, including obligations under our Senior Credit Agreement, to the extent of the value of the collateral securing the debt. At December 31, 2013, the borrowing base under our Senior Credit Agreement was \$700.0 million and we had no borrowings outstanding. Any amounts borrowed thereunder would be secured debt and effectively senior in right of payment to the notes to the extent of the value of the collateral securing that indebtedness. The indentures governing the notes will permit us and the subsidiary guarantors to incur additional secured debt in the future.

If we or a subsidiary guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, any secured debt of ours or that subsidiary guarantor will be entitled to be paid in full from our assets or the assets of the guarantor, as applicable, securing that debt before any payment may be made with respect to the notes or the affected guarantees. Holders of the notes will participate ratably with all holders of our unsecured indebtedness that does not rank junior to the notes, including the 8% senior unsecured convertible note due 2017 held by HALRES LLC and including all of our other general creditors and the holders of our secured debt to the extent such debt is not satisfied with the proceeds of the collateral therefor, based upon the respective amounts owed to each holder or

Table of Contents

creditor, in our remaining assets. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the notes. As a result, holders of the notes would likely receive less, ratably, than holders of secured indebtedness.

Our debt level in the future and the covenants in the agreements governing our debt could negatively impact our financial condition, results of operations and business prospects and prevent us from fulfilling our obligations under the notes.

Our level of indebtedness in the future, and the covenants contained in the agreements governing our debt, could have important consequences for our operations, including by:

making it more difficult for us to satisfy our obligations under the notes or other indebtedness and increasing the risk that we may default on our debt obligations;

requiring us to dedicate a substantial portion of our cash flow from operations to required payments on indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures and other general business activities;

limiting our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and general corporate and other activities;

limiting management's discretion in operating our business;

limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

detracting from our ability to withstand successfully a downturn in our business or the economy generally;

placing us at a competitive disadvantage against less leveraged competitors; and

making us vulnerable to increases in interest rates, because debt under any senior revolving credit facility may vary with prevailing interest rates.

We may be required to repay all or a portion of our debt on an accelerated basis in certain circumstances. If we fail to comply with the covenants and other restrictions in the agreements governing our debt, it could lead to an event of default and the consequent acceleration of our obligation to repay outstanding debt. Our ability to comply with these covenants and other restrictions may be affected by events beyond our control, including prevailing economic and financial conditions.

We are able to incur a substantial amount of additional indebtedness. This could further exacerbate the risks associated with our indebtedness.

At December 31, 2013, our \$1.5 billion Senior Credit Agreement had a borrowing base of \$700.0 million for secured borrowings, subject to periodic borrowing base redeterminations, and we had no borrowings outstanding. Borrowings under the Senior Credit Agreement are secured, and as a result, effectively senior to the notes and the guarantees of the notes by the guarantors, to the extent of the value of the collateral securing that indebtedness. In addition, the holders of our senior notes totaling \$2.9 billion and the 8% unsecured convertible note due 2017, which has a current principal balance of approximately \$289.7 million, along with holders of any future debt we may incur that ranks equally with the notes will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. This may have the effect of reducing the amount of proceeds paid to you. If new

Table of Contents

debt is incurred, the related risks that we and our subsidiaries now face could intensify. Increased leverage could, for example:

make it more difficult for us to satisfy our obligations under our indebtedness; if we fail to comply with the requirements of our indebtedness, that failure could result in an event of default of such indebtedness;

require us to dedicate a substantial portion of our cash flow from operations to required payments on indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures and other business activities;

limit our ability to obtain additional financing in the future for working capital, capital expenditures and other general corporate purposes;

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

diminish our ability to successfully withstand a downturn in our business or the economy generally; and

place us at a competitive disadvantage against less leveraged competitors.

If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could increase.

We may not be able to repurchase the notes upon a change of control.

Upon the occurrence of certain change of control events followed within 90 days by a lowering of the rating on the notes by either Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Ratings Services ("S&P"), we would be required to offer to repurchase all or any part of the notes then outstanding for cash at 101% of the principal amount. The source of funds for any repurchase required as a result of any change of control will be our available cash or cash generated from our operations or other sources, including:

sale of assets; or

sales of equity.

We cannot assure you that sufficient funds would be available at the time of any change of control to repurchase your notes. Additionally, a "change of control" is an event of default under our Senior Credit Agreement that would permit the lenders to accelerate the debt outstanding under such facility. Finally, using available cash to fund the potential consequences of a change of control may impair our ability to obtain additional financing in the future, which could negatively impact our ability to conduct our business operations.

A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under United States bankruptcy or similar state law, which would prevent the holders of the notes from relying on that subsidiary to satisfy claims.

Under United States bankruptcy law and comparable provisions of state fraudulent transfer laws, our subsidiary guarantees of the notes can be voided, or claims under the subsidiary guarantees may be subordinated to all other debts of that subsidiary guarantor if, among other things, the subsidiary guarantor, at the time it incurred the indebtedness evidenced by its guarantee or, in some states, when payments become due under the guarantee, received less than reasonably equivalent value or fair consideration for the incurrence of the guarantee and:

was insolvent or rendered insolvent by reason of such incurrence;

Table of Contents

was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital;
or

intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

Our subsidiary guarantees may also be voided, without regard to the above factors, if a court found that the subsidiary guarantor entered into the guarantee with the actual intent to hinder, delay or defraud its creditors.

A court would likely find that a subsidiary guarantor did not receive reasonably equivalent value or fair consideration for its guarantee if the subsidiary guarantor did not substantially benefit directly or indirectly from the issuance of the guarantees. If a court were to void a subsidiary guarantee, you would no longer have a claim against the subsidiary guarantor. Sufficient funds to repay the notes may not be available from other sources, including the remaining subsidiary guarantors, if any. In addition, the court might direct you to repay any amounts that you already received from the subsidiary guarantor.

The measures of insolvency for purposes of fraudulent transfer laws vary depending upon the governing law. Generally, a guarantor would be considered insolvent if:

the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all its assets;

the present fair saleable value of its assets is less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they become due.

The obligations of each subsidiary guarantor will be limited as necessary to prevent each subsidiary guarantee from constituting a fraudulent conveyance under applicable law. We cannot assure you that this limitation will protect the subsidiary guarantees from fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under the guarantees would suffice, if necessary, to pay the notes in full when due.

The notes will be structurally subordinated to all indebtedness and other liabilities of our future subsidiaries that are not guarantors of the notes.

You would not have any claim as a creditor against any of our future subsidiaries that are not guarantors of the notes. Indebtedness and other liabilities, including trade payables, whether secured or unsecured, of those subsidiaries will be effectively senior to your claims against those subsidiaries. As a result, your ability to make a claim against those subsidiaries may be limited.

Many of the covenants contained in the indenture will terminate if the notes are rated investment grade by both of S&P and Moody's

Many of the covenants in the indentures governing the notes will terminate if the notes are rated investment grade by both of S&P and Moody's, provided at such time no default under the indenture has occurred and is continuing. These covenants will restrict, among other things, our ability to pay dividends, to incur debt and to enter into certain other transactions. There can be no assurance that the notes will ever be rated investment grade, or that if they are rated investment grade, that the notes will maintain such ratings. However, termination of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force. Please see "Description of the New Notes Covenant Termination."

Table of Contents**RATIO OF EARNINGS TO FIXED CHARGES**

The following table contains a summary of our earnings to fixed charges and to combined fixed charges and preference dividends for the periods indicated in thousands, except ratios. You should read the ratio information below in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and the notes thereto in our Annual Report on Form 10-K for year ended December 31, 2013, which is incorporated herein by reference.

	Year Ended December 31,				
	2013	2012	2011	2010	2009
Ratio of earnings (loss) to fixed charges(5)	(1)	(2)	1.3	1.1	(4)
Pre-tax preferred dividend requirements	\$ 12,132	\$ 110,075			
Ratio of earnings (loss) to combined fixed charges and preference dividends(5)	(1)	(3)	1.3	1.1	(4)

(1) Due to the Company's loss in 2013, the ratio coverage was less than 1:1. The Company must generate additional earnings of \$1.6 billion to achieve a coverage ratio of 1:1.

(2) Due to the Company's loss in 2012, the ratio coverage was less than 1:1. The Company must generate additional earnings of \$120.9 million to achieve a coverage ratio of 1:1.

(3) Due to the Company's loss in 2012, the ratio coverage was less than 1:1. The Company must generate additional earnings of \$231.0 million to achieve a coverage ratio of 1:1.

(4) Due to the Company's loss in 2009, the ratio coverage was less than 1:1. The Company must generate additional earnings of \$74.7 million to achieve a coverage ratio of 1:1.

(5) For purposes of determining the ratio of earnings to fixed charges and the ratio of combined fixed charges and preference dividends to earnings, earnings are defined as income before income taxes, plus fixed charges (excluding amortization of capitalized interest) less capitalized interest. Fixed charges consist of interest incurred (whether expensed or capitalized) and amortization of deferred financing costs. Preference dividends consist of dividends paid with respect to our 8% Automatically Convertible Preferred Stock issued in March 2012 and subsequently converted into shares of our common stock on April 17, 2012, and dividends paid with respect to our 5.75% Series A Convertible Perpetual Preferred Stock which was issued in June 2013 and has an aggregate liquidation preference of \$345.0 million.

Table of Contents

USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreements we entered into in connection with the private offerings of the old notes. We will not receive any proceeds from the issuance of the new notes in the exchange offers. In consideration for issuing the new notes as contemplated in this prospectus, we will receive, in exchange, outstanding old notes in like principal amount. We will cancel all old notes surrendered in exchange for new notes in the exchange offers. As a result, the issuance of the new notes will not result in any increase or decrease in our outstanding indebtedness.

Table of Contents

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Secured Revolving Credit Facility

On February 8, 2012, we entered into a senior secured revolving credit agreement, or Senior Credit Agreement, with JPMorgan Chase Bank, N.A. ("JPMorgan") as the administrative agent and lead arranger.

The Senior Credit Agreement provides for a \$1.5 billion facility with a borrowing base of \$700.0 million as of December 31, 2013. Amounts borrowed under the Senior Credit Agreement will mature on February 8, 2017. The borrowing base will be redetermined semi-annually, with the lenders and the Company each having the right to one interim unscheduled redetermination between any two consecutive semi-annual redeterminations. The borrowing base takes into account the Company's oil and natural gas properties, proved reserves, total indebtedness, and other relevant factors consistent with customary oil and natural gas lending criteria. The borrowing base is subject to a reduction equal to the product of 0.25 multiplied by the stated principal amount (without regard to any initial issue discount) of any future notes or other long-term debt securities that the Company may issue. Funds advanced under the Senior Credit Agreement may be paid down and re-borrowed during the five-year term of the revolver. Amounts outstanding under the Senior Credit Agreement bear interest at specified margins over the base rate of 0.50% to 1.50% for ABR-based loans or at specified margins over LIBOR of 1.50% to 2.50% for Eurodollar-based loans. These margins fluctuate based on the Company's utilization of the facility. Advances under the Senior Credit Agreement are secured by liens on substantially all of the Company's properties and assets. The Senior Credit Agreement contains customary representations, warranties and covenants including, among others, restrictions on the payment of dividends on the Company's capital stock and financial covenants, including minimum working capital levels (the ratio of current assets plus the unused commitment under the Senior Credit Agreement to current liabilities) of not less than 1.0 to 1.0 and minimum coverage of interest expenses (as defined in the Senior Credit Agreement) of not less than 2.5 to 1.0.

At December 31, 2013, the Company had no borrowings outstanding, \$1.2 million of letters of credit outstanding and \$698.8 million of borrowing capacity under the Senior Credit Agreement, of which approximately \$629.0 million was available under the indebtedness limitation in our indentures.

On January 25, 2013, the Company entered into the Second Amendment to its Senior Credit Agreement which expanded its ability to enter into certain commodity hedging agreements. On April 26, 2013, the Company entered into the Third Amendment to its Senior Credit Agreement, which, among other things, provided additional flexibility under certain affirmative and negative covenants. On May 8, 2013, the Company entered into the Fourth Amendment to the Senior Credit Agreement which modified the calculation of the interest coverage test, which was superseded by the Sixth Amendment, and on June 11, 2013, the Company entered into the Fifth Amendment to the Senior Credit Agreement which permits the Company, among other things, to pay cash dividends to holders of its preferred capital stock.

On October 31, 2013, the Company entered into the Sixth Amendment to the Senior Credit Agreement (the Sixth Amendment). The Sixth Amendment increased the borrowing base to \$850.0 million, which was subsequently reduced to \$700.0 million upon the closing of the final non-core divestiture in December 2013. Additionally, the Sixth Amendment provides for EBITDA (as defined in the Senior Credit Agreement) to be annualized for purposes of measuring compliance with the interest coverage test. Specifically, (i) for the fiscal quarter ended December 31, 2013, the Interest Coverage Ratio was calculated by utilizing EBITDA for the three month period then ended multiplied by 4; (ii) for the fiscal quarter ended March 31, 2014, the Interest Coverage Ratio shall be calculated by utilizing EBITDA for the six month period then ended multiplied by 2; and (iii) for the fiscal quarter ended June 30, 2014, the Interest Coverage Ratio shall be calculated by utilizing EBITDA for the nine month period then ended multiplied by 1.333.

Table of Contents*March 2011 Credit Facilities*

The Company's March 2011 credit facilities included a \$250.0 million revolving credit facility and a \$75.0 million second lien term loan facility (the March 2011 Credit Facilities), replacing the November 2007 facility. SunTrust Bank was the administrative agent for the revolving credit facility, and Guggenheim Corporate Funding, LLC was the administrative agent for the second lien term loan facility. The revolving credit facility allowed for funds advanced to be paid down and re-borrowed during the five-year term of the revolver, and bore interest at LIBOR plus a margin ranging from 2.5% to 3.25% based on a percentage of usage. The second lien term loan facility provided for payments of interest only during its 5.5 year term, and bore interest at LIBOR plus 9.0% with a 2.0% LIBOR floor, or if any period the Company elected to pay a portion of the interest "in kind," then the interest rate would have been LIBOR plus 10.0% with a 2.0% LIBOR floor, and with 7.0% of the interest amount paid in cash and the remaining 3.0% paid in kind by being added to principal. At December 31, 2011, \$127.0 million was outstanding under the revolving credit facility and \$75.0 million was outstanding under the second lien term loan facility. On February 8, 2012, the Company paid in full the outstanding balances under the revolving credit facility and the second lien term loan facility and both facilities were terminated, resulting in a \$1.5 million charge to interest expense related to an early termination penalty.

*Outstanding Senior Notes**2021 Notes*

In addition to the 2020 Notes and the 2022 Notes subject to this exchange offer, we have issued and outstanding an aggregate of \$1.35 billion principal amount of our 8.875% senior notes due 2021, which we refer to as the 2021 notes. The 2021 notes bear interest at a rate of 8.875% per annum with interest payable semi-annually on May 15 and November 15. The 8.875% notes are our senior unsecured obligations and are effectively subordinate to all of our secured debt, including secured debt under our Senior Credit Agreement, and rank equally in right of payment with all of our other senior indebtedness.

On or before November 15, 2015, we may redeem up to 35% of the aggregate principal amount of the 2021 Notes with the net cash proceeds of certain equity offerings at a redemption price of 108.875% of the principal amount plus accrued and unpaid interest to the redemption date provided that: at least 65% in aggregate principal amount of the 2021 Notes originally issued remains outstanding immediately after the redemption and the redemption occurs within 180 days of the date of closing of the related equity offering. In addition, at any time prior to November 15, 2016, we may redeem some or all of the 2021 Notes for the principal amount thereof, plus accrued and unpaid interest plus a make whole premium equal to the excess, if any of (a) the present value at such time of (i) the redemption price of such note at November 15, 2016, plus (ii) any required interest payments due on the notes through November 15, 2016 (excluding currently accrued and unpaid interest) computed using a discount rate equal to the Treasury Rate plus 50 basis points, discounted to the redemption date on a semi-annual basis, over (b) the principal amount of such note.

On or after November 15, 2016, we may redeem some or all of the 2021 Notes at any time or from time to time at the redemption prices (expressed as percentages of the principal amount) set forth in the following table plus accrued and unpaid interest, if any, to the applicable redemption date, if redeemed during the 12-month period beginning November 15 of the years indicated below:

Year	Percentage
2016	104.438%
2017	102.219%
2018 and thereafter	100.000%

Table of Contents

In addition, upon a change of control of the Company, holders of the 2021 Notes will have the right to require the Company to repurchase all or any part of their notes for cash at a price equal to 101% of the aggregate principal amount of the notes repurchased, plus any accrued and unpaid interest. The 2021 Notes were issued under and governed by an Indenture dated November 6, 2012, between the Company, U.S. Bank National Association, as trustee and the Company's subsidiaries named therein as guarantors (the Indenture). The Indenture contains covenants that, among other things, limit the ability of the Company and its subsidiaries to: incur indebtedness; pay dividends or make other distributions on stock; purchase or redeem stock or subordinated indebtedness; make investments; create liens; enter into transactions with affiliates; sell assets; refinance certain indebtedness; and merge with or into other companies or transfer substantially all of the Company's assets.

Registered 2020 Notes

On June 4, 2013, we consummated an exchange offer for \$750.0 million of our 9.75% senior notes due 2020, or the registered 2020 notes. The registered 2020 notes are identical to the old 2020 notes that are the subject of the exchange offer described in this prospectus, except that the registered 2020 notes have been registered under the Securities Act and do not contain restrictions on transfer, registration rights or provisions for the payment of additional interest in case of non-registration that are set forth in the old 2020 notes. The new 2020 notes that will be issued in exchange for the old 2020 notes that are the subject of the exchange offer described in this prospectus will be identical in all respects to the registered 2020 notes.

HALRES Note

On February 8, 2012, we issued to HALRES LLC, or HALRES, a \$275.0 million principal amount 8% senior unsecured convertible note due 2017, which we refer to as the "HALRES Note," for an aggregate purchase price of \$275.0 million. The HALRES Note bears interest at a rate of 8.0% per annum, payable quarterly on March 31, June 30, September 30 and December 31 of each year. Through the March 31, 2014 interest payment date, we may elect to borrow and add to principal of the HALRES Note, all or any portion of the interest due on the HALRES Note. We elected to pay the interest in kind for the first three fiscal quarters of 2012, and rolled \$14.7 million of interest incurred during that period into the HALRES Note, increasing the principal amount to \$289.7 million. Subsequently accrued interest on the HALRES Note has been paid in cash. The HALRES Note matures on February 8, 2017. As of February 8, 2014, the noteholder may elect to convert all or any portion of the principal amount and accrued but unpaid interest into common stock. Each \$4.50 of principal and accrued but unpaid interest is convertible into one share of our common stock. The HALRES Note is a senior unsecured obligation of Halcón and ranks equally with all of Halcón's future senior unsubordinated indebtedness, including the 2020 notes, 2021 Notes and 2022 Notes.

Table of Contents

THE EXCHANGE OFFERS

Terms of the Exchange Offers; Period for Tendering Old Notes

Subject to terms and conditions detailed in this prospectus, we will accept for exchange old notes which are properly tendered on or prior to the expiration date and not withdrawn as permitted below. As used herein, the term "expiration date" means 5:00 p.m., New York City time, on May 22, 2014. We may, however, in our sole discretion, extend the period of time during which any exchange offer is open. The term "expiration date" means the latest time and date to which such exchange offer is extended.

As of the date of this prospectus, \$1.15 billion aggregate principal amount of old 2020 notes are outstanding, of which \$400.0 million aggregate principal amount is transfer restricted and the subject of the exchange offer described in this prospectus. As of the date of this prospectus, \$400.0 million aggregate principal amount of old 2022 notes are outstanding.

We expressly reserve the right, at any time, to extend the period of time during which either exchange offer is open, and delay acceptance for exchange of any old notes, by giving oral or written notice of such extension to the holders thereof as described below. During any such extension, all old notes previously tendered will remain subject to that exchange offer and may be accepted for exchange by us. Any old notes not accepted for exchange for any reason will be returned without expense to the tendering holder promptly upon expiration or termination of that exchange offer.

Old notes tendered in the exchange offers must be in denominations of principal amount of \$2,000 and integral multiples of \$1,000 in excess of \$2,000.

We expressly reserve the right to amend or terminate either exchange offer, and not to accept for exchange any old notes, upon the occurrence of any of the events specified under " Conditions to the Exchange Offers." We will give oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the old notes as promptly as practicable. Such notice, in the case of any extension, will be issued by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

Exchange Offer Procedures

The tender to us of old notes by you as set forth below and our acceptance of the old notes will constitute a binding agreement between us and you upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal. Except as set forth below, to tender old notes for exchange pursuant to the exchange offers, you must transmit a properly completed and duly executed letter of transmittal, including all other documents required by such letter of transmittal or, in the case of a book-entry transfer, an agent's message in lieu of such letter of transmittal, to U.S. Bank National Association, as exchange agent, at the address set forth below under " Exchange Agent" on or prior to the expiration date. In addition, either:

certificates for such old notes must be received by the exchange agent along with the letter of transmittal; or

a timely confirmation of a book-entry transfer, which we refer to as a book-entry confirmation, of such old notes, if such procedure is available, into the exchange agent's account at DTC pursuant to the procedure for book-entry transfer must be received by the exchange agent, prior to the expiration date, with the letter of transmittal or an agent's message in lieu of such letter of transmittal.

The term "agent's message" means a message, transmitted by DTC to and received by the exchange agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering participant stating that such participant has received

Table of Contents

and agrees to be bound by the letter of transmittal and that we may enforce such letter of transmittal against such participant. The method of delivery of old notes, letters of transmittal and all other required documents is at your election and risk. If such delivery is by mail, it is recommended that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. No letter of transmittal or old notes should be sent to us.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the old notes surrendered for exchange are tendered:

by a holder of the old notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal, or

for the account of an eligible institution (as defined below).

In the event that signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, such guarantees must be by a firm which is a member of the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange Medallion Signature Program (each such entity being hereinafter referred to as an eligible institution). If old notes are registered in the name of a person other than the signer of the letter of transmittal, the old notes surrendered for exchange must be endorsed by, or be accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as we or the exchange agent determine in our sole discretion, duly executed by the registered holders with the signature thereon guaranteed by an eligible institution.

We or the exchange agent in our or its sole discretion will make a final and binding determination on all questions as to the validity, form, eligibility (including time of receipt) and acceptance of old notes tendered for exchange. We reserve the absolute right to reject any and all tenders of any particular old note not properly tendered or to not accept any particular old note which acceptance might, in our judgment or our counsel's, be unlawful. We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any particular old note either before or after the expiration date (including the right to waive the ineligibility of any holder who seeks to tender old notes in the exchange offer). Our or the exchange agent's interpretation of the terms and conditions of the exchange offer as to any particular old note either before or after the expiration date (including the letter of transmittal and the instructions thereto) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of old notes for exchange must be cured within a reasonable period of time, as we determine. We are not, nor is the exchange agent or any other person, under any duty to notify you of any defect or irregularity with respect to your tender of old notes for exchange, and no one will be liable for failing to provide such notification.

If the letter of transmittal is signed by a person or persons other than the registered holder or holders of old notes, such old notes must be endorsed or accompanied by powers of attorney signed exactly as the name(s) of the registered holder(s) that appear on the old notes and the signatures must be guaranteed by an eligible institution.

If the letter of transmittal or any old notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing. Unless waived by us or the exchange agent, proper evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

By tendering old notes, you represent to us, among other things, that you are not our "affiliate," as defined under Rule 405 under the Securities Act, that the new notes acquired pursuant to the exchange offer are being obtained in the ordinary course of business of the person receiving such new notes, whether or not such person is the holder, that neither the holder nor such other person has any arrangement or understanding with any person to participate in the distribution of the new notes, and

Table of Contents

that you are not holding old notes that have, or are reasonably likely to have, the status of an unsold allotment in the initial offering. In the case of a holder that is not a broker-dealer, that holder, by tendering, will also represent to us that the holder is not engaged in, and does not intend to engage in, a distribution of the new notes. However, any purchaser of old notes who is our affiliate, who intends to participate in the exchange offers for the purpose of distributing the new notes, or is a broker-dealer that acquired old notes in a transaction other than as part of its trading or market-making activities and who has arranged or has an understanding with any person to participate in the distribution of the old notes:

cannot rely on the applicable interpretations of the staff of the SEC;

will not be entitled to participate in the exchange offer; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer that receives new notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. See "Plan of Distribution." The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Acceptance of Old Notes for Exchange; Delivery of New Notes

Upon satisfaction or waiver of all of the conditions to each exchange offer, we will accept, promptly after the expiration date, all old notes properly tendered pursuant thereto and will issue the new notes promptly after acceptance of the old notes. See " Conditions to the Exchange Offers." For purposes of the exchange offers, we will be deemed to have accepted properly tendered old notes for exchange if and when we give oral (confirmed in writing) or written notice to the exchange agent.

The holder of each old note accepted for exchange will receive a new note in an amount equal to the surrendered old note. Holders of new notes on the relevant record date for the first interest payment date following the consummation of the applicable exchange offer will receive interest accruing from the most recent date to which interest has been paid on the old notes. Holders of new notes will not receive any payment in respect of accrued interest on old notes otherwise payable on any interest payment date, the record date for which occurs on or prior to the consummation of the applicable exchange offer.

In all cases, issuance of new notes for old notes that are accepted for exchange will be made only after timely receipt by the exchange agent of:

certificates for such old notes or a timely book-entry confirmation of such old notes into the exchange agent's account at DTC;

a properly completed and duly executed letter of transmittal or an agent's message in lieu thereof; and

all other required documents.

If any tendered old notes are not accepted for any reason set forth in the terms and conditions of the applicable exchange offer or if old notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged old notes will be returned without expense to the tendering holder (or, in the case of old notes tendered by book entry transfer into the exchange agent's account at DTC pursuant to the book-entry procedures described below, such

Table of Contents

non-exchanged old notes will be credited to an account maintained with DTC promptly upon the expiration or termination of that exchange offer).

Book-Entry Transfers

For purposes of each exchange offer, the exchange agent will request that an account be established with respect to the old notes at DTC within two business days after the date of this prospectus, unless the exchange agent has already established an account with DTC suitable for that exchange offer. Any financial institution that is a participant in DTC may make book-entry delivery of old notes by causing DTC to transfer such old notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. Although delivery of old notes may be effected through book-entry transfer at DTC, the letter of transmittal or facsimile thereof or an agent's message in lieu thereof, with any required signature guarantees and any other required documents, must, in any case, be transmitted to and received by the exchange agent at one of the addresses set forth under " Exchange Agent" on or prior to the expiration date.

Withdrawal Rights

You may withdraw your tender of old notes at any time prior to the expiration date. To be effective, a written notice of withdrawal must be received by the exchange agent at one of the addresses set forth under " Exchange Agent." This notice must specify:

the name of the person having tendered the old notes to be withdrawn;

the old notes to be withdrawn (including the principal amount of such old notes); and

where certificates for old notes have been transmitted, the name in which such old notes are registered, if different from that of the withdrawing holder.

If certificates for old notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an eligible institution, unless such holder is an eligible institution. If old notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn old notes and otherwise comply with the procedures of DTC.

We or the exchange agent will make a final and binding determination on all questions as to the validity, form and eligibility (including time of receipt) of such notices. Any old notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer for that series of notes. Any old notes tendered for exchange but not exchanged for any reason will be returned to the holder without cost to such holder (or, in the case of old notes tendered by book-entry transfer into the exchange agent's account at DTC pursuant to the book-entry transfer procedures described above, such old notes will be credited to an account maintained with DTC for the old notes as soon as practicable after withdrawal, rejection of tender or termination of that exchange offer). Properly withdrawn old notes may be retendered by following one of the procedures described under " Exchange Offer Procedures" above at any time on or prior to the expiration date.

Table of Contents

Conditions to the Exchange Offers

Notwithstanding any other provision of the exchange offers, we are not required to accept for exchange, or to issue new notes in exchange for, any old notes and may terminate or amend the applicable exchange offer, if any of the following events occur prior to acceptance of such old notes:

- (1) the exchange offer violates any applicable law or applicable interpretation of the staff of the SEC;
- (2) there is threatened, instituted or pending any action or proceeding before, or any injunction, order or decree has been issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission,

seeking to restrain or prohibit the making or consummation of the exchange offer or any other transaction contemplated by the exchange offer, or assessing or seeking any damages as a result thereof, or

resulting in a material delay in our ability to accept for exchange or exchange some or all of the old notes pursuant to the exchange offer;
- (3) any statute, rule, regulation, order or injunction has been sought, proposed, introduced, enacted, promulgated or deemed applicable to the exchange offer or any of the transactions contemplated in the exchange offer by any government or governmental authority, domestic or foreign, or any action has been taken, proposed or threatened, by any government, governmental authority, agency or court, domestic or foreign, that in our sole judgment might, directly or indirectly, result in any of the consequences referred to in clauses (1) or (2) above or, in our reasonable judgment, might result in the holders of new notes having obligations with respect to resales and transfers of new notes which are greater than those described in the interpretation of the SEC referred to on the cover page of this prospectus, or would otherwise make it inadvisable to proceed with the exchange offer; or
- (4) there has occurred:

any general suspension of or general limitation on prices for, or trading in, our securities on any national securities exchange or in the over-the-counter market,

any limitation by a governmental agency or authority which may adversely affect our ability to complete the transactions contemplated by the exchange offer,

a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation by any governmental agency or authority which adversely affects the extension of credit, or

a commencement of a war, armed hostilities or other similar international calamity directly or indirectly involving the United States, or, in the case of any of the foregoing existing at the time of the commencement of the exchange offer, a material acceleration or worsening thereof;

which in our reasonable judgment in any case, and regardless of the circumstances (including any action by us) giving rise to any such condition, makes it inadvisable to proceed with the exchange offer and/or with such acceptance for exchange or with such exchange.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any condition or may be waived by us in whole or in part at any time in our reasonable discretion. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right and each such right will be deemed an ongoing right which may be asserted at any time.

Table of Contents

In addition, we will not accept for exchange any old notes tendered, and no new notes will be issued in exchange for any such old notes, if at such time any stop order is threatened or in effect with respect to the registration statement, of which this prospectus constitutes a part, or the qualification of the indenture under the Trust Indenture Act.

Exchange Agent

We have appointed U.S. Bank National Association as the exchange agent for the exchange offers. All executed letters of transmittal should be directed to the exchange agent at the addresses set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal should be directed to the exchange agent addressed as follows:

U.S. BANK NATIONAL ASSOCIATION

By Facsimile for Eligible Institutions: (651) 466-7372 Attention: Specialized Finance	By Mail/Overnight Delivery/Hand: 60 Livingston Avenue St. Paul, MN 55107 Attention: Specialized Finance	Confirm by Telephone: (800) 934-6802
---	--	--

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF SUCH LETTER OF TRANSMITTAL VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY OF THE LETTER OF TRANSMITTAL.

Fees and Expenses

The principal solicitation is being made by mail by U.S. Bank National Association, as exchange agent. We will pay the exchange agent customary fees for its services, reimburse the exchange agent for its reasonable out-of-pocket expenses incurred in connection with the provision of these services and pay other registration expenses, including fees and expenses of the trustee under the indenture relating to the new notes, filing fees, blue sky fees and printing and distribution expenses. We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offers.

Additional solicitation may be made by telephone, facsimile or in person by our and our affiliates' officers and regular employees and by persons so engaged by the exchange agent.

Accounting Treatment

We will record the new notes at the same carrying value as the old notes, as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes. The expenses of the exchange offers will be expensed as incurred.

Transfer Taxes

Holders who tender their old notes for exchange will not be obligated to pay any related transfer taxes, except that holders who instruct us to register new notes in the name of, or request that old notes not tendered or not accepted in the exchange offers be returned to, a person other than the registered tendering holder will be responsible for the payment of any applicable transfer taxes.

Consequences of Exchanging or Failing to Exchange Old Notes

If you do not exchange your old notes for new notes in the applicable exchange offer, your old notes will continue to be subject to the provisions of the indenture relating to the old notes regarding transfer and exchange of the old notes and the restrictions on transfer of the old notes described in the legend on your certificates. These transfer restrictions are required because the old notes were issued

Table of Contents

under an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, the old notes may not be offered or sold unless registered under the Securities Act, except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register the old notes under the Securities Act. Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties, we believe that the new notes you receive in the exchange offers may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act. However, you will not be able to freely transfer the new notes, and, to the extent described below, you will not be entitled to participate in the exchange offers if:

you are our "affiliate," as defined in Rule 405 under the Securities Act;

you are not acquiring the new notes in the exchange offer in the ordinary course of your business;

you have an arrangement or understanding with any person to participate in the distribution, as defined in the Securities Act, of the new notes you will receive in any exchange offer; or

you are holding old notes that have, or are reasonably likely to have, the status of an unsold allotment in the initial offering.

We do not intend to request the SEC to consider, and the SEC has not considered, the exchange offers in the context of a similar no-action letter. As a result, we cannot guarantee that the staff of the SEC would make a similar determination with respect to the exchange offers as in the circumstances described in the no action letters discussed above. Each holder, other than a broker-dealer, must acknowledge that it is not engaged in, and does not intend to engage in, a distribution of new notes and has no arrangement or understanding to participate in a distribution of new notes. If you are our affiliate, are engaged in or intend to engage in a distribution of the new notes or have any arrangement or understanding with respect to the distribution of the new notes you will receive in either exchange offer, you may not rely on the applicable interpretations of the staff of the SEC, you will not be entitled to participate in that exchange offer and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. If you are a participating broker-dealer, you must acknowledge that you will deliver a prospectus in connection with any resale of the new notes. In addition, to comply with state securities laws, you may not offer or sell the new notes in any state unless they have been registered or qualified for sale in that state or an exemption from registration or qualification is available and is complied with. The offer and sale of the new notes to "qualified institutional buyers" (as defined in Rule 144A of the Securities Act) is generally exempt from registration or qualification under state securities laws. We do not plan to register or qualify the sale of the new notes in any state where an exemption from registration or qualification is required and not available.

Other

Participation in the exchange offers is voluntary, and you should consider carefully whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

Table of Contents

DESCRIPTION OF THE NEW NOTES

We issued the old 2020 notes under an indenture, dated as of July 16, 2012 (as supplemented, the "2020 Indenture"), among us, the subsidiary guarantors and U.S. Bank National Association, as trustee (the "Trustee"). We issued the old 2022 notes under an indenture, dated as of August 13, 2013 (as supplemented, the "2022 Indenture"), among us, the subsidiary guarantors and U.S. Bank National Association, as Trustee. We refer the old 2020 notes and the new 2020 notes together as the "2020 notes" and the old 2022 notes and the new 2022 notes together as the "2022 notes." We refer to the 2020 Indenture and the 2022 Indenture together as the "Indentures." We will issue each series of new notes under the same indenture under which we issued the corresponding series of old notes, and the new notes will represent the same debt as the old notes for which they are exchanged.

The Indentures are governed by the Trust Indenture Act of 1939 (the "Trust Indenture Act"). The terms of the notes include those stated in the Indentures and those made part of the Indentures by reference to the Trust Indenture Act. The registration rights agreements referred to under the caption " Registration Rights" set forth the rights holders of the old notes have to require us to register their notes with the SEC.

Each series of old notes that remain outstanding after the completion of the exchange offers, together with the corresponding series of new notes, will be treated as a single class of securities under the applicable Indenture. Otherwise unqualified references herein to "notes" shall, unless the context requires otherwise, include the old notes and the new notes, and all references to specified percentages in aggregate principal amount of the notes shall be deemed to mean, at any time after the exchange offers are completed, such percentage in aggregate principal amount of the old notes and the new notes then outstanding.

The terms of the new notes will be substantially identical to the terms of the old notes, except that the new notes:

will have been registered under the Securities Act;

will not be subject to transfer restrictions applicable to the old notes; and

will not have the benefit of the registration rights agreement applicable to the old notes.

The following description is a summary of the material provisions of the Indentures and the registration rights agreements. It does not restate those agreements in their entirety. We urge you to read the applicable Indenture(s) and the registration rights agreement(s) because they, and not this description, define your rights as Holders of these notes. You may request copies of the Indenture and the registration rights agreement at the address set forth under the heading " Additional Information."

You can find the definitions of certain capitalized terms used in this description that are not otherwise defined in this description under the subheadings " Certain Definitions," and " Registration Rights." In this description, the word "Company" refers only to Halcón Resources Corporation and not to any of its subsidiaries.

Brief Description of the Notes

The Notes

The old 2020 notes that are subject to this exchange offer were issued on December 19, 2013 in an aggregate principal amount of \$400.0 million and the old 2022 notes were issued on August 13, 2013 in an aggregate principal amount of \$400.0 million.

Table of Contents

These notes:

will be general unsecured senior obligations of the Company;

will be equal in right of payment to all existing and future senior Indebtedness of the Company;

will be effectively subordinate in right of payment to any secured Indebtedness of the Company to the extent of the collateral securing such Indebtedness, including Indebtedness under the Company's senior secured revolving credit facility;

will be senior in right of payment to any future subordinated Indebtedness of the Company; and

will be unconditionally guaranteed by the Guarantors.

The Subsidiary Guarantees

The new notes will be jointly and severally guaranteed by each of the Company's present Restricted Subsidiaries and its future domestic Restricted Subsidiaries.

The Subsidiary Guarantees of the new notes:

will be general unsecured senior obligations of each Guarantor;

will be equal in right of payment to all existing and future senior Indebtedness of each Guarantor;

will be effectively subordinate in right of payment to any secured Indebtedness of each Guarantor to the extent of the collateral securing such Indebtedness, including Indebtedness of the Guarantors under the Company's senior secured revolving credit facility; and

will be senior in right of payment to any future subordinated Indebtedness of each Guarantor.

As of the date of each Indenture, substantially all of the Company's Subsidiaries were both Guarantors and "Restricted Subsidiaries." However, the Subsidiary Guarantee of a Guarantor is subject to release in certain instances as described under the subheading " Subsidiary Guarantees," and under the circumstances described below under the subheading " Certain Definitions Unrestricted Subsidiary," the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries will be not subject to many of the restrictive covenants in the Indenture. Unrestricted Subsidiaries will not guarantee these notes.

Principal, Maturity and Interest

We issued the old 2020 notes in the principal amount of \$400.0 million, which were an additional issuance of 2020 notes that we originally issued in the principal amount of \$750.0 million in July 2012, and we issued the old 2022 notes in the aggregate principal amount of \$400.0 million. We may issue additional notes of either series without the consent of the Holders of such series but subject to the provisions of the applicable Indenture as described below under the caption " Certain Covenants Incurrence of Indebtedness," provided, however, in no event may the Company issue any additional notes of a series if, as a result of any such issuance, the aggregate principal amount of notes of that series outstanding would exceed the maximum aggregate principal amount of notes permitted under the Existing Credit Facility or any other Credit Facilities, in each case as in effect on the date of such issuance, and provided, further, that the additional notes are fungible with the old notes of the same series for U.S. federal income tax purposes so that such additional notes will trade as part of a single class with the old notes. The old notes and any additional notes of the same series subsequently issued under the applicable Indenture, including the new notes issued in the exchange offers, will be treated as a single class for all purposes under the applicable Indenture, including, without limitation, waivers,

amendments, redemptions and offers to purchase. Unless otherwise provided or the context otherwise

Table of Contents

requires, for all purposes of the applicable Indenture and this "Description of the New Notes," references to the notes include any additional notes and new notes actually issued.

The Company will issue the new notes in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Interest on the 2020 notes will accrue at the rate of 9.75% per year and will be payable semiannually in arrears on January 15 and July 15. The Company will make each interest payment to the Holders of record of the notes on the immediately preceding January 1 and July 1. Interest on the 2020 notes accrues from the date interest was most recently paid, which was January 15, 2014. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The 2020 notes will mature on July 15, 2020.

Interest on the 2022 notes will accrue at the rate of 9.25% per year and will be payable semiannually in arrears on February 15 and August 15. The Company will make each interest payment to the Holders of record of the notes on the immediately preceding February 1 and August 1. Interest on the 2022 notes accrues from the date it was most recently paid, which was February 15, 2014. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. The 2022 notes will mature on February 15, 2022.

The interest rate on the notes subject to this exchange offer is subject to increase if the registration statement to which this prospectus relates is not declared effective on a timely basis or if certain other conditions specified by the registration rights agreements are not satisfied, all as further described under the caption "Registration Rights." All references to interest on the notes include any such additional interest that may be payable.

Methods of Receiving Payments on the Notes

If a Holder of not less than \$5.0 million aggregate principal amount of any notes has given wire transfer instructions to the Company, the Company will make all principal, premium and interest payments to the Holder of such notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the Paying Agent within the City and State of New York unless the Company elects to make interest payments by check mailed to the Holders at their addresses set forth in the register of Holders.

The Company will make all principal, premium and interest payments on each note in global form registered in the name of The Depository Trust Company ("DTC") or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the Holder of such global note.

Paying Agent and Registrar for the Notes

The Trustee currently acts as Paying Agent and Registrar. The Company may change the Paying Agent or Registrar without prior notice to the Holders of the notes, and the Company or any of its Subsidiaries may act as Paying Agent or Registrar.

Transfer and Exchange

A Holder may transfer or exchange notes in accordance with the applicable Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company is not required to transfer or exchange any note selected for redemption. Also, the Company is not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

The Holder of a note will be treated as the owner of it for all purposes.

Table of Contents

Subsidiary Guarantees

The Guarantors will jointly and severally guarantee the Company's obligations under these notes on a senior unsecured basis. The obligations of each Guarantor under its Subsidiary Guarantee will be limited in a manner intended to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance under applicable laws, although no assurance can be given that a court would give the Holders the benefit of such a provision. Please read "Risk Factors Risks Relating to Our Indebtedness and the Notes A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under United States bankruptcy or similar state law, which would prevent the holders of the notes from relying on that subsidiary to satisfy claims."

Except in a transaction resulting in the release of a Subsidiary Guarantee of a Guarantor, the Company will not permit a Guarantor to sell or otherwise dispose of all or substantially all of its assets, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person (other than the Company or another Guarantor) unless:

- (1) immediately after giving effect to that transaction, no Default or Event of Default shall have occurred and be continuing; and
- (2) the Person acquiring the assets in any such sale or disposition or the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) assumes all the obligations of that Guarantor under its Subsidiary Guarantee pursuant to a supplemental indenture satisfactory to the Trustee.

The Subsidiary Guarantee of a Guarantor will be released in accordance with the applicable provisions of the Indenture governing the particular series of notes:

- (1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) other than to the Company or another Guarantor, if such transaction complies with the provisions of the Indenture described under the caption " Repurchase at the Option of Holders Asset Sales;"
- (2) in connection with any sale or other disposition of the Capital Stock of a Guarantor (including by way of merger or consolidation) other than to the Company or another Guarantor, if such transaction complies with the provisions of the Indenture described under the caption " Repurchase at the Option of Holders Asset Sales" and the Guarantor ceases to be a Restricted Subsidiary of the Company as a result of such transaction;
- (3) if the Company designates any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in accordance with the provisions of the Indenture; or
- (4) if the Company effects a Legal Defeasance or Covenant Defeasance as described under " Legal Defeasance and Covenant Defeasance" or if it satisfies and discharges the Indenture as described under " Satisfaction and Discharge."

Please read " Repurchase at the Option of Holders Asset Sales."

Optional Redemption

2020 Notes

On or prior to July 15, 2015, the Company may on any one or more occasions redeem up to an aggregate amount equal to 35% of the aggregate principal amount of 2020 notes (including any Additional 2020 Notes) originally issued prior to the redemption date under the 2020 Indenture in an amount not greater than the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 109.750% of the principal amount thereof, plus accrued and unpaid interest, if any, to the

Table of Contents

redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date); provided that:

- (1) at least 65% in aggregate principal amount of 2020 notes (including any Additional 2020 Notes) originally issued under the 2020 Indenture remain outstanding immediately after the occurrence of such redemption (excluding notes held by the Company and its Subsidiaries); and
- (2) each such redemption must occur within 180 days of the date of the closing of the related Equity Offering.

In addition, at any time prior to July 15, 2016, the Company may redeem all or part of the 2020 notes at a redemption price equal to the sum of:

- (i) the principal amount thereof, plus
- (ii) accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date), plus
- (iii) the Make Whole Premium at the redemption date.

On or after July 15, 2016, the Company may redeem all or a part of the 2020 notes at any time or from time to time, at the redemption prices (expressed as percentages of the principal amount) set forth below plus accrued and unpaid interest thereon, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date), if redeemed during the twelve-month period beginning on July 15 of the years indicated below:

Year	Percentage
2016	104.875
2017	102.438
2018 and thereafter	100.000

Except pursuant to the preceding paragraphs, or as described below in the last paragraph under "Repurchase at the Option of Holders Change of Control," the notes will not be redeemable at the Company's option prior to maturity.

2022 Notes

On or prior to August 15, 2016, the Company may on any one or more occasions redeem up to an aggregate amount equal to 35% of the aggregate principal amount of 2022 notes (including any Additional 2022 Notes) originally issued prior to the redemption date under the 2022 Indenture in an amount not greater than the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 109.250% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date); provided that:

- (1) at least 65% in aggregate principal amount of 2022 notes (including any Additional 2022 Notes) originally issued under the 2022 Indenture remain outstanding immediately after the occurrence of such redemption (excluding notes held by the Company and its Subsidiaries); and
- (2) each such redemption must occur within 180 days of the date of the closing of the related Equity Offering.

Table of Contents

In addition, at any time prior to August 15, 2017, the Company may redeem all or part of the 2022 notes at a redemption price equal to the sum of:

- (i) the principal amount thereof, plus
- (ii) accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date), plus
- (iii) the Make Whole Premium at the redemption date.

On or after August 15, 2017, the Company may redeem all or a part of the 2022 notes at any time or from time to time, at the redemption prices (expressed as percentages of the principal amount) set forth below plus accrued and unpaid interest thereon, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date), if redeemed during the twelve-month period beginning on August 15 of the years indicated below:

Year	Percentage
2017	104.625
2018	102.313
2019 and thereafter	100.000

Except pursuant to the preceding paragraphs, or as described below in the last paragraph under " Repurchase at the Option of Holders Change of Control," the notes will not be redeemable at the Company's option prior to maturity.

Selection and Notice

If less than all of the notes are to be redeemed at any time, the Trustee will select notes for redemption as follows:

- (1) if the notes are listed, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or
- (2) if the notes are not so listed, on a pro rata basis.

Notes or portions of notes the Trustee selects for redemption shall be in minimum amounts of \$2,000 or a whole multiple of \$1,000 in excess thereof. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of notes to be redeemed at its registered address, except that notices of redemption may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the Indenture. Notices of redemption may not be conditional, except that a notice of redemption to be made with proceeds of an Equity Offering under the first paragraph of " Optional Redemption" may be conditioned on completion of such Equity Offering.

If any note is to be redeemed in part only, the notice of redemption that relates to that note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the Holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest will cease to accrue on notes or portions of them called for redemption.

Table of Contents

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Company is not required to make any mandatory redemption or sinking fund payments with respect to the notes. However, under certain circumstances, the Company may be required to offer to purchase notes as described under the captions " Repurchase at the Option of Holders Change of Control" and " Asset Sales." The Company may at any time and from time to time purchase notes in the open market or otherwise.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, unless the Company has previously or concurrently exercised its right to redeem all of the notes as described under " Optional Redemption," each Holder of notes will have the right to require the Company to repurchase all or any part (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of that Holder's notes pursuant to the offer described below (the "Change of Control Offer"). In the Change of Control Offer, the Company will offer a payment (the "Change of Control Payment") in cash equal to 101% of the aggregate principal amount of notes to be repurchased plus accrued and unpaid interest thereon, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the date of purchase).

Within 30 days following any Change of Control, the Company will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment Date specified in such notice, which date will be no earlier than 30 days nor later than 60 days from the date such notice is mailed, pursuant to the procedures required by the applicable Indenture and described in such notice. The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described herein, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of the Company's compliance with such securities laws or regulations.

On the Change of Control Payment Date, the Company will, to the extent lawful:

- (1) accept for payment all notes or portions thereof properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all notes or portions thereof so tendered; and
- (3) deliver or cause to be delivered to the Trustee the notes so accepted together with an officers' certificate stating the aggregate principal amount of notes or portions thereof being purchased by the Company.

The Paying Agent will promptly mail to each Holder of notes so tendered and not withdrawn the Change of Control Payment for such tendered notes, with such payments to be made through the facilities of DTC for all notes in global form, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any, by such Holder; provided that each such new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess thereof.

The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

Table of Contents

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control will be applicable regardless of whether or not any other provisions of the applicable Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the Holders of the notes to require that the Company repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

Also, the Company's senior secured revolving credit facility currently treats certain change of control events with respect to the Company as an event of default entitling the lenders to terminate all further lending commitments, to accelerate all loans then outstanding and to exercise other remedies. The occurrence of a Change of Control may result in a default under future Indebtedness of the Company and its Subsidiaries, and give the lenders thereunder the right to require the Company to repay obligations outstanding thereunder. Moreover, the exercise by Holders of their right to require the Company to repurchase the notes could cause a default under such future Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Company. The Company's ability to repurchase notes following a Change of Control also may be limited by the Company's then existing financial resources.

The Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the applicable Indenture applicable to a Change of Control Offer made by the Company and purchases all notes validly tendered and not withdrawn under such Change of Control Offer, or (2) a notice of redemption for all outstanding notes has been given, unless and until there is a default in payment of the applicable redemption price.

A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon the occurrence of a Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer.

The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the assets of the Company and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of notes to require the Company to repurchase such notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Subsidiaries taken as a whole may be uncertain. In addition, Holders of notes may not be entitled to require the Company to repurchase their notes in certain circumstances involving a significant change in the composition of the Board of Directors of the Company, including in connection with a proxy contest, where the Company's Board of Directors does not endorse a dissident slate of directors but approves them for purposes of the Indenture.

If Holders of not less than 90% in aggregate principal amount of the outstanding notes validly tender and do not withdraw such notes in a Change of Control Offer and the Company, or any other Person making a Change of Control Offer in lieu of the Company as described above, purchases all of the notes validly tendered and not withdrawn by such Holders, the Company will have the right, upon not less than 30 nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all notes that remain outstanding following such purchase at a redemption price in cash equal to the applicable Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, to the date of redemption (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the date of purchase).

Table of Contents

Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the Equity Interests or other assets issued or sold or otherwise disposed of; and
- (2) (A) at least 75% of the aggregate consideration therefor received by the Company or such Restricted Subsidiary, as the case may be, from such Asset Sale and all other Asset Sales since the Issue Date, on a cumulative basis, is in the form of cash, Cash Equivalents or assets of the type referred to in clauses (2) or (3) of the next succeeding paragraph, or any combination of the foregoing (together, "Permitted Consideration") or (B) the Fair Market Value of all forms of consideration other than Permitted Consideration since the Issue Date does not exceed in the aggregate 10% of the ACNTA of the Company at the time when such determination is made. For purposes of this provision, each of the following shall be deemed to be cash:
 - (a) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet) of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement or similar agreement that releases the Company or such Restricted Subsidiary from further liability; and
 - (b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted within 180 days by the Company or such Restricted Subsidiary into cash (to the extent of the cash received in that conversion).

Within the later of (x) one year after the date of receipt of any Net Proceeds from an Asset Sale and (y) six months after the date of an agreement entered into within such one-year period committing the Company to make an acquisition or expenditure referred to in clauses (2) or (3) below, the Company may apply such Net Proceeds at its option, in any one or more of the following:

- (1) to repay, prepay, redeem or repurchase the Senior Debt of the Company or any Guarantor; provided that any reduction in outstanding Indebtedness under any revolving credit facility shall be deemed to have been made temporarily pursuant to the next-following paragraph and not under this clause (1) unless the Board of Directors of the Company shall determine otherwise;
- (2) to acquire all or substantially all of the assets of, or a majority of the Voting Stock of, a Company principally engaged in the Oil and Gas Business that will, upon such acquisition, become a Restricted Subsidiary; or
- (3) to make capital expenditures or to acquire properties or assets, in each case that are used or useful in the Oil and Gas Business.

Pending the final application of any such Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner not prohibited by the applicable Indenture.

Table of Contents

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds \$25.0 million, the Company will make an offer (the "Asset Sale Offer") to all Holders of notes and, to the extent required by the terms thereof, all holders of other Indebtedness that is pari passu with the notes containing provisions similar to those set forth in the applicable Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount (or accreted value in the case of any such other pari passu Indebtedness issued with a significant original issue discount) plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the date of purchase), and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by the applicable Indenture. If the aggregate principal amount of notes and such other pari passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select the notes and such other pari passu Indebtedness to be purchased on a pro rata basis, on the basis of the aggregate principal amounts (or accreted values) tendered in round denominations (which in the case of the notes will be minimum denominations of \$2,000 principal amount or multiples of \$1,000 in excess thereof). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

The Company will publicly announce the results of the Asset Sale Offer on or as soon as practicable after the date such Asset Sale Offer is completed.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described herein, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue of the Company's compliance with such securities laws or regulations.

Certain Covenants

Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment by the Company or any Restricted Subsidiary in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or to the Company or a Restricted Subsidiary of the Company);
- (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company (other than any such Equity Interests owned by the Company or any Restricted Subsidiary of the Company);
- (3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity or scheduled sinking fund payment, any

Table of Contents

Subordinated Indebtedness of the Company or any Guarantor, except (a) a payment of interest or principal on or after the date when due or within three business days prior thereto, (b) in anticipation of satisfying a sinking fund obligation, principal installment payment or payment due at final maturity, in each case due within one year of the date of such payment, purchase or other acquisition or retirement or (c) payments on Indebtedness owed to the Company or a Guarantor; or

(4)

make any Investment other than a Permitted Investment (all such payments and other actions set forth in clauses (1) through (3) above and this clause (4) being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(1)

no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(2)

the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption " Incurrence of Indebtedness;" and

(3)

such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (6), (7), (8), (9), (10), (11), (12) or (13) of the next succeeding paragraph, but including Restricted Payments permitted by clauses (1), (5) and (14) of such paragraph), is less than the sum, without duplication, of:

(a)

50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from July 1, 2012 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus

(b)

100% of the aggregate Net Cash Proceeds and 100% of the Fair Market Value of securities or other property other than cash (including Capital Stock of Persons engaged in the Oil and Gas Business that become Restricted Subsidiaries or assets used in the Oil and Gas Business) received by the Company since the Issue Date from the issue or sale of Equity Interests of the Company (other than Disqualified Stock), other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company or to an employee stock ownership plan or to a trust established by the Company or any of its Subsidiaries for the benefit of their employees; plus

(c)

the amount by which Indebtedness is reduced on the Company's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Company) subsequent to the Issue Date of any Indebtedness convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company (plus the amount of any accrued interest then outstanding on such Indebtedness to the extent the obligation to pay such interest is extinguished less the amount of any cash, or the Fair Market Value of any property (as determined in good faith by an officer of the Company), distributed by the Company upon such conversion or exchange); provided, however, that the foregoing amount shall not exceed the Net Cash

Table of Contents

Proceeds received by the Company or any Restricted Subsidiary from the sale of such Indebtedness (excluding Net Cash Proceeds from sales to a Subsidiary of the Company or to an employee stock ownership plan or to a trust established by the Company or any of its Subsidiaries for the benefit of their employees); plus

(d)

an amount equal to the sum of (i) the net reduction in the Investments (other than Permitted Investments) made by the Company or any Restricted Subsidiary in any Person resulting from repurchases, repayments or redemptions of such Investments by such Person, proceeds realized on the sale of such Investments and proceeds representing the return of capital (excluding dividends and distributions to the extent included in Consolidated Net Income), in each case received by the Company or any Restricted Subsidiary since the Issue Date, and (ii) to the extent such Person is an Unrestricted Subsidiary, the portion (proportionate to the Company's equity interest in such Subsidiary) of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time such Unrestricted Subsidiary is designated a Restricted Subsidiary; provided, however, that to the extent the foregoing sum exceeds, in the case of any such Person or Unrestricted Subsidiary, the amount of Investments (excluding Permitted Investments) previously made (and treated as a Restricted Payment) by the Company or any Restricted Subsidiary in such Person or Unrestricted Subsidiary since the Issue Date, such excess shall not be included in this clause (d) unless the amount represented by such excess has not been and will not be taken into account in one of the foregoing clauses (a)-(c).

The preceding provisions will not prohibit:

(1)

the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of the applicable Indenture (and such payment shall be deemed to be paid on the date of payment for purposes of any calculation required by this covenant);

(2)

the redemption, repurchase, retirement, defeasance or other acquisition of any Subordinated Indebtedness of the Company or any Guarantor or of any Equity Interests of the Company or any Restricted Subsidiary in exchange for, or out of the Net Cash Proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (3)(b) of the preceding paragraph;

(3)

the defeasance, redemption, repurchase, retirement or other acquisition of any Subordinated Indebtedness of the Company or any Guarantor with the Net Cash Proceeds from an incurrence of any Permitted Refinancing Indebtedness permitted to be incurred under the caption " Incurrence of Indebtedness;"

(4)

the payment of any dividend or other distribution by a Restricted Subsidiary of the Company to the holders of its common Equity Interests on a pro rata basis;

(5)

so long as no Default has occurred and is continuing, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any employees, former employees, directors or former directors of Company or any of its Restricted Subsidiaries (or heirs, estates or other permitted transferees of such employees or directors) pursuant to any agreements (including employment agreements), management equity subscription agreements or stock option agreements or plans (or amendments thereto), approved by the Board of Directors, under which such individuals purchase or sell or are granted the right to purchase or sell shares of

Table of Contents

Capital Stock; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed \$3.5 million in any twelve-month period (with any unused portion of such amount permitted to be carried forward to the next succeeding twelve month period);

- (6) so long as no Default has occurred and is continuing, loans or advances to employees of the Company or employees or directors of any Subsidiary of the Company, in each case as permitted by Section 402 of the Sarbanes-Oxley Act of 2002, the proceeds of which are used to purchase Capital Stock of the Company, or to refinance loans or advances made pursuant to this clause (6), in an aggregate amount not in excess of \$2.0 million at any one time outstanding;
- (7) repurchases or other acquisitions for value of Capital Stock deemed to occur upon the exercise or exchange of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise or exchange price thereof or made in lieu of withholding taxes in connection with any such exercise or exchange; provided, however, that the aggregate amount of such repurchases, redemption or acquisitions to satisfy federal income tax obligations shall not exceed \$2.0 million in any twelve-month period;
- (8) upon the occurrence of a Change of Control or an Asset Sale and within 60 days after the completion of the offer to repurchase the notes under the covenants described under " Repurchase at the Option of Holders Change of Control" or " Asset Sales" above (including the purchase of all notes tendered and required to be purchased), any purchase, repurchase, redemption, defeasance, acquisition or other retirement for value of Subordinated Indebtedness required under the terms thereof as a result of such Change of Control or Asset Sale at a purchase or redemption price not to exceed 101% of the outstanding principal amount thereof, plus accrued and unpaid interest thereon, if any, provided that, in the notice to Holders relating to a Change of Control or Asset Sale hereunder, the Company shall describe this clause (8);
- (9) so long as no Default has occurred or is continuing, the purchase by the Company of fractional shares arising out of stock dividends, splits or business combinations;
- (10) payments to dissenting stockholders (x) pursuant to applicable law or (y) in connection with the settlement or other satisfaction of legal claims made pursuant to or in connection with a consolidation, merger or transfer of assets in connection with a transaction that is not prohibited by the applicable Indenture;
- (11) the purchase by the Company of fractional shares arising out of stock dividends, splits or combinations or business combinations or conversion of convertible or exchangeable securities of debt or equity issued by the Company;
- (12) dividends on Disqualified Stock if such dividends are included in the calculation of Fixed Charges;
- (13) payments made by any Person other than the Company or any Restricted Subsidiary to the stockholders of the Company in connection with or as part of (a) a merger or consolidation of the Company with or into such Person or a subsidiary of such Person, or (b) a merger of a subsidiary of such Person into the Company; or
- (14) other Restricted Payments not to exceed \$25.0 million in the aggregate since the Issue Date.

The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued at the time of such

Table of Contents

Restricted Payment by this covenant shall be evidenced by an officers' certificate which shall be delivered to the Trustee not later than five Business Days following the date of the making of any Restricted Payment. Such officers' certificate shall state that such Restricted Payment is permitted, together with a copy of any related resolution of the Board of Directors.

For purposes of determining compliance with this covenant, if a Restricted Payment meets the criteria of more than one of the types of Restricted Payments described in clauses (1)-(14) above, the Company, in its sole discretion, may order and classify, and subsequently reorder and reclassify, such Restricted Payment in any manner in compliance with this covenant.

Incurrence of Indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt); provided, however, that the Company and any Guarantor may incur Indebtedness (including Acquired Debt), if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred would have been at least 2.0 to 1, determined on a pro forma basis (including a pro forma application of the Net Cash Proceeds therefrom), as if the additional Indebtedness had been incurred at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Indebtedness"):

- (1) the incurrence by the Company and any Guarantor of the Indebtedness under Credit Facilities; provided that the aggregate principal amount of all Indebtedness of the Company and the Guarantors outstanding at any time under this clause (1) under all Credit Facilities after giving effect to such incurrence does not exceed an amount equal to the greater of (a) \$750.0 million less the aggregate amount of all principal repayments since the Issue Date under a Credit Facility that are made under clause (1) of the second paragraph of the covenant described under " Repurchase at the Option of Holders Asset Sales" and (b) 30.0% of ACNTA;
- (2) the incurrence by the Company and its Restricted Subsidiaries of Existing Indebtedness (other than Indebtedness described under clause (1), (3) or (6) of this paragraph);
- (3) the incurrence by the Company and the Guarantors of Indebtedness represented by (a) the old notes and the Subsidiary Guarantees, and (b) any new notes issued pursuant to the registration rights agreements in exchange for the old notes, and any Subsidiary Guarantees related thereto;
- (4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings, industrial revenue bonds, purchase money obligations or other Indebtedness or preferred stock, or synthetic lease obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, development, construction, installation or improvement of property (real or personal and including Capital Stock), plant or equipment used in the business of the Company or any of its Restricted Subsidiaries (in each case, whether through the direct purchase of such assets or the Equity Interests of any Person owning such assets), in an aggregate principal amount, taken together with Permitted Refinancing Indebtedness in respect thereof, not to exceed \$50.0 million at any time outstanding;
- (5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the Net Cash Proceeds of which are used to refund,

Table of Contents

- refinance or replace, Indebtedness (other than intercompany Indebtedness) that was permitted by the applicable Indenture to be incurred under the first paragraph of this covenant or clause (2), (3), (4) or (13) or this clause (5) of this paragraph;
- (6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; provided, however, that:
- (a) (i) if the Company is the obligor on such Indebtedness, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all obligations with respect to the notes, and (ii) if a Guarantor is the obligor of such Indebtedness, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all obligations of such Guarantor with respect to its Subsidiary Guarantee; and
- (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause;
- (7) in-kind obligations relating to net oil and natural gas balancing positions arising in the ordinary course of business;
- (8) the accrual of interest, accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock, in the form of additional shares of the same class of Disqualified Stock;
- (9) any obligations in respect of completion bonds, performance bonds, bid bonds, appeal bonds, surety bonds, bankers acceptances, letters of credit, insurance obligations or bonds and other similar bonds and obligations incurred by the Company or any Restricted Subsidiary in the ordinary course of business and any Guarantees or letters of credit functioning as or supporting any of the foregoing bonds or obligations;
- (10) any obligation (including deferred premiums) under Interest Rate Agreements, Currency Agreements and Commodity Agreements; provided, that such Interest Rate Agreements, Currency Agreements and Commodity Agreements are related to business transactions of the Company or its Restricted Subsidiaries and are entered into for bona fide hedging purposes of the Company or its Restricted Subsidiaries (as determined in good faith by the Board of Directors or senior management of the Company);
- (11) any obligation arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, Guarantee, adjustment of purchase price, holdback, contingency payment obligation based on the performance of the acquired or disposed asset or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, asset or Capital Stock of a Restricted Subsidiary;
- (12) any obligation arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business, provided, however, that such Indebtedness is extinguished within five Business Days of incurrence;
- (13) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Acquisition Indebtedness;

Table of Contents

- (14) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from Guarantees of Indebtedness of joint ventures at any time outstanding not to exceed the greater of \$50.0 million and 2.0% of ACNTA determined as of the date of incurrence of such Indebtedness after giving pro forma effect to such incurrence and the application of proceeds thereof; and
- (15) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in addition to Indebtedness permitted by clauses (1) through (14) above or the first paragraph above in an aggregate principal amount (or accreted value, as applicable) at any time outstanding not to exceed the greater of (a) \$50.0 million and (b) 2.0% of the Company's ACNTA, determined as of the date of incurrence of such Indebtedness after giving effect to such incurrence and the application of the proceeds therefrom.

For purposes of determining compliance with this "Indebtedness" covenant:

- (1) in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (1) through (15) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company will be permitted to classify such item of Indebtedness (or any portion thereof) on the date of its incurrence and, subject to clause (2) below, may later reclassify such items of Indebtedness (or any portion thereof), in any manner that complies with this covenant, and only be required to include the amount and type of such Indebtedness in one of such clauses or may include the amount and type of such Indebtedness partially in one such clause and partially in one or more other such clauses;
- (2) all Indebtedness outstanding on the date of the applicable Indenture under the Credit Facilities shall be deemed initially incurred on the Issue Date under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (2) of the second paragraph of this covenant;
- (3) Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included;
- (4) if obligations in respect of letters of credit are incurred pursuant to the Credit Facility and are being treated as incurred pursuant to clause (1) of the second paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;
- (5) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP;
- (6) Indebtedness of any Person existing at the time such Person becomes a Restricted Subsidiary shall be deemed to have been incurred by the Company and the Restricted Subsidiary at the time such Person becomes a Restricted Subsidiary; and
- (7) the accrual of interest or dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred equity as Indebtedness due to a change in accounting principles, the payment of dividends on Disqualified Stock or preferred equity in the form of additional shares of the same class of Disqualified Stock or preferred equity will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock or preferred equity for purposes of this covenant; provided, in each such case (other than preferred stock that is not Disqualified Stock), that the amount of any such accrual, accretion or payment is included in Fixed Charges of the Company as accrued.

Table of Contents

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; provided that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Permitted Refinancing Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to create, incur, assume or suffer to exist any Lien on any property or asset now owned or hereafter acquired, or any income or profits therefrom or assign or convey any right to receive income therefrom, except Permitted Liens, to secure (a) any Indebtedness of the Company unless prior to, or contemporaneously therewith, the notes are equally and ratably secured for so long as such other Indebtedness is so secured, or (b) any Indebtedness of any Guarantor, unless prior to, or contemporaneously therewith, the Subsidiary Guarantee of such Guarantor is equally and ratably secured for so long as such other Indebtedness is so secured; provided, however, that if such Indebtedness is expressly subordinated to the notes or a Subsidiary Guarantee, the Lien securing such Indebtedness will be subordinated and junior to the Lien securing the notes or such Subsidiary Guarantee, as the case may be, with the same relative priority as such Indebtedness has with respect to the notes or such Subsidiary Guarantee.

Dividend and Other Payment Restrictions Affecting Subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (a) pay dividends or make any other distributions on its Capital Stock to the Company or any of the Company's Restricted Subsidiaries, or pay any Indebtedness owed to the Company or any of the Company's Restricted Subsidiaries;
- (b) make loans or advances to the Company or any of the Company's Restricted Subsidiaries; or
- (c) transfer any of its properties or assets to the Company or any of the Company's Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements existing on the Issue Date, including the Existing Credit Facility as in effect on the Issue Date;
- (2) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such

Table of Contents

acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the applicable Indenture to be incurred;

- (3) any agreement for the sale or other disposition of Capital Stock or assets of a Restricted Subsidiary that restricts distributions by such Restricted Subsidiary pending such sale or other disposition;
- (4) any amendment, restatement, modification, supplement, extension, renewal, refunding, replacement or refinancing of Indebtedness referred to in clauses (1) or (2), provided that the encumbrances or restrictions contained in the agreements governing the foregoing are not materially more restrictive, taken as a whole, than those contained in the agreements governing such Indebtedness;
- (5) cash or other deposits, or net worth requirements or similar requirements, imposed by suppliers, landlords or customers or required by insurance, security or bonding companies, or restrictions on cash or other deposits by parties under agreements entered into in the ordinary course of the Oil and Gas Business of the types described in the definition of Permitted Business Investments;
- (6) any applicable law, rule, regulation, order, approval, license, permit or similar restriction;
- (7) provisions limiting the disposition or distribution of assets or property or transfer of Capital Stock in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements, limited liability company organizational documents, and other similar agreements entered into in the ordinary course of business, consistent with past practice or with the approval of the Company's Board of Directors, which limitation is applicable only to the assets, property or Capital Stock that are the subject of such agreements;
- (8) any encumbrance or restriction contained in the terms of any Indebtedness permitted to be incurred under the applicable Indenture or any agreement pursuant to which such Indebtedness was incurred if either (x) the encumbrance or restriction applies only in the event of a payment default or a default with respect to a financial covenant in such Indebtedness or agreement or (y) the Company determines that any such encumbrance or restriction will not materially affect the Company's ability to make principal or interest payments on the notes and in either case such restrictions are not materially less favorable to Holders of notes than is customary in comparable financings, in each case as determined in good faith by the Board of Directors of the Company; and
- (9) with respect to clause (c) of the preceding paragraph only, any of the following encumbrances or restrictions:
 - (a) customary non-assignment or consent provisions in leases entered into in the ordinary course of business;
 - (b) purchase money obligations for property acquired in the ordinary course of business or otherwise permitted under the applicable Indenture that impose restrictions on the property so acquired;
 - (c) Permitted Liens or Liens securing Indebtedness otherwise permitted to be incurred pursuant to the provisions of the covenant described above under the caption " Liens" that limit the right of the Company or any of its Restricted Subsidiaries to dispose of the assets subject to such Lien;

Table of Contents

- (d) customary restrictions contained in asset sale agreements limiting the transfer of such assets pending the closing of such sale;
- (e) customary restrictions on the subletting, assignment or transfer of any property or asset that is subject to a lease, license, sub-license or similar contract, or the assignment or transfer of any such lease, license, sub-license or other contract; and
- (f) customary restrictions on the disposition or distribution of assets or property in agreements entered into in the ordinary course of the Oil and Gas Business of the types described in the definition of Permitted Business Investments.

Merger, Consolidation or Sale of Assets

The Company may not: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation); or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as whole, in one or more related transactions, to another Person, unless:

- (1) either:
 - (a) the Company is the surviving corporation; or
 - (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a Person existing under the laws of the United States, any state thereof or the District of Columbia;
- (2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of the Company under the notes, the applicable Indenture and the applicable registration rights agreement pursuant to a supplemental indenture reasonably satisfactory to the Trustee;
- (3) immediately after such transaction no Default or Event of Default exists; and
- (4) either (a) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company) will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption " Certain Covenants Incurrence of Indebtedness" or (b) immediately after giving effect to such transaction on a pro forma basis and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, the Fixed Charge Coverage Ratio of the Company is equal to or greater than the Fixed Charge Coverage Ratio of the Company immediately before such transaction; and
- (5) the Company shall have delivered to the trustee an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition and such supplemental indenture (if any) comply with the applicable Indenture.

The surviving or transferee Person in any of the above transactions (if not the Company) will succeed to, and be substituted for the Company under the applicable Indenture and the notes and the Company (if not the surviving Person) will be fully released from its obligations under such Indenture and the notes, except in the case of a lease of all or substantially all of its assets.

Table of Contents

For purposes of this covenant, the sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of one or more Subsidiaries of the Company, which properties or assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties or assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties or assets of the Company.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the properties or assets of a Person.

Clause (4) of this "Merger, Consolidation, or Sale of Assets" covenant will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Company and any of its Restricted Subsidiaries that are Guarantors.

Transactions with Affiliates

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction") involving aggregate consideration to or from the Company or a Restricted Subsidiary in excess of \$1.0 million, unless:

- (1) such Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained at the time of such transaction in arm's-length dealings by the Company or such Restricted Subsidiary with a Person that is not an Affiliate; and
- (2)
 - (a) the Company delivers to the trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration to or from the Company or a Restricted Subsidiary in excess of \$10.0 million, an officers' certificate certifying that such Affiliate Transaction complies with the requirements of clause (1) above; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration to or from the Company or a Restricted Subsidiary in excess of \$25.0 million, a majority of the Disinterested Members of the Board of Directors (or, if there is only one Disinterested Member, such Disinterested Member) have determined that the criteria set forth in clause (1) are satisfied with respect to such Affiliate Transaction(s) and have approved such Affiliate Transaction(s), as evidenced by a resolution delivered to the Trustee and certified by an officers' certificate as having been adopted by the Board of Directors.

The following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

- (1) any employment or severance agreement or other employee, consulting service, termination or director-compensation agreement, arrangement or plan, (or any amendment thereto with respect thereto), or indemnification agreements, entered into by the Company or any Restricted Subsidiary with officers and employees of the Company or any Restricted Subsidiary thereof and the payment of compensation to officers and employees of the Company or any Restricted Subsidiary thereof (including amounts paid pursuant to employee benefit plans, employee stock option or similar plans), so long as such agreement or payment is in the ordinary course of business or has been approved by a majority of the Disinterested

Table of Contents

- Members of the Board of Directors (or, if there is only one Disinterested Member, such Disinterested Member);
- (2) transactions between or among the Company and/or its Restricted Subsidiaries;
- (3) Restricted Payments that, in each case, are permitted by the provisions of the Indentures described above under the caption " Restricted Payments" or Permitted Investments described in clauses (14) or (15) of the definition thereof;
- (4) loans or advances to employees, officers or directors in the ordinary course of business of the Company or any of its Restricted Subsidiaries, in each case only as permitted by Section 402 of the Sarbanes-Oxley Act of 2002, but in any event not to exceed \$2.0 million in the aggregate outstanding at any one time;
- (5) any transactions undertaken pursuant to any contracts in existence on the Issue Date (as in effect on the Issue Date) and any renewals, replacements or modifications of such contracts (pursuant to new transactions or otherwise) on terms no less favorable to the holders of the notes than those in effect on the Issue Date;
- (6) in the case of (i) contracts for (A) drilling or other oil-field services or supplies, (B) the sale, storage, gathering or transport of hydrocarbons or (C) the lease or rental of office or storage space or (ii) other operation-type contracts, any such contracts that are entered into in the ordinary course of business on terms substantially similar to those contained in similar contracts entered into by the Company or any Restricted Subsidiary and third parties or, if neither the Company nor any Restricted Subsidiary has entered into a similar contract with a third party, that the terms are no less favorable than those available from third parties on an arm's-length basis, as determined by a majority of the Disinterested Members of the Board of Directors of the Company (or, if there is only one Disinterested Member, such Disinterested Member);
- (7) transactions with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Company solely because the Company owns, directly or through a Subsidiary, an Equity Interest in, or controls, such Person;
- (8) any sale or other issuance of Equity Interests (other than Disqualified Stock) of the Company to, or receipt of a capital contribution from, an Affiliate (or a Person that becomes an Affiliate) of the Company;
- (9) any Transaction between the Company or any Restricted Subsidiary on the one hand and any Person deemed to be an Affiliate solely because a director of such Person is also a director of the company or a Restricted Subsidiary, on the other hand; provided that such director abstains from voting as a director of the Company or the Restricted Subsidiary, as applicable, in connection with the approval of the transaction; and
- (10) Transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of the business of the Company and its Restricted Subsidiaries and otherwise in compliance with the applicable Indenture; provided that as determined by a majority of the Disinterested Members of the Board of Directors or the Company (or, if there is only one Disinterested Member, such Disinterested Member) or senior management of the Company, such Transactions are on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable Transaction by the Company or such Restricted Subsidiary with an unrelated Person.

Table of Contents

Additional Subsidiary Guarantees

If, after the Issue Date, any Restricted Subsidiary of the Company that is not already a Guarantor guarantees any Indebtedness of the Company or any Guarantor under a Credit Facility, then that Subsidiary will become a Guarantor by executing a supplemental indenture and delivering it to the Trustee within 30 days of the date on which it guaranteed such Indebtedness. Any such guarantee shall be subject to release as described under " Subsidiary Guarantees."

Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, engage in any business other than the Oil and Gas Business, except to such extent as would not be material in the opinion of the Board of Directors (which opinion shall be reasonable and made in good faith) to the Company and its Restricted Subsidiaries taken as a whole.

Reports

Whether or not required by the SEC, so long as any notes are outstanding, the Company will furnish to the Holders of notes, within the time periods specified in the SEC's rules and regulations:

- (1) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Company were required to file such Forms, including a section on "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by the Company's certified independent public accountants; and
- (2) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in "Management's Discussion and Analysis of Financial Condition and Results of Operations," of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

In addition, whether or not required by the SEC, the Company will file a copy of all of the information and reports referred to in clause (1) and (2) above with the SEC for public availability within the time periods specified in the SEC's rules and regulations (unless the SEC will not accept such a filing). Each such filing will be deemed to satisfy the Company's obligation to furnish the filed information or report to the Holders.

In the event that any direct or indirect parent company of the Company becomes a guarantor of the notes, the Indentures will permit the Company to satisfy its obligations in this covenant with respect to financial information relating to the Company by furnishing financial information relating to such parent company; provided that the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent, on the one hand, and the information relating to the Company and its Subsidiaries on a standalone basis, on the other hand.

In addition, the Company will agree that, for so long as any notes remain outstanding and are "restricted securities" under Rule 144 under the Securities Act, if at any time it is not required to file with the SEC the reports required by the preceding paragraphs, it will furnish to beneficial owners of Notes and to prospective investors, upon request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Table of Contents

Covenant Termination

From and after the occurrence of an Investment Grade Rating Event, the Company and its Restricted Subsidiaries will no longer be subject to the provisions of the Indentures described in " Repurchase at the Option of Holders Asset Sales" or in " Certain Covenants" above under the following headings:

"Restricted Payments,"

"Incurrence of Indebtedness,"

"Dividend and Other Payment Restrictions Affecting Subsidiaries,"

Clause (4) of "Merger, Consolidation or Sale of Assets,"

"Transactions with Affiliates," and

"Business Activities"

(collectively, the "Eliminated Covenants"). As a result, after the date on which the Company and its Restricted Subsidiaries are no longer subject to the Eliminated Covenants, the notes will be entitled to substantially reduced covenant protection.

After the foregoing covenants have been terminated, the Company may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the second sentence of the definition of "Unrestricted Subsidiary."

Events of Default and Remedies

Each of the following is an Event of Default:

- (1) default for 30 days in the payment when due of interest on the notes;
- (2) default in payment when due of the principal of or premium, if any, on the notes;
- (3) failure by the Company to comply with the provisions described under the caption or " Certain Covenants Merger, Consolidation or Sale of Assets;"
- (4) failure by the Company or any of its Restricted Subsidiaries to comply for 30 days after receipt of written notice from the Trustee or the Holders of 25% in principal amount of the Notes with the provisions described under the captions " Repurchase at the Option of the Holders Change of Control" and " Asset Sales" and " Certain Covenants Restricted Payments," " Incurrence of Indebtedness," " Liens," " Dividend and Other Payment Restrictions Affecting Subsidiaries," " Transactions with Affiliates," " Additional Subsidiary Guarantees," and " Business Activities";
- (5) failure by the Company for 60 days (or 180 days with respect to the covenant described under " Certain Covenants Reports") after receipt of written notice from the Trustee or the Holders of 25% in principal amount of the Notes to comply with any of its other agreements in the applicable Indenture;
- (6)

Edgar Filing: 7711 Corp - Form 424B3

default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the

Table of Contents

Company or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the date of the applicable Indenture, if that default:

- (a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness (a "Payment Default"); or
- (b) results in the acceleration of such Indebtedness prior to its Stated Maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$25.0 million or more (the "cross-acceleration provision"); provided, however, that if any such Payment Default is cured or waived or any such acceleration rescinded, or such Indebtedness is repaid, within a period of 30 days from the continuation of such Payment Default beyond the applicable grace period or the occurrence of such acceleration, as the case may be, such Event of Default and any consequential acceleration of the Notes shall be automatically rescinded, so long as such rescission does not conflict with any judgment or decree;
- (7) failure by the Company or any of its Restricted Subsidiaries to pay final judgments aggregating in excess of \$25.0 million (net of any amounts covered by insurance or a binding indemnity agreement), which judgments are not paid, discharged or stayed for a period of 60 days (the "Judgment Provision");
- (8) any Subsidiary Guarantee of a Guarantor shall be held in any judicial proceeding to be unenforceable or invalid or, except as permitted by the applicable Indenture, shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Subsidiary Guarantee (the "guarantee default provision"), in each case with respect to any Guarantor that is also a Significant Subsidiary or any group of Guarantors that, taken together, would constitute a Significant Subsidiary; and
- (9) certain events of bankruptcy or insolvency with respect to the Company or any Restricted Subsidiary that is also a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary (the "bankruptcy provision").

In the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding notes may declare all the notes to be due and payable immediately. Under certain circumstances, the Holders of a majority in principal amount of the then outstanding notes may rescind an acceleration with respect to the notes and its consequences.

Holders of the notes may not enforce the applicable Indenture or the notes except as provided in such Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium or interest) if it determines that withholding notice is in their interest.

The Holders of a majority in aggregate principal amount of the notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the notes waive any existing Default or Event of Default and its consequences under the applicable Indenture except a continuing Default or Event of Default in the payment of interest or premium on, or the principal of, the notes or a Default or Event

Table of Contents

of Default in respect of a provision that under " Amendment, Supplement and Waiver" below cannot be amended without the consent of each Holder affected.

The Company is required to deliver to the Trustee annually a statement regarding compliance with each Indenture. Upon becoming aware of any Default or Event of Default, the Company is required to deliver to the Trustee a statement specifying such Default or Event of Default.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator, member, partner or stockholder of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or the Guarantors under the notes, the Indentures, the Subsidiary Guarantees, the registration rights agreements or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver and release may not be effective to waive liabilities under the federal securities laws, and it is the view of the SEC that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

The Company may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding notes and the applicable Indenture and all obligations of the Guarantors discharged with respect to their Subsidiary Guarantees ("Legal Defeasance") except for:

- (1) the rights of Holders of outstanding notes to receive payments in respect of the principal of, premium, if any, and interest on such notes when such payments are due from the trust referred to below;
- (2) the Company's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the Trustee, and the Company's obligations in connection therewith; and
- (4) the Legal Defeasance provisions of such Indenture.

In addition, the Company may, at its option and at any time, elect to terminate its obligations under " Repurchase at the Option of Holders Change of Control" and " Asset Sales" and under the covenants described under " Certain Covenants" (other than the covenant described under " Merger, Consolidation or Sale of Assets"), the operation of the Cross-Acceleration Provision, the Judgment Provision, the Guarantee Default Provision and (with respect only to Significant Subsidiaries) the Bankruptcy Provision described under " Events of Default and Remedies" above and the limitations contained in clause (4) of the first paragraph under " Certain Covenants Merger, Consolidation or Sale of Assets" above (collectively, "Covenant Defeasance") and certain other covenants or obligations of the Company set forth in the applicable Indenture, and thereafter any omission to comply with such obligations or provisions will not constitute a Default or Event of Default.

The Company may exercise its Legal Defeasance option notwithstanding its prior exercise of its Covenant Defeasance option. If the Company exercises its Legal Defeasance option, payment of the notes may not be accelerated because of any Event of Default. If the Company exercises its Covenant Defeasance option, payment of the notes may not be accelerated because of an Event of Default specified in clauses (4), (5), (6), (7), (8) or (with respect only to Significant Subsidiaries) (9) under " Events of Default and Remedies" above or because of the failure of the Company to comply with

Table of Contents

clause (4) of the first paragraph under " Certain Covenants Merger, Consolidation or Sale of Assets" above. If the Company exercises its Legal Defeasance or Covenant Defeasance option, each Guarantor will be released from its obligations with respect to its Subsidiary Guarantee.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the outstanding notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the notes are being defeased to Stated Maturity or to a particular redemption date;
- (2) in the case of Legal Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (a) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Company shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the Holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default or Event of Default shall have occurred and be continuing either: (a) on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit); or (b) insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;
- (5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture) to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound;
- (6) the Company must have delivered to the Trustee an Opinion of Counsel to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;
- (7) the Company must deliver to the Trustee an officers' certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and
- (8) the Company must deliver to the Trustee an officers' certificate and an Opinion of Counsel, stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Table of Contents

Satisfaction and Discharge

The Company may discharge its and the Guarantors' obligations under the Indentures while notes remain outstanding if (a) all outstanding notes have been delivered for cancellation, (b) all outstanding notes have become due and payable at their scheduled maturity or (c) all outstanding notes are scheduled for redemption, and the Company has deposited with the Trustee an amount sufficient to pay and discharge all outstanding notes, not previously delivered for cancellation, on the date of their scheduled maturity or the scheduled date of redemption.

Amendment, Supplement and Waiver

Except as provided below, the Indentures, the notes and Subsidiary Guarantees may be amended with the consent of the Holders of at least a majority in principal amount of the series of notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes), and any existing default or compliance with any provision of the Indenture governing such series, the notes or the Subsidiary Guarantees may be waived with the consent of the Holders of a majority in principal amount of the then outstanding notes (including consents obtained in connection with a tender offer or exchange offer for notes).

Without the consent of each Holder affected, an amendment, supplement or waiver may not (with respect to any notes held by a non-consenting Holder):

- (1) reduce the principal amount of notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any note or alter the provisions with respect to the redemption or repurchase of the notes (other than provisions relating to the covenants described above under the caption " Repurchase at the Option of Holders");
- (3) reduce the rate of or change the time for payment of interest on any note;
- (4) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the notes or a Default or Event of Default in respect of a provision that cannot be amended without the consent of each Holder affected;
- (5) make any note payable in a currency other than that stated in the notes;
- (6) make any change in the provisions of such Indenture relating to waivers of past Defaults or the rights of Holders of notes to receive payments of principal of or premium, if any, or interest on the notes (except as permitted by clause (7) below);
- (7) waive a redemption or repurchase payment with respect to any note (other than a payment required by one of the covenants described above under the caption " Repurchase at the Option of Holders");
- (8) modify any Subsidiary Guarantee in any manner adverse to Holders of the notes or release any Guarantor from its obligations under its Subsidiary Guarantee except in accordance with the terms of such Indenture;
- (9) make any change in the ranking of the notes or the Subsidiary Guarantees in a manner adverse to the Holders of the notes or the Subsidiary Guarantees; or
- (10) make any change in the preceding amendment, supplement and waiver provisions.

Table of Contents

Notwithstanding the preceding, without the consent of any Holder of notes, the Company, the Guarantors and the Trustee may amend or supplement the Indentures, the notes or the Subsidiary Guarantees:

- (1) to cure any ambiguity, defect, inconsistency, omission or mistake;
- (2) to provide for uncertificated notes in addition to or in place of certificated notes;
- (3) to provide for the assumption of the Company's or a Guarantor's obligations to Holders of notes in the case of a merger or consolidation or sale of all or substantially all of the Company's or a Guarantor's properties or assets in compliance with the applicable Indenture;
- (4) to add or release Guarantors in compliance with the applicable Indenture;
- (5) to make any change that would provide any additional rights or benefits to the Holders of notes, add Events of Default or surrender any right or power conferred upon the Company or any Guarantor or that does not adversely affect in any material respect the legal rights under the applicable Indenture of any such Holder; provided, however, that any change to such Indenture to conform it to this "Description of the New Notes" shall not be deemed to adversely affect such legal rights;
- (6) to secure the notes, including pursuant to the requirements of the covenant described above under the caption " Certain Covenants Liens;"
- (7) to comply with requirements of the SEC in order to effect or maintain the qualification of the applicable Indenture under the Trust Indenture Act;
- (8) to comply with requirements of any securities depository with respect to the notes; or
- (9) to provide for the issuance of the new notes or additional notes of the same series.

Concerning the Trustee

If the Trustee becomes a creditor of the Company or any Guarantor, the Indentures will limit its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest after a Default has occurred and is continuing it must eliminate such conflict within 90 days, apply to the SEC for permission to continue or resign.

The Holders of a majority in principal amount of the then outstanding series of notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. If an Event of Default shall occur and be continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the applicable Indenture at the request of any Holder of notes, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense as provided in such Indenture.

Governing Law

The Indentures, the notes and the Subsidiary Guarantees are governed by, and will be construed in accordance with, the laws of the State of New York.

Table of Contents

Additional Information

Anyone who receives this prospectus may obtain a copy of the applicable Indenture and registration rights agreement without charge by writing to Halcón Resources Corporation, 1000 Louisiana Street, Suite 6700, Houston, Texas 77002, Attention: Corporate Secretary.

Certain Definitions

Set forth below are certain defined terms used in the Indentures. Reference is made to the Indentures for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"ACNTA" means (without duplication), as of the date of determination:

(1) the sum of:

(a) discounted future net revenue from proved crude oil and natural gas reserves of the Company and its Restricted Subsidiaries calculated in accordance with SEC guidelines before any state or federal income taxes, as estimated in a reserve report prepared as of the end of the Company's most recently completed fiscal year, which reserve report is prepared or r