

# SECURITIES AND EXCHANGE COMMISSION

## FORM S-4/A

Registration of securities issued in business combination transactions [amend]

Filing Date: **2013-01-10**  
SEC Accession No. [0001047469-13-000157](#)

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### FILER

#### **EAGLE ROCK ENERGY PARTNERS L P**

CIK:[1364541](#) | IRS No.: [680629883](#) | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: [333-185048](#) | Film No.: [13523390](#)  
SIC: **1311** Crude petroleum & natural gas

Mailing Address  
*P.O. BOX 2968  
HOUSTON TX 77252*

Business Address  
*THE WEDGE TOWER  
1415 LOUISIANA STREET,  
SUITE 2700  
HOUSTON TX 77002  
281-408-1200*

#### **Eagle Rock Energy GP, L.P.**

CIK:[1378413](#) | IRS No.: [680629881](#) | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: [333-185048-26](#) | Film No.: [13523405](#)

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HOUSTON TX 77002  
281-408-1200*

#### **Eagle Rock Energy G&P, LLC**

CIK:[1378417](#) | IRS No.: [203296844](#) | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: [333-185048-25](#) | Film No.: [13523404](#)

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HOUSTON TX 77002  
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#### **Eagle Rock Midstream, L.P.**

CIK:[1461323](#) | IRS No.: [800117305](#) | State of Incorporation: **TX** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: [333-185048-18](#) | Film No.: [13523394](#)

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*P.O. BOX 2968  
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Business Address  
*THE WEDGE TOWER  
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2700  
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281-408-1200*

#### **Eagle Rock Desoto Pipeline, L.P.**

CIK:[1461324](#) | IRS No.: [061734875](#) | State of Incorporation: **TX** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: [333-185048-30](#) | Film No.: [13523423](#)

Mailing Address  
*P.O. BOX 1260  
HOUSTON TX 77252*

Business Address  
*THE WEDGE TOWER  
1415 LOUISIANA STREET,  
SUITE 2700  
HOUSTON TX 77002  
281-408-1200*

Mailing Address

Business Address

### **CMA Pipeline Partnership, LLC**

CIK:**1461325** | IRS No.: **800117302** | State of Incorp.:**TX** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-37** | Film No.: **13523430**

*P.O. BOX 2968  
HOUSTON TX 77252*

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281-408-1200*

### **Galveston Bay Gathering, LLC**

CIK:**1461326** | IRS No.: **204591290** | State of Incorp.:**TX** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-09** | Film No.: **13523414**

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### **Eagle Rock GOM, L.P.**

CIK:**1461327** | IRS No.: **800117311** | State of Incorp.:**TX** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-22** | Film No.: **13523401**

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281-408-1200*

### **Superior Gas Compression, LLC**

CIK:**1461328** | IRS No.: **870802353** | State of Incorp.:**TX** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-05** | Film No.: **13523410**

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### **Escambia Asset Co. LLC**

CIK:**1461329** | IRS No.: **204942000** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-11** | Film No.: **13523416**

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### **Escambia Operating Co. LLC**

CIK:**1461330** | IRS No.: **204943869** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-10** | Film No.: **13523415**

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281-408-1200*

### **Eagle Rock Acquisition Partnership II, L.P.**

CIK:**1461332** | IRS No.: **262830903** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-32** | Film No.: **13523425**

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### **Eagle Rock Upstream Development Co II, Inc.**

CIK:**1461333** | IRS No.: **201477453** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-12** | Film No.: **13523417**

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### **Eagle Rock Energy Acquisition Co. II, Inc.**

CIK:**1461334** | IRS No.: **262463364** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-29** | Film No.: **13523422**

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### **Eagle Rock Upstream Development II, L.P.**

CIK:**1461335** | IRS No.: **204005491** | State of Incorp.:**TX** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-13** | Film No.: **13523418**

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### **Eagle Rock Acquisition Partnership, L.P.**

CIK:**1461336** | IRS No.: **261206706** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-31** | Film No.: **13523424**

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### **Eagle Rock Upstream Development Company, Inc.**

CIK:**1461337** | IRS No.: **201560113** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-15** | Film No.: **13523419**

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281-408-1200  
Business Address  
THE WEDGE TOWER  
1415 LOUISIANA STREET,  
SUITE 2700  
HOUSTON TX 77002  
281-408-1200

### Eagle Rock Energy Acquisition Co., Inc.

CIK:**1461338** | IRS No.: **260604564** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-28** | Film No.: **13523421**

Mailing Address  
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HOUSTON TX 77252

### Hesco Pipeline Company, L.L.C.

CIK:**1461339** | IRS No.: **571219129** | State of Incorp.:**TX** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-07** | Film No.: **13523412**

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### Hesco Gathering Company, LLC

CIK:**1461340** | IRS No.: **742875152** | State of Incorp.:**TX** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-08** | Film No.: **13523413**

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### EROC Gathering Company, LP

CIK:**1461341** | IRS No.: **204435595** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-36** | Film No.: **13523429**

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### EROC Quitman Gathering Co., LP

CIK:**1461342** | IRS No.: **204435455** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-33** | Film No.: **13523426**

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281-408-1200

### EROC Midstream Energy, L.P.

CIK:**1461343** | IRS No.: **141927069** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-35** | Film No.: **13523428**

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### EROC Production, LLC

CIK:**1461346** | IRS No.: **261562116** | State of Incorp.:**DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-34** | Film No.: **13523427**

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281-408-1200

### Eagle Rock Field Services, L.P.

CIK:**1461348** | IRS No.: **203609438** | State of Incorp.:**TX** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-23** | Film No.: **13523402**

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HOUSTON TX 77002  
281-408-1200

### Eagle Rock Operating, L.P.

CIK:**1461349** | IRS No.: **200410508** | State of Incorp.:**TX** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-17** | Film No.: **13523393**

Mailing Address  
P.O. BOX  
HOUSTON TX 77060

Business Address  
THE WEDGE TOWER  
1415 LOUISIANA STREET,  
SUITE 2700  
HOUSTON TX 77002  
281-408-1200

### Eagle Rock Gas Gathering & Processing, Ltd.

CIK:**1461350** | IRS No.: **203296893** | State of Incorp.:**TX** | Fiscal Year End: **1209**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-21** | Film No.: **13523400**

Mailing Address  
P.O. BOX 2968  
HOUSTON TX 77252

Business Address  
THE WEDGE TOWER  
1415 LOUISIANA, SUITE  
2700  
HOUSTON TX 77002  
281-408-1200

### Midstream Gas Services, L.P.

CIK:**1461351** | IRS No.: **331103950** | State of Incorp.:**TX** | Fiscal Year End: **1209**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-06** | Film No.: **13523411**

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281-408-1200

Mailing Address

Business Address

### **Eagle Rock Pipeline, L.P.**

CIK:**1461352** | IRS No.: **203804503** | State of Incorporation: **DE** | Fiscal Year End: **1209**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-14** | Film No.: **13523391**

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HOUSTON TX 77252*

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### **Eagle Rock Pipeline GP, LLC**

CIK:**1461353** | IRS No.: **203804451** | State of Incorporation: **DE** | Fiscal Year End: **1209**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-16** | Film No.: **13523392**

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281-408-1200*

### **Eagle Rock Energy Services, L.P.**

CIK:**1461545** | IRS No.: **203384873** | State of Incorporation: **TX** | Fiscal Year End: **1209**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-24** | Film No.: **13523403**

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281-408-1200*

### **Eagle Rock Energy Finance Corp.**

CIK:**1461804** | IRS No.: **264627240** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-38** | Film No.: **13523431**

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### **Eagle Rock Gas Services, LLC**

CIK:**1534567** | IRS No.: **452017795**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-20** | Film No.: **13523399**

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281-408-1200*

### **Eagle Rock Energy G&P Holding, Inc.**

CIK:**1534568** | IRS No.: **273137678**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-27** | Film No.: **13523420**

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### **Eagle Rock Marketing, LLC**

CIK:**1534569** | IRS No.: **273416989**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-19** | Film No.: **13523398**

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HOUSTON TX 77002  
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### **Eagle Rock Mid-Continent Asset, LLC**

CIK:**1534570** | IRS No.: **562590199**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-02** | Film No.: **13523406**

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HOUSTON TX 77002*

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HOUSTON TX 77002  
281-408-1200*

### **Eagle Rock Mid-Continent Operating, LLC**

CIK:**1534571** | IRS No.: **562590204**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-03** | Film No.: **13523407**

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1415 LOUISIANA STREET,  
SUITE 2700  
HOUSTON TX 77002*

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281-408-1200*

### **Eagle Rock Mid-Continent Holding, LLC**

CIK:**1534616** | IRS No.: **562590189**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-04** | Film No.: **13523409**

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1415 LOUISIANA STREET,  
SUITE 2700  
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HOUSTON TX 77002  
281-408-1200*

### **Eagle Rock Crude Pipelines, LLC**

CIK:**1562441** | IRS No.: **460808060** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **S-4/A** | Act: **33** | File No.: **333-185048-01** | Film No.: **13523408**

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As filed with the Securities and Exchange Commission on January 10, 2013

Registration No. 333-185048

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Amendment No. 1  
to  
FORM S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**EAGLE ROCK ENERGY PARTNERS, L.P.\*  
EAGLE ROCK ENERGY FINANCE CORP.**

(Exact Name of Registrant as Specified in Its Charter)

<b>Delaware</b>	<b>1311</b>	<b>69-0629883</b>
<b>Delaware</b>	<b>1311</b>	<b>26-4627240</b>
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**1415 Louisiana Street, Suite 2700  
Houston, Texas 77002  
(281) 408-1200**

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

**Charles C. Boettcher  
1415 Louisiana Street, Suite 2700  
Houston, Texas 77002  
(281) 408-1200**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

**Copies to:**

**Douglas E. McWilliams  
Vinson & Elkins L.L.P.  
First City Tower  
1001 Fannin Street, Suite 2500  
Houston, Texas 77002  
(713) 758-2222**

**Approximate date of commencement of proposed sale of the securities to the public:**

**As soon as practicable after the effective date of this Registration Statement.**

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issue Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**Each registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

**TABLE OF ADDITIONAL REGISTRANT GUARANTORS**

\* The following are co-registrants that guarantee the debt securities:

<u>Exact Name of Registrant Guarantors(1)</u>	<u>State or Other Jurisdiction of Incorporation or Formation</u>	<u>IRS Employer Identification Number</u>
CMA Pipeline Partnership, LLC	Texas	80-0117302
EROC Gathering Company, LP	Delaware	20-4435595
EROC Midstream Energy, L.P.	Delaware	14-1927069
EROC Production, LLC	Delaware	26-1562116
EROC Quitman Gathering Co., LP	Delaware	20-4435455
Eagle Rock Acquisition Partnership II, L.P.	Delaware	26-2830903
Eagle Rock Acquisition Partnership, L.P.	Delaware	26-1206706
Eagle Rock Desoto Pipeline, L.P.	Texas	06-1734875
Eagle Rock Energy Acquisition Co. II, Inc.	Delaware	26-2463364
Eagle Rock Energy Acquisition Co., Inc.	Delaware	20-0604564
Eagle Rock Energy G& P Holding, Inc.	Delaware	27-3137678
Eagle Rock Energy GP, L.P.	Delaware	68-0629881
Eagle Rock Energy G&P, LLC	Delaware	20-3296844
Eagle Rock Energy Services, L.P.	Texas	20-3384873
Eagle Rock Field Services, L.P.	Texas	20-3609438
Eagle Rock GOM, L.P.	Texas	80-0117311
Eagle Rock Gas Gathering & Processing, Ltd.	Texas	20-3296893
Eagle Rock Gas Services, LLC	Delaware	45-2017795
Eagle Rock Marketing, LLC	Delaware	27-3416989
Eagle Rock Midstream, L.P.	Texas	80-0117305
Eagle Rock Operating, L.P.	Texas	20-0410508
Eagle Rock Pipeline GP, LLC	Delaware	20-3804451
Eagle Rock Pipeline, L.P.	Delaware	20-3804503
Eagle Rock Upstream Development Company, Inc.	Delaware	20-1560113
Eagle Rock Upstream Development Company II, Inc.	Delaware	20-1477453
Eagle Rock Upstream Development II, L.P.	Texas	20-4005491
Escambia Asset Co. LLC	Delaware	20-4942000
Escambia Operating Co. LLC	Delaware	20-4943869
Galveston Bay Gathering, LLC	Texas	20-4591290
Hesco Gathering Company, LLC	Texas	74-2875152
Hesco Pipeline Company, LLC	Texas	57-1219129
Midstream Gas Services, L.P.	Texas	33-1103950
Superior Gas Compression, LLC	Texas	87-0802353
Eagle Rock Mid-Continent Holding, LLC	Delaware	56-2590189
Eagle Rock Mid-Continent Operating, LLC	Delaware	56-2590204
Eagle Rock Mid-Continent Asset, LLC	Delaware	56-2590199
Eagle Rock Crude Pipelines, LLC	Delaware	46-0808060

(1) The address for each of the Registrant Guarantors is 1415 Louisiana Street, Suite 2700, Houston, Texas 77002, and the telephone number for each of the Registrant Guarantors is (281) 408-1200. The Primary Industrial Classification Code for each of the Registrant Guarantors is 1311.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated January 10, 2013

PROSPECTUS



**Eagle Rock Energy Partners, L.P.  
Eagle Rock Energy Finance Corp.**

**Offer to Exchange  
Up To \$250,000,000 of  
8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2019  
That Have Not Been Registered Under  
The Securities Act of 1933  
For  
Up To \$250,000,000 of  
8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2019  
That Have Been Registered Under  
The Securities Act of 1933**

**Terms of the New 8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2019 Offered in the Exchange Offer:**

The terms of the new notes are identical to the terms of the notes that were issued on July 13, 2012, except that the new notes will be registered under the Securities Act of 1933 and will not contain restrictions on transfer, registration rights or provisions for additional interest.

**Terms of the Exchange Offer:**

We are offering to exchange up to \$250,000,000 of our old notes for new notes with materially identical terms that have been registered under the Securities Act of 1933 and are freely tradable.

We will exchange all old notes that you validly tender and do not validly withdraw before the exchange offer expires for an equal principal amount of new notes.

The exchange offer expires at 5:00 p.m., New York City time, on \_\_\_\_\_, \_\_\_\_\_, unless extended.

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

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



**You should carefully consider the risks set forth under "Risk Factors" beginning on page 9 of this prospectus for a discussion of factors you should consider before participating in the exchange offer.**

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. 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. Please read "Plan of Distribution."

**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 \_\_\_\_\_, \_\_\_\_\_.

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This prospectus is part of a registration statement we filed with the Securities and Exchange Commission (the "SEC"). 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. If you receive any unauthorized information, you must not rely on it. 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 whom it is unlawful to make an offer or solicitation. You should not assume that the information contained in this prospectus or in the documents incorporated by reference herein, is accurate as of any date other than the date on the front cover of this prospectus or the date of such incorporated documents, as the case may be.

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In this prospectus, whenever we use the terms "we," "us," "Eagle Rock" or "Eagle Rock Energy Partners, L.P.," we are referring either to (1) Eagle Rock Energy Partners, L.P., the partnership itself, or (2) Eagle Rock Energy Partners, L.P., Eagle Rock Energy Finance Corp. and our operating subsidiaries collectively, as the context requires. Whenever we use the term the "Issuers," we are referring to Eagle Rock Energy Partners, L.P. and Eagle Rock Energy Finance Corp., the co-issuers of the notes, excluding any of their subsidiaries.

**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 Eagle Rock Energy Partners, L.P., 1415 Louisiana Street, Suite 2700, Houston, Texas 77002 (Telephone (281) 408-1200). To obtain**

**timely delivery of any requested information, holders of old notes must make any request no later than five business days prior to the expiration of the exchange offer.**

## WHERE YOU CAN FIND MORE INFORMATION

We "incorporate by reference" information into this prospectus, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained expressly in this prospectus, and the information we file later with the SEC will automatically supersede this information. You should not assume that the information in this prospectus is current as of any date other than the date on the front page of this prospectus or that any information we have incorporated by reference herein is accurate as of any date other than the date of the document incorporated by reference.

We incorporate by reference in this prospectus the documents listed below:

Our Annual Report on Form 10-K for the year ended December 31, 2011;

Our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2012, June 30, 2012 and September 30, 2012; and

Our Current Reports on Form 8-K (excluding information "furnished" on Items 2.02 and 7.01 and related exhibits) filed on November 14, 2011, January 27, 2012, February 10, 2012, March 19, 2012, March 26, 2012, April 12, 2012, April 24, 2012, April 26, 2012, May 7, 2012, May 17, 2012, May 30, 2012 (two reports), June 8, 2012, July 10, 2012, July 11, 2012, July 13, 2012, July 25, 2012, August 13, 2012, August 17, 2012, October 2, 2012, October 3, 2012, October 24, 2012 and December 31, 2012.

In addition, we incorporate by reference in this prospectus any future filings made by Eagle Rock Energy Partners, L.P. with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") (excluding any information furnished and not filed with the SEC) prior to the termination of the offering of the securities offered by this prospectus (including all such documents we may file with the SEC after the date of the initial registration statement and prior to the effectiveness of the registration statement).

You may request a copy of any document incorporated by reference in this prospectus and any exhibit specifically incorporated by reference in those documents, at no cost, by writing or telephoning us at the following address or phone number:

Eagle Rock Energy Partners, L.P.  
Investor Relations  
1415 Louisiana Street, Suite 2700  
Houston, Texas 77002  
(281) 408-1200

Additionally, you may read and copy any documents filed by us at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings with the SEC are also available to the public from commercial document retrieval services and at the SEC's website at [www.sec.gov](http://www.sec.gov).

We also make available free of charge on our website at [www.eaglerockenergy.com](http://www.eaglerockenergy.com) our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K, and any amendments to those reports, as soon as reasonably practicable after we electronically file such material with the SEC. Information contained on our website is not incorporated by reference into this prospectus and you should not consider information contained on our website as part of this prospectus.

## FORWARD-LOOKING STATEMENTS

This prospectus (including the documents incorporated by reference) includes "forward-looking statements" as defined by the SEC. All statements, other than statements of historical facts, included in this prospectus that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These statements are based on certain assumptions made by us based on our experience and perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control, which may cause our actual results to differ materially from those implied or expressed by the forward-looking statements. We do not assume any obligation to update such forward-looking statements following the date of this prospectus. For a complete description of these risks, please read our risk factors set forth in this prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2011, or our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2012, June 30, 2012 and September 30, 2012, which are incorporated into this prospectus. These factors include but are not limited to:

Drilling and geological/exploration risks;

Assumptions regarding oil and natural gas reserve levels and costs to exploit and timing of development;

Volatility or declines (including sustained declines) in commodity prices;

Our significant existing indebtedness, including indebtedness we incurred in connection with the BP Acquisition (as defined herein);

Our hedging activities;

Our ability to obtain credit and access capital markets;

Our ability to remain in compliance with the covenants set forth in our credit facility;

Conditions in the securities and/or capital markets;

Future processing volumes and throughput;

Loss of significant customers;

Our availability and cost of processing and transporting of natural gas liquids ("NGLs");

Competition in the oil and natural gas industry;

Relevant legislative or regulatory changes, including retroactive royalty or production tax regimes, changes in environmental, health and safety regulation, hydraulic fracturing regulation, environmental risks and liability under federal, state and foreign environmental laws and regulations;

Our ability to make favorable acquisitions and integrate operations from such acquisitions, including our recent BP Acquisition;

Shortages of personnel and equipment;

Increases in interest rates;

Creditworthiness of our counterparties;

Weather, including the occurrence of any adverse weather conditions and/or natural disasters affecting our business;

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Any other factors that impact or could impact the exploration of oil or natural gas resources, including but not limited to the geology of a resource, the total amount and costs to develop recoverable reserves, legal title, regulatory, natural gas administration, marketing and operations factors relating to the extraction of oil and natural gas; and

Tax risk associated with pass-through investment, including potential reduction in tax shield or creation of phantom income in the event distributions are not enough to support the tax burden.

## PROSPECTUS SUMMARY

*This summary highlights information included or incorporated by reference in this prospectus. It does not contain all of the information that you should consider before making an investment decision. You should carefully read this entire prospectus and the information incorporated by reference in this prospectus for a more complete understanding of our business and terms of the notes, as well as the tax and other considerations that are important to you, before making an investment decision. You should pay special attention to the "Risk Factors" section beginning on page 9 of this prospectus and the risk factors described under the heading "Risk Factors" included in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2011 and in Item 1A of Part II of our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2012, June 30, 2012 and September 30, 2012, each of which is incorporated by reference in this prospectus. The estimates of our proved oil and natural gas reserves at December 31, 2011 included in this prospectus are based upon the reports of Cawley, Gillespie & Associates, Inc., our independent petroleum engineers.*

*In this prospectus, we refer to the notes to be issued in the exchange offer as the "new notes" and the notes issued on July 13, 2012 as the "old notes." We refer to the 8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2019, which are registered notes issued in an exchange offer for unregistered notes issued in a private offering on May 27, 2011, as the "original notes." We refer to the original notes, the new notes and the old notes collectively as the "notes."*

### **Eagle Rock Energy Partners, L.P.**

We are based in the United States and are a domestically-focused, growth-oriented master limited partnership ("MLP") engaged in the business of:

gathering, compressing, treating, processing and transporting natural gas; fractionating and transporting natural gas liquids ("NGLs"); crude oil and condensate logistics and marketing; and natural gas marketing and trading, which collectively we call our "Midstream Business"; and

developing and producing interests in oil and natural gas properties, which we call our "Upstream Business."

We believe our dual operating platform provides us with a number of benefits, including diversifying our exposure within the oil and natural gas value chain, broadening our spectrum of potential development and acquisition opportunities in both the midstream and upstream sectors and creating the potential for vertical integration synergies.

Our midstream assets are strategically located in four productive, mature natural gas producing regions: the Texas Panhandle, East Texas/Louisiana, South Texas and the Gulf of Mexico. The largest of these systems are in the Texas Panhandle and East Texas/Louisiana and are characterized by extensive gathering and processing footprints in established, liquids-rich geologic plays with high levels of drilling activity. We intend to grow our Midstream Business primarily through organic projects and acquisitions that complement these core positions and that meet our strategic and financial objectives.

Our upstream assets are characterized by long-lived, high-working interest properties with extensive production histories and development opportunities. Our upstream properties are located primarily in (i) Southern Alabama (which includes the associated gathering, processing and treating assets); (ii) Mid-Continent (which includes areas in Oklahoma, Arkansas, Texas Panhandle and North Texas); (iii) Permian (which includes areas in West Texas); and (iv) East/South Texas and Mississippi. We intend to grow our Upstream Business primarily through lower-risk drilling on our inventory of proved undeveloped and probable drilling locations.

We are a Delaware limited partnership formed on May 25, 2006. Our general partner, Eagle Rock Energy GP, L.P., a Delaware limited partnership, and its general partner, Eagle Rock Energy



G&P, LLC, a Delaware limited liability company, were also formed on May 25, 2006, and have been our wholly-owned subsidiaries since July 30, 2010. Eagle Rock Energy Finance Corp., a Delaware corporation, is a wholly-owned subsidiary of Eagle Rock Energy Partners, L.P. that has been organized for the sole purpose of being a co-issuer of certain of our indebtedness, including the notes. Eagle Rock Energy Finance Corp. has no operations and no revenue other than as may be incidental to its activities as co-issuer of our indebtedness.

***Recent Developments***

On August 10, 2012, we entered into a Purchase and Sale Agreement (the "Purchase Agreement") with BP America Production Company, a Delaware corporation ("BP") to acquire two of BP's gas processing facilities and the associated gathering system (the "Gathering and Processing Facilities") that are located within the Texas Panhandle Region (the "BP Acquisition"). Under the terms of the Purchase Agreement, we assigned our rights, duties and obligations under the Purchase Agreement to our indirect, wholly-owned subsidiary, Eagle Rock Field Services, L.P., a Texas limited partnership ("Eagle Rock Field Services"). Eagle Rock Field Services completed the BP Acquisition on October 1, 2012, and as a condition to closing, entered into a 20-year, fixed-fee Gas Gathering and Processing Agreement with BP. The consideration for the BP Acquisition consisted of approximately \$230.6 million in cash. The acquisition consideration was funded using borrowings under our credit facility.

***Principal Executive Offices***

Our principal executive offices are located at 1415 Louisiana Street, Suite 2700, Houston, Texas 77002, and our telephone number at that address is (281) 408-1200. Our internet address is [www.eaglerockenergy.com](http://www.eaglerockenergy.com). Except for information specifically incorporated by reference into this prospectus that may be accessed from our website, the information on our website is not part of this prospectus, and you should rely only on information contained or incorporated by reference in this prospectus when making a decision as to whether or not to tender your notes.

### **The Exchange Offer**

*On July 13, 2012, we completed a private offering of the old notes. We entered into a registration rights agreement with the initial purchasers in the private offering pursuant to which we agreed to deliver to you this prospectus and to use commercially reasonable efforts to complete the exchange offer on or before the 300<sup>th</sup> day after the date we issued the old notes.*

Old Notes

On July 13, 2012, we completed a private placement of \$250 million aggregate principal amount of 8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2019. The old notes were offered as additional notes under an indenture, as supplemented (the "Indenture"), pursuant to which we issued \$300,000,000 aggregate principal amount of our 8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2019 on May 27, 2011, which we refer to as the "original notes."

New Notes

8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2019. The terms of the new notes are identical to the terms of the old notes, except that the new notes are registered under the Securities Act of 1933 (the "Securities Act"), and will not have restrictions on transfer, registration rights or provisions for additional interest. The new notes will be treated as the same class of debt securities under the Indenture as the original notes.

Exchange Offer

We are offering to exchange new notes for old notes.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, \_\_\_\_\_, unless we decide to extend it.

Conditions to the Exchange Offer

The registration rights agreement does 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. The exchange offer is not conditioned on a minimum aggregate principal amount of old notes being tendered. Please read "Exchange Offer—Conditions to the Exchange Offer" for more information about the conditions to the exchange offer.

Procedures for Tendering Old Notes

To participate in the exchange offer, you must follow the procedures established by The Depository Trust Company ("DTC") for tendering notes held in book-entry form. These procedures for using DTC's Automated Tender Offer Program ("ATOP") require that (i) the exchange agent receive, prior to the expiration date of the exchange offer, a computer generated message known as an "agent's message" that is transmitted through DTC's automated tender offer program, and (ii) DTC confirms that:

DTC has received your instructions to exchange your notes; and

you agree to be bound by the terms of the letter of transmittal.

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	For more information on tendering your old notes, please read "Exchange Offer–Terms of the Exchange Offer," "–Procedures for Tendering," and "Description of Notes–Book-Entry, Delivery and Form."
Guaranteed Delivery Procedures	None.
Withdrawal of Tenders	You may withdraw your tender of old notes at any time prior to the expiration date. To withdraw, you must submit a notice of withdrawal to the exchange agent using ATOP procedures before 5:00 p.m., New York City time, on the expiration date of the exchange offer. Please read "Exchange Offer–Withdrawal of Tenders."
Acceptance of Old Notes and Delivery of New Notes	If you fulfill all conditions required for proper acceptance of old notes, we will accept any and all old notes that you properly tender in the exchange offer before 5:00 p.m., New York City time, on the expiration date. We will return any old notes that we do not accept for exchange to you without expense promptly after the expiration date and acceptance of the old notes for exchange. Please read "Exchange Offer–Terms of the Exchange Offer."
Fees and Expenses	We will bear expenses related to the exchange offer. Please read "Exchange Offer–Fees and Expenses."
Use of Proceeds	The issuance of the new notes will not provide us with any new proceeds. We are making this exchange offer solely to satisfy our obligations under the registration rights agreement.
Consequences of Failure to Exchange Old Notes	If you do not exchange your old notes in this exchange offer, you will no longer be able to require us to register the old notes under the Securities Act, except in limited circumstances provided under the registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer the 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.
U.S. Federal Income Tax Considerations	The exchange of old notes for new notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes. Please read "Certain United States Federal Income Tax Considerations."

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Exchange Agent

We have appointed U.S. Bank National Association as exchange agent for the exchange offer. You should direct questions and requests for assistance, as well as requests for additional copies of this prospectus or the letter of transmittal, to the exchange agent addressed as follows: U.S. Bank National Association, Corporate Trust Services, EP-MN-WS2N, 60 Livingston Avenue, St. Paul, MN 55107, Attn: Specialized Finance. Eligible institutions may make requests by facsimile at (303) 585-6865 and may confirm facsimile delivery by calling (303) 585-4594.

### Terms of the New Notes

*The new notes will be identical to the old notes, except that the new notes are registered under the Securities Act and will not have restrictions on transfer, registration rights or provisions for additional interest. The new notes will evidence the same debt as the old notes, and the same Indenture will govern the new notes and the old notes.*

*The following summary contains basic information about the new notes and is not intended to be complete. It does not contain all the information that is important to you. We refer to the original notes, the old notes and the new notes collectively as the "notes." For a more complete understanding of the new notes, please refer to the section of this prospectus entitled "Description of Notes."*

Issuers	Eagle Rock Energy Partners, L.P. and Eagle Rock Energy Finance Corp.  Eagle Rock Energy Finance Corp., a Delaware corporation, is a wholly-owned subsidiary of Eagle Rock Energy Partners, L.P. that has been organized for the sole purpose of being a co-issuer of certain of our indebtedness, including the notes. Eagle Rock Energy Finance Corp. has no operations and no revenue other than as may be incidental to its activities as co-issuer of our indebtedness.
Notes Offered	\$250,000,000 aggregate principal amount of 8 <sup>3</sup> / <sub>8</sub> % Senior Notes due 2019.
Maturity Date	June 1, 2019.
Interest	8 <sup>3</sup> / <sub>8</sub> % per annum.
Interest	Interest will accrue on the new notes from June 1, 2012. We will pay interest on the new notes semiannually in arrears on June 1 and December 1 of each year, commencing on December 1, 2012 or, if interest has already been paid on the old notes, from the date it was most recently paid.
Ranking	Like the old notes and the original notes, the new notes will be our general unsecured obligations. Accordingly, they will rank:  equally in right of payment with all of our existing and future senior indebtedness;  effectively junior to all of our existing and future secured indebtedness, including indebtedness under our credit facility, to the extent of the value of the assets securing such indebtedness;  effectively junior to all existing and future indebtedness and other liabilities, including trade payables, of our non-guarantor subsidiaries (other than indebtedness and other liabilities owed to us, if any); and  senior in right of payment to all of our future subordinated indebtedness.

Subsidiary Guarantees

The new notes will be jointly and severally guaranteed on a senior unsecured basis by our existing and future subsidiaries that guarantee our credit facility or other indebtedness, whom we refer to as the "subsidiary guarantors." The subsidiary guarantees will rank:

equally in right of payment with all of the existing and future senior indebtedness of our subsidiary guarantors, including their guarantees of our other senior indebtedness;

effectively junior to all existing and future secured indebtedness of our subsidiary guarantors, including their guarantees of indebtedness under our credit facility, to the extent of the value of the assets securing such indebtedness; and

senior in right of payment to any future subordinated indebtedness of our subsidiary guarantors.

Optional Redemption

Beginning on June 1, 2015, we may on any one or more occasions redeem some or all of the notes at the redemption prices listed under "Description of Notes—Optional Redemption," together with any accrued and unpaid interest to the date of redemption. Prior to June 1, 2015, we may on any one or more occasions redeem some or all of the notes at a "make-whole" redemption price described under "Description of Notes—Optional Redemption," together with any accrued and unpaid interest to the date of redemption.

In addition, on any one or more occasions prior to June 1, 2014, we may redeem up to 35% of the notes from the proceeds of certain sales of our equity securities at 108.375% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption, if at least 65% of the aggregate principal amount of the notes issued under the Indenture remains outstanding after such redemption and the redemption occurs within 90 days after the date of the closing of such equity offering. Please read "Description of Notes—Optional Redemption."

Change of Control

Upon the occurrence of a change of control (as described under "Description of Notes—Repurchase at the Option of Holders—Change of Control"), we must offer to repurchase the outstanding notes at 101% of the principal amount of the new notes, plus accrued and unpaid interest to the date of repurchase.

Certain Covenants

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

pay distributions on, purchase or redeem our units or repurchase or redeem our subordinated debt;

make investments;

incur or guarantee additional indebtedness or issue preferred units;

create or incur certain liens;

sell assets;

consolidate, merge or transfer all or substantially all of our assets;

enter into agreements that restrict distributions or other payments from our restricted subsidiaries to us;

engage in transactions with affiliates; and

create unrestricted subsidiaries.

These covenants are subject to important exceptions and qualifications that are described under "Description of Notes."

If the notes achieve an investment grade rating from each of Moody's Investors Service, Inc. and Standard & Poor's Ratings Services and no default has occurred and is continuing, many of these covenants will terminate. Please read "Description of Notes–Covenant Termination."

No Transfer Restriction; Trading Market  
for the New Notes

The new notes generally will be freely transferable and after the exchange offer, will trade together with the original notes. There can be no assurance as to the liquidity of any market for the notes.

We do not intend to apply for a listing of the notes on any securities exchange or any automated dealer quotation system.

Risk Factors

Investing in the new notes involves risks. Please read "Risk Factors" beginning on page 9 for a discussion of certain factors you should consider in evaluating an investment in the new notes.

## RISK FACTORS

*An investment in our notes involves risks. You should carefully consider all of the information contained in this prospectus and the documents incorporated by reference as provided under "Where You Can Find More Information," including our Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2012, June 30, 2012 and September 30, 2012. This prospectus and the documents incorporated by reference also contain forward-looking statements that involve risks and uncertainties. Please read "Forward-Looking Statements." Our actual results could differ materially from those anticipated in the forward-looking statements as a result of certain factors, including the risks described below, elsewhere in this prospectus and in the documents incorporated by reference. If any of these risks occur, our business, financial condition or results of operation could be adversely affected.*

### **Risks Related to Investing in the New Notes**

***If you do not properly tender your old notes, you will continue to hold unregistered old notes and your ability to transfer old notes will remain restricted and may 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.

If you do not exchange your old notes for new notes pursuant to the exchange offer, the old notes you hold will continue to be subject to the existing transfer restrictions. In general, you may not offer or sell the old notes 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 old notes under the Securities Act unless our registration rights agreement with the initial purchasers of the old notes requires us to do so. Further, if you continue to hold any old notes after the exchange offer is consummated, you may have trouble selling them because there will be fewer of these notes outstanding.

***The notes and the guarantees are unsecured and effectively subordinated to our and the guarantors' existing and future secured indebtedness.***

The notes and the guarantees are general unsecured obligations ranking effectively junior in right of payment to all of our existing and future secured indebtedness and that of each guarantor (to the extent of the value of the assets securing such indebtedness), including indebtedness under our credit facility. Additionally, the Indenture governing the notes permits us to incur additional secured indebtedness in the future. As of September 30, 2012, we had approximately \$331 million outstanding under our credit facility. On October 1, 2012, we borrowed an additional \$207 million under our credit facility in connection with the BP Acquisition.

In the event that we or a guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, any indebtedness that effectively ranks ahead of the notes and the guarantees will be entitled to be paid in full from our assets or the assets of the guarantor, as applicable, 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 is deemed to be of the same class as the notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. In any of the foregoing events or in the event of the liquidation, dissolution, reorganization, bankruptcy or similar proceeding of the business of a non-guarantor subsidiary, as described below, we cannot assure you that there will be sufficient assets to pay amounts due on the notes. As a result, holders of the notes may receive less, ratably, than holders of secured indebtedness.



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### ***We may be unable to service our indebtedness, including the notes.***

Our ability to make scheduled payments on and to refinance our indebtedness, including the notes and our credit facility, depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors beyond our control, including the availability of financing in the banking and capital markets. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service our debt, including the notes, to refinance our debt or to fund our other liquidity needs. If we are unable to meet our debt obligations or to fund our other liquidity needs, we will need to restructure or refinance all or a portion of our debt, including the notes, which could cause us to default on our debt obligations and impair our liquidity. Any refinancing of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants which could further restrict our business operations.

### ***Despite our and our subsidiaries' current level of indebtedness, we may still be able to incur substantially more indebtedness. This could further exacerbate the risks associated with our substantial indebtedness.***

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the Indenture governing the notes does not prohibit us or our subsidiaries from doing so. If we incur any additional indebtedness that ranks equally with the notes and the guarantees, the holders of that indebtedness will be entitled to share ratably with the holders of the notes and the related guarantees 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 indebtedness is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

### ***Federal and state statutes allow courts, under specific circumstances, to void guarantees and require noteholders to return payments received from subsidiary guarantors.***

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee of the notes could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that subsidiary guarantor, if, among other things, the subsidiary guarantor, at the time it incurred the debt evidenced by its guarantee:

received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;

was insolvent or rendered insolvent by reason of such incurrence;

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

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

In addition, any payment by that subsidiary guarantor pursuant to its guarantee could be voided and required to be returned to the subsidiary guarantor, or to a fund for the benefit of our creditors or the creditors of the guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a subsidiary guarantor would be considered insolvent if:

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

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the present fair saleable value of its assets was 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.

On the basis of historical financial information, recent operating history and other factors, we believe that each subsidiary guarantor is not insolvent, does not have unreasonably small capital for the business in which it is engaged and has not incurred debts beyond its ability to pay such debts as they mature. We cannot assure you, however, as to what standard a court would apply in making these determinations or that a court would agree with our conclusions in this regard.

***We may be unable to repurchase the notes in connection with a change of control offer required by the Indenture.***

Upon the occurrence of specific kinds of change of control events, the Indenture governing the notes requires us to make an offer to repurchase all outstanding notes at 101% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase. However, it is possible that we will not have sufficient funds, or the ability to raise sufficient funds, at the time of the change of control to make the required repurchase of the notes. In addition, restrictions under our credit facility may not allow us to repurchase the notes upon a change of control. If we could not refinance our credit facility or otherwise obtain a waiver from the holders of such debt, we would be prohibited from repurchasing the notes, which would constitute an event of default under the Indenture. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a "Change of Control" under the Indenture. Because the definition of change of control under our credit facility differs from that under the Indenture governing the notes, there may be a change of control and resulting default under our credit facility at a time when no change of control has occurred under the Indenture governing the notes. Please read "Description of Notes—Repurchase at the Option of Holders—Change of Control."

Under the Indenture governing the notes, a change of control will occur if, among other things, a majority of the members of the board of directors of our general partner's general partner are not "continuing directors," as defined in the Indenture. However, in a recent decision, the Chancery Court of Delaware has raised the possibility that a change of control put right occurring as a result of a failure to have "continuing directors" comprising a majority of a board of directors may be unenforceable on public policy grounds.

***Because we are a holding company, we are financially dependent on receiving distributions from our subsidiaries.***

We are a holding company and our assets consist primarily of investments in our subsidiaries. Our rights and the rights of our creditors, including holders of the notes, to participate in the distribution of assets of any entity in which we own an equity interest will be subject to prior claims of the entity's creditors upon the entity's liquidation or reorganization. However, we may ourselves be a creditor with recognized claims against this entity, but our claims would still be subject to the prior claims of any secured creditor of this entity and of any holder of indebtedness of this entity that is senior to that held by us. Accordingly, a holder of our debt securities, including holders of the notes, may be deemed to be effectively subordinated to those claims.

***Many of the covenants contained in the Indenture will terminate if the notes are rated investment grade by both Standard & Poor's and Moody's and no default has occurred and is continuing.***

Many of the covenants in the Indenture governing the notes will terminate if the notes are rated investment grade by both Standard & Poor's and Moody's provided at such time no default has

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occurred and is continuing. The covenants will restrict, among other things, our ability to pay distributions on our common units, incur debt and to enter into certain other transactions. There can be no assurance that the notes will ever be rated investment grade. However, termination of these covenants would allow us to engage in certain transactions that would not have been permitted while these covenants were in force, and the effects of any such transactions will be permitted to remain in place even if the notes are subsequently downgraded below investment grade. Please read "Description of Notes–Certain Covenants–Covenant Termination."

***Your ability to transfer the notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop or continue for the notes.***

The old notes have not been registered under the Securities Act, and may not be resold by holders thereof unless the old notes are subsequently registered or an exemption from the registration requirements of the Securities Act is available. Following the exchange of the old notes for new notes, the new notes will trade together with the original notes. However, we cannot assure you that an active trading market for the notes will develop or continue, and we have no obligation to create such a market.

The liquidity of any trading market for the notes and the market price quoted for the notes depends upon the number of holders of the notes, the overall market for similar securities, our financial performance or prospects or the prospects for companies in our industry generally, the interest of securities dealers in making a market in the notes and other factors.

## EXCHANGE OFFER

### Purpose and Effect of the Exchange Offer

At the closing of the offering of the old notes, we and the guarantors entered into a registration rights agreement with the initial purchasers pursuant to which we and the guarantors agreed, for the benefit of the holders of the old notes, at our cost, to do the following:

- file an exchange offer registration statement with the SEC with respect to the exchange offer for the new notes, and
  
- use commercially reasonable efforts to have the exchange offer completed on or before May 9, 2013.

Upon the SEC's declaring the exchange offer registration statement effective, we agreed to offer the new notes in exchange for surrender of the old notes. We agreed to use commercially reasonable efforts to cause the exchange offer registration statement to be effective continuously, and to keep the exchange offer open for a period of not less than 20 business days.

For each old note surrendered to us pursuant to the exchange offer, the holder of such old note will receive a new note having a principal amount equal to that of the surrendered old note. Interest on each new note will accrue from the last interest payment date on which interest was paid on the surrendered old note or, if no interest has been paid on such old note, from June 1, 2012. The registration rights agreement also provides an agreement to include in the prospectus for the exchange offer certain information necessary to allow a broker-dealer who holds old notes that were acquired for its own account as a result of market-making activities or other ordinary course trading activities (other than old notes acquired directly from us or one of our affiliates) to exchange such old notes pursuant to the exchange offer and to satisfy the prospectus delivery requirements in connection with resales of new notes received by such broker-dealer in the exchange offer. We agreed to use commercially reasonable efforts to maintain the effectiveness of the exchange offer registration statement for these purposes for a period ending on the earlier of 180 days from the date on which the exchange offer registration statement is declared effective and the date on which the broker-dealer is no longer required to deliver a prospectus in connection with market-making or other trading activities.

The preceding agreement is needed because any broker-dealer who acquires old notes for its own account as a result of market-making activities or other trading activities is required to deliver a prospectus meeting the requirements of the Securities Act. This prospectus covers the offer and sale of the new notes pursuant to the exchange offer and the resale of new notes received in the exchange offer by any broker-dealer who held old notes acquired for its own account as a result of market-making activities or other trading activities, other than old notes acquired directly from us or one of our affiliates.

Based on interpretations by the staff of the SEC set forth in no-action letters issued to third parties, we believe that the new notes issued pursuant to the exchange offer would in general be freely tradable after the exchange offer without further registration under the Securities Act. However, any purchaser of old notes who is an "affiliate" of ours or who intends to participate in the exchange offer for the purpose of distributing the related new notes:

- will not be able to rely on the interpretation of the staff of the SEC,
  
- will not be able to tender its old notes in the exchange offer, and
  
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the old notes unless such sale or transfer is made pursuant to an exemption from such requirements.

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Each holder of the old notes (other than certain specified holders) who desires to exchange old notes for the new notes in the exchange offer will be required to make the representations described below under "–Procedures for Tendering–Your Representations to Us."

We further agreed to file with the SEC a shelf registration statement to register for public resale old notes held by any holder who provides us with certain information for inclusion in the shelf registration statement if:

the exchange offer is not permitted by applicable law or SEC policy;

the exchange offer is for any reason not consummated on or before May 9, 2013 and the old notes are not freely tradeable prior to that date; or

prior to May 9, 2013, any holder notifies us that:

the holder is prohibited by applicable law or SEC policy from participating in the exchange offer;

the holder may not resell the new notes acquired in the exchange offer to the public without delivering a prospectus, and the prospectus contained in the exchange offer is not appropriate or available for such resales by such purchaser; or

the holder is a broker-dealer and holds old notes acquired directly from us or one of our affiliates that are not freely tradeable, and such holder cannot participate in the exchange offer.

We have agreed to use commercially reasonable efforts to cause the shelf registration statement to be declared effective by the SEC (or automatically become effective under the Securities Act) on or before the 90<sup>th</sup> day after the date the shelf registration statement was filed. We refer to the date the shelf registration statement is required to be filed as the "shelf filing deadline." The shelf filing deadline shall be 20 business days after the later of (i) the date we receive notice of the above circumstances by any holder and (ii) the first to occur of (a) the date that we deliver the new notes to the registrar under the Indenture of the new notes in the same aggregate principal amount as the aggregate principal amount of the old notes that were tendered by the holders of the old notes pursuant to an exchange offer and (b) May 9, 2013. We have also agreed to use commercially reasonable efforts to keep the shelf registration statement continuously effective from the date on which the shelf registration statement is declared effective by the SEC until the earlier of the first anniversary of the effective date of such shelf registration statement and such time as all notes covered by the shelf registration statement have been sold or are freely tradeable. We refer to this period as the "shelf effectiveness period."

The registration rights agreement provides that, in the event (i) the exchange offer is not consummated on or prior to May 9, 2013, (ii) the shelf registration statement, if required, is not declared effective (or does not automatically become effective) on or prior to the 90<sup>th</sup> calendar day following any shelf filing deadline, or (iii) any required shelf registration statement ceases to remain effective or becomes unusable in connection with resale for more than 30 calendar days (each such event referred to in clauses (i) through (iii) above, a "Registration Default"), the interest rate on the old notes will be increased by 1.0% per annum, until the earlier of the completion of the exchange offer or until no Registration Default is in effect, at which time the increased interest shall cease to accrue and shall be reduced to the original interest rate of the old notes.

Holders of the old notes will be required to make certain representations to us (as described in the registration rights agreement) in order to participate in the exchange offer and will be required to deliver information to be used in connection with the shelf registration statement and to provide comments on the shelf registration statement within the time periods set forth in the registration rights agreement in order to have their old notes included in the shelf registration statement.

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If we effect the registered exchange offer, we will be entitled to close the registered exchange offer 20 business days after its commencement as long as we have accepted all old notes validly tendered in accordance with the terms of the exchange offer and no brokers or dealers continue to hold any old notes.

This summary of the material provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is filed as an exhibit to the registration statement that includes this prospectus.

Except as set forth above, after consummation of the exchange offer, holders of old notes that are the subject of the exchange offer will have no registration or exchange rights under the registration rights agreement. Please read "–Consequences of Failure to Exchange."

### **Terms of the Exchange Offer**

Subject to the terms and conditions described in this prospectus and in the letter of transmittal, we will accept for exchange any old notes properly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date. We will issue new notes in a principal amount equal to the principal amount of old notes surrendered in the exchange offer. Old notes may be tendered only for new notes and only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The exchange offer is not conditioned upon any minimum aggregate principal amount of old notes being tendered for exchange.

As of the date of this prospectus, \$250,000,000 in aggregate principal amount of the old notes is outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of old notes. There will be no fixed record date for determining registered holders of old notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Exchange Act, and the rules and regulations of the SEC. Old notes that the holders thereof do not tender for exchange in the exchange offer will remain outstanding and continue to accrue interest. These old notes will continue to be entitled to the rights and benefits such holders have under the Indenture relating to the notes and the registration rights agreement.

We will be deemed to have accepted for exchange properly tendered old notes when we have given oral or written notice of the acceptance to the exchange agent and complied with the applicable provisions of the registration rights agreement. The exchange agent will act as agent for the tendering holders for the purposes of receiving the new notes from us.

If you tender old notes in the exchange offer, you will not be required to pay brokerage commissions or fees or, subject to the letter of transmittal, transfer taxes with respect to the exchange of old notes. We will pay all charges and expenses, other than certain applicable taxes described below, in connection with the exchange offer. It is important that you read the section "–Fees and Expenses" for more details regarding fees and expenses incurred in connection with the exchange offer.

We will return any old notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

### **Expiration Date**

The exchange offer will expire at 5:00 p.m., New York City time, on \_\_\_\_\_, \_\_\_\_\_, unless, in our sole discretion, we extend it.

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**Extensions, Delays in Acceptance, Termination or Amendment**

We expressly reserve the right, at any time or various times, to extend the period of time during which the exchange offer is open. We may delay acceptance of any old notes by giving oral or written notice of such extension to their holders at any time until the exchange offer expires or terminates. During any such extensions, all old notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange.

In order to extend the exchange offer, we will notify the exchange agent orally or in writing of any extension. We will notify the registered holders of old notes of the extension no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

If any of the conditions described below under "-Conditions to the Exchange Offer" have not been satisfied, we reserve the right, in our sole discretion, to:

delay accepting for exchange any old notes,

extend the exchange offer, or

terminate the exchange offer.

by giving oral or written notice of such delay, extension or termination to the exchange agent. Subject to the terms of the registration rights agreement, we also reserve the right to amend the terms of the exchange offer in any manner.

Any such delay in acceptance, extension, termination or amendment will be followed promptly by oral or written notice thereof to the registered holders of old notes. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose such amendment by means of a prospectus supplement. The prospectus supplement will be distributed to the registered holders of the old notes. Depending upon the significance of the amendment and the manner of disclosure to the registered holders, we may extend the exchange offer. In the event of a material change in the exchange offer, including the waiver by us of a material condition, we will extend the exchange offer period, if necessary, so that at least five business days remain in the exchange offer period following notice of the material change.

**Conditions to the Exchange Offer**

We will not be required to accept for exchange, or exchange any new notes for, any old notes if the exchange offer, or the making of any exchange by a holder of old notes, would violate applicable law or any applicable interpretation of the staff of the SEC. Similarly, we may terminate the exchange offer as provided in this prospectus before accepting old notes for exchange in the event of such a potential violation.

In addition, we will not be obligated to accept for exchange the old notes of any holder that has not made to us the representations described under "-Purpose and Effect of the Exchange Offer," "-Procedures for Tendering" and "Plan of Distribution" and such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to allow us to use an appropriate form to register the issuance of the new notes under the Securities Act.

We expressly reserve the right to amend or terminate the exchange offer, and to reject for exchange any old notes not previously accepted for exchange, upon the occurrence of any of the conditions to the exchange offer specified above. We will give prompt oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the old notes as promptly as practicable.

These conditions are for our sole benefit, and we may assert them or waive them in whole or in part at any time or at various times in our sole discretion prior to the expiration of the exchange offer.

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If we fail at any time to exercise any of these rights, this failure will not mean that we have waived our rights. Each such right will be deemed an ongoing right that we may assert at any time or at various times prior to the expiration of the exchange offer.

In addition, we will not accept for exchange any old notes tendered, and will not issue new notes in exchange for any such old notes, if at such time any stop order has been threatened or is in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the Indenture relating to the notes under the Trust Indenture Act of 1939 (the "Trust Indenture Act").

### **Procedures for Tendering**

In order to participate in the exchange offer, you must properly tender your old notes to the exchange agent as described below. 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 follow carefully the instructions on how to tender your old notes. It is your responsibility to properly tender your notes. We have the right to waive any defects. However, we are not required to waive defects and are not required to notify you of defects in your tender.

If you have any questions or need help in exchanging your notes, please call the exchange agent, whose address and phone number are set forth in "Prospectus Summary–The Exchange Offer–Exchange Agent."

All of the old notes were issued in book-entry form, and all of the old notes are currently represented by global certificates held for the account of DTC. We have confirmed with DTC that the old notes may be tendered using the Automated Tender Offer Program ("ATOP") instituted by DTC. The exchange agent will establish an account with DTC for purposes of the exchange offer promptly after the commencement of the exchange offer, and DTC participants may electronically transmit their acceptance of the exchange offer by causing DTC to transfer their old notes to the exchange agent using the ATOP procedures. In connection with the transfer, DTC will send an "agent's message" to the exchange agent. The agent's message will state that DTC has received instructions from the participant to tender old notes and that the participant agrees to be bound by the terms of the letter of transmittal.

By using the ATOP procedures to exchange old notes, you will not be required to deliver a letter of transmittal to the exchange agent. However, you will be bound by its terms just as if you had signed it.

There is no procedure for guaranteed late delivery of the notes.

#### *Determinations Under the Exchange Offer*

We will determine, in our sole discretion, all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered old notes and withdrawal of tendered old notes. Our determination will be final and binding. We reserve the absolute right to reject any old notes not properly tendered or any old notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defect, irregularities or conditions of tender as to particular old notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, all defects or irregularities in connection with tenders of old notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of old notes, neither we, the exchange agent nor any other person will incur any liability for failure to give such notification. Tendere of old notes will not be deemed made until such defects or irregularities have been cured or waived. Any old notes received by the exchange agent that are not properly tendered and as to which



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the defects or irregularities have not been cured or waived will be returned to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date of the exchange.

### *When We Will Issue New Notes*

In all cases, we will issue new notes for old notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

a book-entry confirmation of such old notes into the exchange agent's account at DTC; and

a properly transmitted agent's message.

### *Return of Old Notes Not Accepted or Exchanged*

If we do not accept any tendered old notes for exchange or if old notes are submitted for a greater principal amount than the holder desires to exchange, the unaccepted or non-exchanged old notes will be returned without expense to their tendering holder. Such non-exchanged old notes will be credited to an account maintained with DTC. These actions will occur as soon as practicable after the expiration or termination of the exchange offer.

### *Your Representations to Us*

By agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

any new notes that you receive will be acquired in the ordinary course of your business;

you have no arrangement or understanding with any person or entity to participate in the distribution of the new notes;

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

if you are a broker-dealer that will receive new notes for your own account in exchange for old notes, you acquired those notes as a result of market-making activities or other trading activities and you will deliver a prospectus (or, to the extent permitted by law, make available a prospectus) in connection with any resale of such new notes.

## **Withdrawal of Tenders**

Except as otherwise provided in this prospectus, you may withdraw your tender at any time prior to 5:00 p.m., New York City time, on the expiration date. For a withdrawal to be effective, you must comply with the appropriate procedures of DTC's ATOP system. Any notice of withdrawal must specify the name and number of the account at DTC to be credited with withdrawn old notes and otherwise comply with the procedures of DTC.

We will determine all questions as to the validity, form, eligibility and time of receipt of notice of withdrawal. Our determination shall be final and binding on all parties. We will deem any old notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any old notes that have been tendered for exchange but are not exchanged for any reason will be credited to an account maintained with DTC for the old notes. This crediting will take place as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn old notes by following the procedures described under "–Procedures for Tendering" above at any time prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer.

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**Fees and Expenses**

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail; however, we may make additional solicitation by facsimile, telephone, electronic mail or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses.

We will pay the cash expenses to be incurred in connection with the exchange offer. They include:

all registration and filing fees and expenses;

all fees and expenses of compliance with federal securities and state "blue sky" or securities laws;

accounting and legal fees, disbursements and printing, messenger and delivery services, and telephone costs; and

related fees and expenses.

**Transfer Taxes**

We will pay all transfer taxes, if any, applicable to the exchange of old notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if a transfer tax is imposed for any reason other than the exchange of old notes under the exchange offer.

**Consequences of Failure to Exchange**

If you do not exchange your old notes for new notes under the exchange offer, you will remain subject to the existing restrictions on transfer of the old notes. In general, you may not offer or sell the old notes unless the offer or sale is either registered under the Securities Act or exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the old notes under the Securities Act.

**Accounting Treatment**

We will record the new notes in our accounting records at the same carrying value as the old notes. This carrying value is the aggregate principal amount of the old notes less any bond discount, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer.

**Other**

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

We may in the future seek to acquire untendered old notes in open market or privately-negotiated transactions, through subsequent exchange offers or otherwise. We have no present plans to acquire any old notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered old notes.

### RATIO OF EARNINGS TO FIXED CHARGES

The table below sets forth our ratio of earnings to fixed charges for the periods indicated on a consolidated historical basis. For purposes of computing the ratios of earnings to fixed charges, earnings consist of income (loss) from continuing operations before adjustment for equity income from equity method investees plus fixed charges, amortization of capitalized interest and distributed income from investees, and our share of pretax losses of investees for which charges arising from guarantees are included in fixed charges, each as accounted for under the equity method, less capitalized interest, preference security dividend requirements of consolidated subsidiaries, and the non-controlling interest in pre-tax income of subsidiaries that have not incurred fixed charges. Fixed charges consist of the sum of interest expensed and capitalized, plus amortized premiums, discounts and capitalized expenses related to indebtedness, an estimated interest component of rental expense, and preference security dividend requirements of consolidated subsidiaries.

Eagle Rock Energy Partners, L.P.						
Year Ended December 31,					Nine Months	
					Ended	
2007	2008	2009	2010	2011	September 30,	
					2012	
Ratio of earnings to fixed charges	-(a)	2.18x	-(a)	-(a)	2.41	-(a)

- (a) Earnings were inadequate to cover fixed charges by \$149.1 million, \$179.8 million and \$25.4 million and \$96.2 million for the years ended December 31, 2007, 2009 and 2010, and the nine months ended September 30, 2012, respectively.

### **USE OF PROCEEDS**

The exchange offer is intended to satisfy our obligations under the registration rights agreement. We will not receive any proceeds from the issuance of the new notes in the exchange offer. In consideration for issuing the new notes as contemplated by this prospectus, we will receive old notes in a like principal amount. The form and terms of the new notes are identical in all respects to the form and terms of the old notes, except the new notes will be registered under the Securities Act and will not contain restrictions on transfer, registration rights or provisions for additional interest. Old notes surrendered in exchange for the new notes will be retired and cancelled and will not be reissued. Accordingly, the issuance of the new notes will not result in any change in outstanding indebtedness.

## DESCRIPTION OF NOTES

You can find the definitions of certain terms used in this description under the subheading "–Certain Definitions." In this description, the term "Company," "us," "our" or "we" refers only to Eagle Rock Energy Partners, L.P. and not to any of its subsidiaries, the term "Finance Corp." refers to Eagle Rock Energy Finance Corp., and the term "Issuers" refers to the Company and Finance Corp. References to the "notes" in this section of the prospectus include the original notes, the old notes and the new notes, unless the context otherwise requires.

The new notes will be issued and the original notes and the old notes were issued under an indenture dated as of May 27, 2011, as supplemented, among the Issuers, the Guarantors and U.S. Bank National Association, as trustee. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act. The Issuers previously issued \$300,000,000 principal amount of the original notes on May 27, 2011. The new notes will be treated as the same class of debt securities under the indenture as the original notes.

The following description is a summary of the material provisions of the indenture. It does not restate the agreement in its entirety. We urge you to read the indenture because it defines the rights of Holders of the notes.

You can find the definition of various terms used in this "Description of Notes" under "–Certain Definitions" below. Certain defined terms used in this description but not defined below under "–Certain Definitions" have the meanings assigned to them in the indenture. The registered Holder of a note will be treated as the owner of it for all purposes. Only registered Holders have rights under the indenture.

If the exchange offer contemplated by this prospectus is consummated, holders of old notes who do not exchange those notes for new notes in the exchange offer will vote together with holders of new notes and the original notes for all relevant purposes under the indenture. In that regard, the indenture requires that certain actions by the holders thereunder must be taken, and certain rights must be exercised, by specified minimum percentages of the aggregate principal amount of the outstanding securities issued under the indenture. In determining whether holders of the requisite percentage in principal amount have given any notice, consent or waiver or taken any other action permitted under the indenture, any old notes that remain outstanding after the exchange offer will be aggregated with the new notes and the original notes, and the holders of such old notes, the new notes and the original notes will vote together as a single class for all such purposes. Accordingly, all references herein to specified percentages in aggregate principal amount of the notes outstanding shall be deemed to mean, at any time after the exchange offer is consummated, such percentages in aggregate principal amount of the old notes, the new notes and the original notes then outstanding.

### **Brief Description of the Notes and the Subsidiary Guarantees**

*The New Notes.* Like the original notes and the old notes, the new notes will be:

general unsecured obligations of the Issuers;

equal in right of payment with all existing and future Senior Debt of either of the Issuers;

senior in right of payment to any future subordinated debt of the Issuers; and

unconditionally guaranteed by the Guarantors on a senior unsecured basis.

*The Subsidiary Guarantees.* Each guarantee of the new notes, like each guarantee of the old notes, will be:

a general unsecured obligation of the Guarantor;

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equal in right of payment with all existing and future Senior Debt of that Guarantor; and

senior in right of payment to any future subordinated indebtedness of that Guarantor.

However, the notes and the guarantees are effectively subordinated to all borrowings under the Company's credit facility, which is secured by substantially all of the assets of the Issuers and the Guarantors. Please read "Risk Factors—Risks Related to Investing in the New Notes—The notes and the guarantees are unsecured and effectively subordinated to our and the guarantors' existing and future secured indebtedness."

The indenture permits us and the Guarantors to incur additional Indebtedness, including additional Senior Debt.

All of our existing Subsidiaries (other than Finance Corp.) guarantee the notes. Under the circumstances described below under the subheading "—Certain Covenants—Additional Subsidiary Guarantees," in the future one or more of our newly created or acquired Subsidiaries may not guarantee the notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay current outstanding obligations to the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us.

Currently, all of our Subsidiaries are "Restricted Subsidiaries." However, under the circumstances described below under the subheading "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries." Our Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the indenture. Our Unrestricted Subsidiaries will not guarantee the notes.

### **Principal, Maturity and Interest**

The Issuers have issued \$300.0 million in aggregate principal amount of original notes and \$250.0 million in aggregate principal amount of old notes. In addition to the new notes offered hereby, the Issuers may issue an unlimited principal amount of additional notes under the indenture from time to time after this offering. Any offering of additional notes is subject to all of the covenants of the indenture, including the covenant described below under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock." The original notes, the old notes and any additional notes subsequently issued under the indenture, together with the new notes, will be treated as a single class for all purposes under the indenture, including, without limitation, for purposes of waivers, amendments, redemptions and offers to purchase. The Issuers may issue notes only in denominations of \$2,000 and integral multiples of \$1,000 in excess of \$2,000. The notes will mature on June 1, 2019.

Interest on the notes accrues at the rate of  $8\frac{3}{8}\%$  per annum, and is payable semi-annually in arrears on June 1 and December 1, with the next interest payment being due on December 1, 2012. The Issuers will make each interest payment to the Holders of record on the May 15 and November 15 immediately preceding each interest payment date.

Interest on the new notes will accrue from June 1, 2012 or, if interest has already been paid on the old notes, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

### **Methods of Receiving Payments on the Notes**

If a Holder has given wire transfer instructions to the Issuers, the Issuers will pay all principal, interest and premium, if any, on that Holder's notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the paying agent and registrar within the City and State of New York unless the Issuers elect to make interest payments by check mailed to the Holders at their addresses set forth in the register of Holders.

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### **Paying Agent and Registrar for the Notes**

The trustee is acting as paying agent and registrar. The Issuers 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 indenture. The registrar and the trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of notes. No service charge will be imposed by the Issuers, the trustee or the registrar for any registration of transfer or exchange of notes, but Holders will be required to pay all taxes due on transfer. The Issuers are not required to transfer or exchange any note selected for redemption. Also, the Issuers are not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

### **Subsidiary Guarantees**

Currently, all of our existing Subsidiaries, excluding Finance Corp., have guaranteed the notes on a senior unsecured basis. In the future, the Restricted Subsidiaries of the Company will be required to guarantee the notes under the circumstances described under "–Certain Covenants–Additional Subsidiary Guarantees." These Subsidiary Guarantees are joint and several obligations of the Guarantors. The obligations of each Guarantor under its Subsidiary Guarantee will be limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance under applicable law, although this limitation may not be effective to prevent the Subsidiary Guarantees from being voided in bankruptcy. Please read "Risk Factors–Risks Related to Investing in the New Notes–Federal and state statutes allow courts, under specific circumstances, to void guarantees and require noteholders to return payments received from subsidiary guarantors."

A Guarantor may not sell or otherwise dispose of all or substantially all of its properties or assets to, 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 such transaction, no Default or Event of Default exists; and
- (2) either:
  - (a) the Person acquiring the properties or assets in any such sale or other disposition or the Person formed by or surviving any such consolidation or merger (if other than the Guarantor) unconditionally assumes, pursuant to a supplemental indenture substantially in the form specified in the indenture, all the obligations of that Guarantor under the notes, the indenture and its Subsidiary Guarantee on terms set forth therein; or
  - (b) such transaction complies with the covenant described under "–Repurchase at the Option of Holders–Asset Sales."

The Subsidiary Guarantee of a Guarantor will be released:

- (1) in connection with any sale or other disposition of all or substantially all of the properties or assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) an Issuer or a Restricted Subsidiary of the Company, if the sale or other disposition complies with the covenant described under "–Repurchase at the Option of Holders–Asset Sales";
- (2) in connection with any sale or other disposition of Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) an Issuer or a

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- Restricted Subsidiary of the Company, if the sale or other disposition complies with the covenant described under "–Repurchase at the Option of Holders–Asset Sales" and the Guarantor ceases to be a Restricted Subsidiary of the Company as a result of the sale or other disposition;
- (3) if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture;
  - (4) upon Legal Defeasance or Covenant Defeasance as described below under the caption "–Legal Defeasance and Covenant Defeasance" or upon satisfaction and discharge of the indenture as described below under the caption "–Satisfaction and Discharge";
  - (5) upon the liquidation or dissolution of such Guarantor provided no Default or Event of Default has occurred that is continuing;
  - (6) at such time as such Guarantor ceases to guarantee any other Indebtedness of either of the Issuers or any Guarantor; or
  - (7) upon such Guarantor consolidating with, merging into or transferring all of its properties or assets to the Company or another Guarantor, and as a result of, or in connection with, such transaction such Guarantor dissolving or otherwise ceasing to exist.

### **Optional Redemption**

At any time prior to June 1, 2014, the Issuers may on any one or more occasions redeem up to 35% of the aggregate principal amount of the notes issued under the indenture, at a redemption price of 108.375% of the principal amount 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), with the net cash proceeds of one or more Equity Offerings, provided that:

- (1) at least 65% of the aggregate principal amount of the notes issued under the indenture remains outstanding immediately after the occurrence of such redemption (excluding notes held by the Company and its Subsidiaries); and
- (2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

At any time prior to June 1, 2015, the Issuers may on any one or more occasions redeem all or part of the notes, at a redemption price equal to the sum of:

- (1) the principal amount thereof, plus
- (2) the Make Whole Premium at the redemption date,

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).

Except pursuant to the preceding paragraphs and the final paragraph under "–Repurchase at the Option of Holders–Change of Control," the notes will not be redeemable at the Issuers' option prior to June 1, 2015. The Issuers are not, however, prohibited from



acquiring the notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, so long as such acquisition does not otherwise violate the terms of the indenture.

On and after June 1, 2015, the Issuers may on any one or more occasions redeem all or a part of the notes, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the notes redeemed 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

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payment date that is on or prior to the redemption date), if redeemed during the twelve-month period beginning on June 1 of the years indicated below:

<u>Year</u>	<u>Percentages</u>
2015	104.188%
2016	102.094%
2017 and thereafter	100.000%

### **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 on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or
- (2) if the notes are not listed on any national securities exchange, on a pro rata basis (except that any notes represented by a note in global form will be selected by such method as DTC may require).

No notes of \$2,000 or less can be redeemed in part. Notices of optional redemption will 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 optional redemption notices 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 any redemption pursuant to the first paragraph under this "-Optional Redemption" section, may, at the Company's discretion, be subject to completion of the related Equity Offering.

If any note is to be redeemed in part only, the notice of redemption that relates to that note will state the portion of the principal amount of that note that is 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 of notes upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption, and at the redemption price. On and after the redemption date, interest ceases to accrue on notes or portions of them called for redemption.

### **Mandatory Redemption**

We are not required to make mandatory redemption payments or sinking fund payments with respect to the notes. However, under certain circumstances, we may be required to offer to repurchase notes as described under the captions "-Repurchase at the Option of Holders."

### **Repurchase at the Option of Holders**

#### ***Change of Control***

If a Change of Control occurs, unless the Issuers have previously or concurrently exercised their 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 of \$2,000) of that Holder's notes pursuant to a Change of Control Offer on the terms set forth in the indenture. In the Change of Control Offer, the Company will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased, to the date of settlement (the "Change of Control Settlement 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 Change of Control

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Settlement Date. Within 30 days following any Change of Control, unless the Issuers have previously or concurrently exercised their right to redeem all of the notes as described under "–Optional Redemption," the Company will mail a notice to each Holder and the trustee describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes properly tendered prior to the expiration date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the 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 those 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 Change of Control provisions of the indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the indenture by virtue of such conflict.

Promptly following the expiration of the Change of Control Offer, the Company will, to the extent lawful, accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer. Promptly after such acceptance, the Company will on the Change of Control Settlement Date:

- (1) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and
- (2) deliver or cause to be delivered to the trustee the notes properly accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being purchased by the Company.

On the Change of Control Settlement Date, the paying agent will mail to each Holder of notes properly tendered the Change of Control Payment for such notes (or, if all the notes are then in global form, make such payment through the facilities of DTC), and the trustee will 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; provided, however, that each new note will be in a principal amount of \$2,000 or an integral multiple of \$1,000 in excess of \$2,000. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Settlement Date.

The Credit Agreement provides that certain change of control events with respect to the Company would constitute an event of default thereunder, entitling the lenders, among other things, to accelerate the maturity of all Indebtedness outstanding thereunder. Any future credit agreements or other agreements relating to Indebtedness to which the Company or any Guarantor becomes a party may contain similar restrictions and provisions.

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control, the indenture does 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.

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 time and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by the Company and purchases all notes properly tendered and not withdrawn under the Change of Control Offer or (2) notice of redemption has been given pursuant to the indenture as described above under the caption "–Optional Redemption," unless and until there is a default in payment of

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the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer by the Company or a third party may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted 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 its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the properties or assets of the Company and its Subsidiaries taken as a whole to another Person or group may be uncertain.

In the event that Holders of not less than 90% of the aggregate principal amount of the outstanding notes accept a Change of Control Offer and the Company (or the third party making the Change of Control Offer as described above) purchases all of the notes held 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 the purchase pursuant to the Change of Control Offer described above, to redeem all of the notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, on the notes that remain outstanding, 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 redemption date).

### **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 a Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the fair market value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of;
- (2) the fair market value is determined by (a) an executive officer of the General Partner if the value is less than \$20.0 million and evidenced by an officers' certificate delivered to the trustee, or (b) the Company's Board of Directors if the value is \$20.0 million or more and evidenced by a resolution of the Board of Directors set forth in an officers' certificate delivered to the trustee; and
- (3) at least 75% of the aggregate consideration received by the Company and its Restricted Subsidiaries in the Asset Sale and all other Asset Sales since the date of the indenture is in the form of cash or Cash Equivalents or a combination thereof. For purposes of this provision, each of the following will be deemed to be cash:
  - (a) any liabilities, as shown on the Company's most recent consolidated 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 that releases the Company or such Restricted Subsidiary from further liability; and

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- (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are, within 90 days after the Asset Sale, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Company or any Restricted Subsidiary may apply those Net Proceeds at its option to any combination of the following:

- (1) to repay Senior Debt;
- (2) to acquire all or substantially all of the properties or assets of a Person primarily engaged in a Permitted Business;
- (3) to acquire a majority of the Voting Stock of a Person primarily engaged in a Permitted Business;
- (4) to make capital expenditures; or
- (5) to acquire other long-term assets that are used or useful in a Permitted Business.

Pending the final application of any Net Proceeds, the Company or any Restricted Subsidiary may invest the Net Proceeds in any manner that is not prohibited by the indenture. Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph will constitute "Excess Proceeds."

On the 361st day after the Asset Sale (or, at the Company's option, any earlier date), if the aggregate amount of Excess Proceeds then exceeds \$20.0 million, the Company will make an Asset Sale Offer to all Holders of notes, and all holders of other Indebtedness that is pari passu with the notes containing provisions similar to those set forth in the indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets, to purchase, prepay or redeem, on a pro rata basis, the maximum principal amount of notes and such other pari passu Indebtedness that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount plus accrued and unpaid interest, if any, to the date of settlement, 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 settlement, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company or any Restricted Subsidiary may use those Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds allocated to the purchase of notes, the trustee will select the notes to be purchased on a pro rata basis (except that any notes represented by a note in global form will be selected by such method as DTC may require). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

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 those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the "Asset Sales" provisions of the indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the "Asset Sales" provisions of the indenture by virtue of such conflict.

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**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 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 payable 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;
- (3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the notes or the Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except a payment of interest or principal at the Stated Maturity thereof; or
- (4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "Restricted Payments"),

unless, at the time of and after giving effect to such Restricted Payment, no Default (except a Reporting Default) or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment and either:

- (1) if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available at the time of such Restricted Payment (the "Trailing Four Quarters") is not less than 2.0 to 1.0, such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries (excluding Restricted Payments permitted by clauses (2), (3), (4), (5) and (6) of the next succeeding paragraph) with respect to the quarter for which such Restricted Payment is made, is less than the sum, without duplication, of:
  - (a) Available Cash with respect to the Company's preceding fiscal quarter, plus
  - (b) 100% of the aggregate net cash proceeds received by the Company (including the fair market value of any Permitted Business or long-term assets that are used or useful in a Permitted Business to the extent acquired in consideration of Equity Interests of the Company (other than Disqualified Stock)) after the date of the indenture as a contribution to its common equity capital (other than from a Restricted Subsidiary of the Company) or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Restricted Subsidiary of the Company), plus

- (c) to the extent that any Restricted Investment that was made after the date of the indenture is sold for cash or otherwise liquidated or repaid for cash, the cash return of

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- capital with respect to such Restricted Investment (less the cost of disposition, if any), plus
- (d) the amount equal to the net reduction in Restricted Investments made by the Company or any of its Restricted Subsidiaries in any Person since the date of the indenture resulting from:
    - (i) dividends, repayments of loans or advances, or other transfers of assets, in each case, to the Company or any Restricted Subsidiary of the Company from any Person (including, without limitation, any Unrestricted Subsidiary); or
    - (ii) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries (valued in each case as provided in the definition of "Investment"),in each case, to the extent such amounts have not been included in Available Cash for any period commencing on or after the date of the indenture (items (b), (c) and (d) being referred to as "Incremental Funds"), minus
  - (e) the aggregate amount of Incremental Funds previously expended pursuant to this clause (I) and clause (II) below; or
- (II) if the Fixed Charge Coverage Ratio for the Trailing Four Quarters is less than 2.0 to 1.0, such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries (excluding Restricted Payments permitted by clauses (2), (3), (4), (5) and (6) of the next succeeding paragraph) with respect to the quarter for which such Restricted Payment is made (such Restricted Payments for purposes of this clause (II) meaning only distributions on the Company's units), is less than the sum, without duplication, of:
- (a) \$100.0 million less the aggregate amount of all prior Restricted Payments made by the Company and its Restricted Subsidiaries pursuant to this clause (II)(a) since the date of the indenture, plus
  - (b) Incremental Funds to the extent not previously expended pursuant to this clause (II) or clause (I) above.

So long as no Default (except a Reporting Default) or Event of Default has occurred and is continuing or would be caused thereby (except with respect to clause (1) below under which the payment of a distribution or dividend is permitted), the preceding provisions will not prohibit:

- (1) the payment of any dividend or distribution within 60 days after the date of its declaration, if at the date of declaration the payment would have complied with the provisions of the indenture;
- (2) the purchase, redemption, defeasance or other acquisition or retirement of any subordinated Indebtedness of the Company or any Guarantor or of any Equity Interests of the Company in exchange for, or out of the net cash proceeds of the substantially concurrent (a) contribution (other than from a Restricted Subsidiary of the Company) to the equity capital of the Company or (b) sale (other than to a Restricted Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock), with a sale being deemed substantially concurrent if such purchase, redemption, defeasance or other acquisition or retirement occurs not more than 120 days after such sale; provided, however, that the amount of any such net cash proceeds that are utilized for any such purchase, redemption, defeasance



or other acquisition or retirement will be excluded (or deducted, if included) from the calculation of Available Cash and Incremental Funds;

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- (3) the purchase, redemption, defeasance or other acquisition or retirement of subordinated Indebtedness of the Company or any Guarantor with the net cash proceeds from a substantially concurrent incurrence of, or in exchange for, Permitted Refinancing Indebtedness;
- (4) the payment of any dividend or distribution by a Restricted Subsidiary of the Company to the holders of its Equity Interests (other than Disqualified Stock) on a pro rata basis;
- (5) the purchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company pursuant to any director or employee equity subscription agreement or equity option agreement or other employee benefit plan or to satisfy obligations under any Equity Interests appreciation rights or option plan or similar arrangement; provided, however, that the aggregate price paid for all such purchased, redeemed, acquired or retired Equity Interests may not exceed \$5.0 million in any calendar year; or
- (6) the purchase or other acquisition of Equity Interests deemed to occur upon the exercise of unit options, warrants, incentives, rights to acquire Equity Interests or other convertible securities if such Equity Interests represent a portion of the exercise or exchange price thereof, and any purchase or other acquisition of Equity Interests made in lieu of withholding taxes in connection with any exercise or exchange of unit options, warrants, incentives or rights to acquire Equity Interests.

The amount of all Restricted Payments (other than cash) will be the fair market value, determined as of the date of the Restricted Payment (or, in the case of a dividend, on the date of declaration), of the Restricted Investment proposed to be made or 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 Restricted Investment, assets or securities that are required to be valued by this covenant will be determined, in the case of amounts under \$20.0 million, by an officer of the General Partner and, in the case of amounts of \$20.0 million or more, by the Board of Directors of the Company, whose determination shall be evidenced by a Board Resolution delivered to the trustee. Not later than the date of making any Restricted Payment (excluding any Restricted Payment described in the preceding clause (2), (3), (4), (5) or (6)) the Company will deliver to the trustee an officers' certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "Restricted Payments" covenant were computed.

### ***Incurrence of Indebtedness and Issuance of Preferred Stock***

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), the Company will not, and will not permit any of its Restricted Subsidiaries to, issue any Disqualified Stock, and the Company will not permit any of its Restricted Subsidiaries to issue any other preferred securities; provided, however, that the Company and any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and any Restricted Subsidiary may issue other preferred securities, if, 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 or such Disqualified Stock or other preferred securities are issued, the Fixed Charge Coverage Ratio would have been at least 2.0 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or Disqualified Stock or other preferred securities had been issued, as the case may be, at the beginning of such four-quarter period.

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So long as no Event of Default shall have occurred and be continuing or would be caused thereby, the first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt") or the issuance of any preferred securities described in clause (11) below:

- (1) the incurrence by the Company or any of its Restricted Subsidiaries of additional Indebtedness (including letters of credit) under one or more Credit Facilities, provided that, after giving effect to any such incurrence, the aggregate principal amount of all Indebtedness incurred under this clause (1) and then outstanding does not exceed the greater of (a) \$850.0 million and (b) \$445.0 million plus 25.0% of the Company's Consolidated Net Tangible Assets determined as of the date of such incurrence;
- (2) the incurrence by the Company or its Restricted Subsidiaries of the Existing Indebtedness;
- (3) the incurrence by the Company and the Guarantors of Indebtedness represented by (a) the original notes and the related Subsidiary Guarantees issued on the date of the indenture and (b) the Exchange Notes and the related Subsidiary Guarantees issued pursuant to a registration rights agreement;
- (4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Restricted Subsidiary, including all Permitted Refinancing Indebtedness incurred to extend, refinance, renew, replace, defease or refund any Indebtedness incurred pursuant to this clause (4), provided that after giving effect to any such incurrence, the principal amount of all Indebtedness incurred pursuant to this clause (4) and then outstanding does not exceed the greater of (a) \$45.0 million and (b) 2.75% of the Company's Consolidated Net Tangible Assets determined as of the date of such incurrence;
- (5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to, extend, refinance, renew, replace, defease or refund Indebtedness of the Company or any Restricted Subsidiary (other than intercompany Indebtedness), in each case, that was permitted by the indenture to be incurred under the first paragraph of this covenant or clause (2) or (3) of this paragraph or this clause (5);
- (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) if the Company is the obligor on such Indebtedness and a Guarantor is not the obligee, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the notes, or if a Guarantor is the obligor on such Indebtedness and neither the Company nor another Guarantor is the obligee, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Subsidiary Guarantee of such Guarantor; 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 of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is neither the Company nor a Restricted Subsidiary of the Company will 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 (6);

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- (7) the incurrence by the Company or any of its Restricted Subsidiaries of obligations under Hedging Contracts in the ordinary course of business and not for speculative purposes;
- (8) the guarantee by the Company or any of its Restricted Subsidiaries of Indebtedness of the Company or any of its Restricted Subsidiaries that was permitted to be incurred by another provision of this covenant; provided that in the event such Indebtedness being guaranteed is subordinated in right of payment to the notes or the Subsidiary Guarantees, then the guarantee shall be subordinated in right of payment to the notes or the Subsidiary Guarantees, as the case may be;
- (9) the incurrence by the Company or any of its Restricted Subsidiaries of obligations relating to net Hydrocarbon balancing positions arising in the ordinary course of business and consistent with past practice;
- (10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of bid, performance, surety and similar bonds issued for the account of the Company and any of its Restricted Subsidiaries in the ordinary course of business, including guarantees and obligations of the Company or any of its Restricted Subsidiaries with respect to letters of credit supporting such obligations (in each case other than an obligation for money borrowed);
- (11) the issuance by any of the Company's Restricted Subsidiaries to the Company or to any of its Restricted Subsidiaries of any preferred securities; provided, however, that:
  - (a) any subsequent issuance or transfer of Equity Interests that results in any such preferred securities being held by a Person other than the Company or a Restricted Subsidiary of the Company; and
  - (b) any sale or other transfer of any such preferred securities to a Person that is not either the Company or a Restricted Subsidiary of the Company shall be deemed, in each case, to constitute an issuance (as of the date of such issuance, sale or transfer) of such preferred securities by such Restricted Subsidiary that was not permitted by this clause (11);
- (12) the incurrence by the Company or any of its Restricted Subsidiaries of liability in respect of the Indebtedness of any Unrestricted Subsidiary of the Company or any Joint Venture but only to the extent that such liability is the result of the Company's or any such Restricted Subsidiary's being a general partner of such Unrestricted Subsidiary or Joint Venture and not as guarantor of such Indebtedness and provided that, after giving effect to any such incurrence, the aggregate principal amount of all Indebtedness incurred under this clause (12) and then outstanding does not exceed \$15.0 million;
- (13) the incurrence by the Company or any of its Restricted Subsidiaries of Acquired Debt in connection with a merger or consolidation meeting either one of the financial tests set forth in clause (4) under the caption "-Merger, Consolidation or Sale of Assets"; and
- (14) the incurrence by the Company or any of its Restricted Subsidiaries of additional Indebtedness, provided that, after giving effect to any such incurrence, the aggregate principal amount of all Indebtedness incurred under this clause (14)

and then outstanding does not exceed the greater of (a) \$50.0 million and (b) 3.0% of the Company's Consolidated Net Tangible Assets determined as of the date of such incurrence.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of Indebtedness (including Acquired Debt) meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through

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(14) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company will be permitted to classify (or later classify or reclassify in whole or in part in its sole discretion) such item of Indebtedness in any manner that complies with this covenant. Any Indebtedness under Credit Facilities on the date of the indenture shall be considered incurred under the first paragraph of this covenant and may not be reclassified.

The accrual of interest, 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, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant, provided, in each such case, that the amount thereof is included in Fixed Charges of the Company as accrued. Further, the accounting reclassification of any obligation of the Company or any of its Restricted Subsidiaries as Indebtedness will not be deemed an incurrence of Indebtedness for purposes of this covenant.

### ***Liens***

The Company will not and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind (other than Permitted Liens) securing Indebtedness or Attributable Debt upon any of their property or assets, now owned or hereafter acquired, unless the notes or any Subsidiary Guarantee of such Restricted Subsidiary, as applicable, is secured on an equal and ratable basis with (or on a senior basis to, in the case of obligations subordinated in right of payment to the notes or such Subsidiary Guarantee, as the case may be) the obligations so secured until such time as such obligations are no longer secured by a Lien.

### ***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:

- (1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or pay any Indebtedness or other obligations owed to the Company or any of its Restricted Subsidiaries; provided that the priority that any series of preferred stock of a Restricted Subsidiary has in receiving dividends or liquidating distributions before dividends or liquidating distributions are paid in respect of common stock of such Restricted Subsidiary shall not constitute a restriction on the ability to make dividends or distributions on Capital Stock for purposes of this covenant;
- (2) make loans or advances to the Company or any of its Restricted Subsidiaries; or
- (3) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

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

- (1) agreements as in effect on the date of the indenture and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements or the Indebtedness to which they relate, provided that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with respect to such dividend, distribution and other payment restrictions than those contained in those agreements on the date of the indenture;

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- (2) the indenture, the notes and the Subsidiary Guarantees;
- (3) applicable law;
- (4) 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, 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 otherwise permitted by the terms of the indenture to be incurred;
- (5) customary non-assignment provisions in Hydrocarbon purchase and sale or exchange agreements or similar operational agreements or in licenses, easements or leases, in each case entered into in the ordinary course of business and consistent with past practices;
- (6) Capital Lease Obligations, mortgage financings or purchase money obligations, in each case for property acquired in the ordinary course of business that impose restrictions on that property of the nature described in clause (3) of the preceding paragraph;
- (7) any agreement for the sale or other disposition of a Restricted Subsidiary of the Company that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;
- (8) Permitted Refinancing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;
- (9) Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant described above under the caption "-Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;
- (10) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business, which limitations are applicable only to the assets or property that is the subject of such agreements;
- (11) any agreement or instrument relating to any property or assets acquired after the date of the indenture, so long as such encumbrance or restriction relates only to the property or assets so acquired and is not and was not created in anticipation of such acquisitions;



- (12) restrictions on cash, Cash Equivalents or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and
  
- (13) any other agreement governing Indebtedness of the Company or any Guarantor that is permitted to be incurred by the covenant described under "-Incurrence of Indebtedness and Issuance of Preferred Stock"; provided, however, that such encumbrances or restrictions are not materially more restrictive, taken as a whole, than those contained in the indenture or the Credit Agreement as in effect on the date of the indenture.

***Merger, Consolidation or Sale of Assets***

Neither of the Issuers may, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Issuer is the survivor); or (2) sell, assign, transfer, lease, convey or

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otherwise dispose of all or substantially all of its properties or assets in one or more related transactions, to another Person, unless:

- (1) either: (a) such Issuer is the survivor; or (b) the Person formed by or surviving any such consolidation or merger (if other than such Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made is a Person organized or existing under the laws of the United States, any state of the United States or the District of Columbia; provided, however, that Finance Corp. may not consolidate or merge with or into any Person other than a corporation satisfying such requirement so long as the Company is not a corporation;
- (2) the Person formed by or surviving any such consolidation or merger (if other than such Issuer) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition has been made assumes all the obligations of such Issuer under the notes and the indenture and registration rights agreement pursuant to agreements reasonably satisfactory to the trustee;
- (3) immediately after such transaction no Default or Event of Default exists;
- (4) in the case of a transaction involving the Company and not Finance Corp., either
  - (a) the Company or 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 has been made 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 "–Incurrence of Indebtedness and Issuance of Preferred Stock"; or
  - (b) immediately after giving effect to such transaction and any related financing transactions on a pro forma basis as if the same had occurred at the beginning of the applicable four-quarter period, the Fixed Charge Coverage Ratio of the Company or 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 has been made, will be equal to or greater than the Fixed Charge Coverage Ratio of the Company immediately before such transactions; and
- (5) such Issuer has delivered to the trustee an officers' certificate and an opinion of counsel, each stating that such consolidation, merger or disposition and such supplemental indenture (if any) comply with the indenture.

Notwithstanding the restrictions described in the foregoing clause (4), any Restricted Subsidiary (other than Finance Corp.) may consolidate with, merge into or dispose of all or part of its properties and assets to the Company without complying with the preceding clause (4) in connection with any such consolidation, merger or disposition.

Notwithstanding the second preceding paragraph, the Company is permitted to reorganize as any other form of entity in accordance with the following procedures provided that:

- (1) the reorganization involves the conversion (by merger, sale, contribution or exchange of assets or otherwise) of the Company into a form of entity other than a limited partnership formed under Delaware law;

- (2) the entity so formed by or resulting from such reorganization is an entity organized or existing under the laws of the United States, any state thereof or the District of Columbia;

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- (3) the entity so formed by or resulting from such reorganization assumes all the obligations of the Company under the notes and the indenture pursuant to agreements reasonably satisfactory to the trustee;
- (4) immediately after such reorganization no Default or Event of Default exists; and
- (5) such reorganization is not materially adverse to the Holders or Beneficial Owners of the notes (for purposes of this clause (5) a reorganization will not be considered materially adverse to the Holders or Beneficial Owners of the notes solely because the successor or survivor of such reorganization (a) is subject to federal or state income taxation as an entity or (b) is considered to be an "includible corporation" of an affiliated group of corporations within the meaning of Section 1504(b) of the Code or any similar state or local law).

Notwithstanding anything herein to the contrary, in the event the Company becomes a corporation or the Company or the Person formed by or surviving any consolidation or merger (permitted in accordance with the terms of the indenture) is a corporation, Finance Corp. may be merged into the Company or it may be dissolved in accordance with the Indenture and cease to be an Issuer.

For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties or assets of one or more Restricted Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties or assets of the Company, 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.

### ***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"), unless:

- (1) the 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 in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and
- (2) the Company delivers to the trustee, with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of \$15.0 million, a resolution of the Board of Directors of the Company set forth in an officers' certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with this covenant and that such Affiliate Transaction or series of related Affiliate Transactions has been approved by a majority of the disinterested members of the Board of Directors of the Company.

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

- (1) any employment, equity award, equity option or equity appreciation agreement or plan entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

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- (2) transactions between or among any of the Company and its Restricted Subsidiaries;
- (3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns an Equity Interest in such Person;
- (4) transactions effected in accordance with the terms of agreements that are identified in the indenture, in each case in as such agreements are in effect on the date of the indenture, and any amendment or replacement of any of such agreements so long as such amendment or replacement agreement is no less advantageous to the Company in any material respect than the agreement so amended or replaced;
- (5) customary compensation, indemnification and other benefits made available to officers, directors or employees of the Company or a Restricted Subsidiary or Affiliate of the Company, including reimbursement or advancement of out-of-pocket expenses and provisions of officers' and directors' liability insurance;
- (6) sales of Equity Interests (other than Disqualified Stock) to, or receipt of capital contributions from, Affiliates of the Company;
- (7) Permitted Investments or Restricted Payments that are permitted by the provisions of the indenture described above under the caption "-Restricted Payments";
- (8) payments to the General Partner with respect to reimbursement for expenses in accordance with the Partnership Agreement as in effect on the date of the indenture and as it may be amended, provided that any such amendment is not less favorable to the Company in any material respect than the agreement prior to such amendment; and
- (9) in the case of contracts for gathering, transporting, treating, processing, marketing, distributing, storing, terminalling or otherwise handling Hydrocarbons, or activities or services reasonably related or ancillary thereto, or other operational contracts, any such contracts 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.

### ***Designation of Restricted and Unrestricted Subsidiaries***

Currently, all of the Subsidiaries of the Company are Restricted Subsidiaries. The Board of Directors of the Company may designate any Restricted Subsidiary of the Company to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary of the Company is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary properly designated will be deemed to be either an Investment made as of the time of the designation that will reduce the amount available for Restricted Payments under the first paragraph of the covenant described above under the caption "-Restricted Payments" or represent Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Subsidiary so designated otherwise meets the definition of an Unrestricted Subsidiary.

The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary, provided that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any

outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described above under the captions "-Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period, and "-Liens" and (2) no Default or Event of Default would be in existence following such designation.

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After the termination of certain covenants pursuant to "–Covenant Termination," we will not be permitted to designate or redesignate any of our Subsidiaries pursuant to this covenant.

### ***Additional Subsidiary Guarantees***

If, after the date of the indenture, any Restricted Subsidiary of the Company that is not already a Guarantor guarantees any other Indebtedness of either of the Issuers or any Guarantor, then that Subsidiary will become a Guarantor by executing a supplemental indenture and delivering it to the trustee within 20 Business Days of the date on which it guaranteed such Indebtedness; provided, however, that the preceding shall not apply to Subsidiaries of the Company that have properly been designated as Unrestricted Subsidiaries in accordance with the indenture for so long as they continue to constitute Unrestricted Subsidiaries. Notwithstanding the preceding, any Subsidiary Guarantee of a Restricted Subsidiary that was incurred pursuant to this paragraph will be released in the circumstances described under clause (6) of "–Subsidiary Guarantees."

### ***Sale and Leaseback Transactions***

The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; provided, however, that the Company or any of its Restricted Subsidiaries may enter into a sale and leaseback transaction if:

- (1) the Company or that Restricted Subsidiary, as applicable, could have (a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under the Fixed Charge Coverage Ratio test in the first paragraph of the covenant described above under the caption "–Incurrence of Indebtedness and Issuance of Preferred Stock" and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption "–Liens";
- (2) the gross cash proceeds of that sale and leaseback transaction are at least equal to the fair market value, as determined in accordance with the definition of that term and set forth in an officers' certificate delivered to the trustee, of the property that is the subject of that sale and leaseback transaction; and
- (3) the transfer of assets in that sale and leaseback transaction is permitted by, and the Company otherwise complies with, the covenant described above under the caption "–Repurchase at the Option of Holders–Asset Sales."

### ***Business Activities***

The Company will not, and will not permit any Restricted Subsidiary to, engage in any business other than a Permitted Business, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Finance Corp. may not incur Indebtedness unless (1) the Company is a co-obligor or guarantor of such Indebtedness or (2) the net proceeds of such Indebtedness are loaned to the Company, used to acquire outstanding debt securities issued by the Company or used to repay Indebtedness of the Company as permitted under the covenant described above under the caption "–Incurrence of Indebtedness and Issuance of Preferred Stock." Finance Corp. may not engage in any business not related directly or indirectly to obtaining money or arranging financing for the Company or its Restricted Subsidiaries.

### ***Reports***

Whether or not required by the Commission, so long as any notes are outstanding, the Company will file with the Commission for public availability within the time periods specified in the

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Commission's rules and regulations (unless the Commission will not accept such a filing), and the Company will, within five Business Days after filing, or attempting to file, the same with the Commission, (a) furnish to the trustee and, upon its prior request, to any of the Holders or Beneficial Owners of notes and (b) post on its website or otherwise make available to prospective purchasers of the notes:

- (1) all quarterly and annual financial and other information with respect to the Company and its Subsidiaries that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Company were required to file such Forms, including a "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 independent registered public accountants; and
- (2) all current reports that would be required to be filed with the Commission on Form 8-K if the Company were required to file such reports.

The availability of the foregoing information or reports on the SEC's website will be deemed to satisfy the foregoing delivery requirements.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries, then, to the extent material, the quarterly and annual financial information required by the preceding paragraph will include, in accordance with Section 3-10 of Regulation S-X, 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, 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, the Company and the Guarantors have agreed that, for so long as any notes remain outstanding, they will furnish to the Holders and Beneficial Owners of the notes and to securities analysts and prospective investors in the notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

### ***Covenant Termination***

If at any time (a) the notes have an Investment Grade Rating from the Ratings Agencies, (b) no Default has occurred and is continuing under the indenture and (c) the Issuers have delivered to the trustee an officers' certificate certifying to the foregoing provisions of this sentence, the Company and its Restricted Subsidiaries will no longer be subject to the provisions of the indenture described above under the caption "–Repurchase at the Option of Holders–Asset Sales" and the following provisions of the indenture described above under the caption "–Certain Covenants":

"–Restricted Payments,"

"–Incurrence of Indebtedness and Issuance of Preferred Stock,"

"–Dividend and Other Payment Restrictions Affecting Subsidiaries,"

"–Transactions with Affiliates," and

"–Business Activities."

However, the Company and its Restricted Subsidiaries will remain subject to the provisions of the indenture described above under the caption "–Repurchase at the Option of Holders–Change of Control," and the following provisions of the indenture described above under the caption "–Certain Covenants":

"–Liens,"





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"–Merger, Consolidation or Sale of Assets" (other than the financial tests set forth in clause (4) of such covenant),"

"–Designation of Restricted and Unrestricted Subsidiaries,"

"–Additional Subsidiary Guarantees,"

"–Sale and Leaseback Transactions" (other than the financial tests set forth in clauses (1)(a) and (3) of such covenant),

"–Reports," and

the covenant respecting payments for consent described below in the last paragraph under the caption "–Amendment, Supplement and Waiver."

### **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 captions "–Repurchase at the Option of Holders–Asset Sales," "–Repurchase at the Option of Holders–Change of Control" or "–Certain Covenants–Merger, Consolidation or Sale of Assets";
- (4) failure by the Company for 180 days after notice from the trustee or Holders of at least 25% in principal amount of the notes then outstanding to comply with the provisions described under "–Certain Covenants–Reports";
- (5) failure by the Company for 60 days after notice from the trustee or Holders of at least 25% in principal amount of the notes then outstanding to comply with any of its other agreements in the indenture;
- (6) 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 Company or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the date of the indenture, if that default:
  - (a) is caused by a failure to pay principal of, or interest or premium, if any, 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 \$20.0 million or more; provided, however, if, prior to any acceleration of the notes, (i) any such Payment Default is cured or waived, (ii) any such acceleration is rescinded, or (iii) such Indebtedness is repaid during the 10 Business Day period commencing upon the end of any applicable grace period for such Payment Default or the occurrence of such acceleration, as the case may be, any Default or Event of Default (but not any acceleration of the notes) caused by such Payment Default or acceleration shall be automatically rescinded, so long as such rescission does not conflict with any judgment, decree or applicable law;

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- (7) failure by the Company or any of its Restricted Subsidiaries to pay final judgments aggregating in excess of \$20.0 million (to the extent not covered by insurance by a reputable and creditworthy insurer as to which the insurer has not disclaimed coverage), which judgments are not paid, discharged or stayed for a period of 60 days;
- (8) except as permitted by the indenture, any Subsidiary Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or 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; and
- (9) certain events of bankruptcy, insolvency or reorganization described in the indenture with respect to Finance Corp., the Company or any of the Company's Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary of the Company.

In the case of an Event of Default arising from certain events of bankruptcy, insolvency or reorganization, with respect to Finance Corp., the Company, any Restricted Subsidiary of the Company that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary of the Company, 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.

Holders of the notes may not enforce the indenture or the notes except as provided in the 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 notice of any continuing Default or Event of Default from Holders of the notes if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal of, or interest or premium, if any, on, the notes.

The Holders of a majority in 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 indenture except a continuing Default or Event of Default in the payment of principal of, or interest or premium, if any, on, the notes.

The Issuers are required to deliver to the trustee annually a statement regarding compliance with the indenture. Upon any officer of the General Partner or Finance Corp. becoming aware of any Default or Event of Default, the Issuers are required to deliver to the trustee a statement specifying such Default or Event of Default.

### **No Personal Liability of Directors, Officers, Employees and Unitholders**

No director, officer, partner, employee, incorporator, manager or unitholder or other owner of Capital Stock of the Issuers or any Guarantor, as such, will have any liability for any obligations of the Issuers or any Guarantor under the notes, the indenture or the Subsidiary Guarantees, 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 may not be effective to waive liabilities under federal securities laws.

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### **Legal Defeasance and Covenant Defeasance**

The Issuers may, at their option and at any time, elect to have all of their obligations discharged with respect to the outstanding notes 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, and interest or premium, if any, on, such notes when such payments are due from the trust referred to below;
- (2) the Issuers' 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 Issuers' obligations in connection therewith; and
- (4) the Legal Defeasance provisions of the indenture.

In addition, the Issuers may, at their option and at any time, elect to have their obligations released with respect to certain covenants that are described in the indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, insolvency or reorganization events) described under "–Events of Default and Remedies" will no longer constitute an Event of Default with respect to the notes. If the Issuers exercise either their Legal Defeasance or Covenant Defeasance option, each Guarantor will be released and relieved of any obligations under its Subsidiary Guarantee and any security for the notes (other than the trust) will be released.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Issuers 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 of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, and interest and premium, if any, on, the outstanding notes on the date of fixed maturity or on the applicable redemption date, as the case may be, and the Issuers must specify whether the notes are being defeased to the date of fixed maturity or to a particular redemption date;
- (2) in the case of Legal Defeasance, the Issuers must deliver to the trustee an opinion of counsel reasonably acceptable to the trustee confirming that:
  - (a) the Issuers have received from, or there has been published by, the Internal Revenue Service a ruling; or
  - (b) since the date of the indenture, 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 will 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 Issuers must deliver to the trustee an opinion of counsel reasonably acceptable to the trustee confirming that the holders of the outstanding



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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 has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the incurrence of Indebtedness, the proceeds of which are applied to such 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 Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;
- (6) the Issuers must deliver to the trustee an officers' certificate stating that the deposit was not made by the Issuers with the intent of preferring the Holders of notes over the other creditors of the Issuers with the intent of defeating, hindering, delaying or defrauding creditors of the Issuers or others; and
- (7) the Issuers must deliver to the trustee an officers' certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

### **Amendment, Supplement and Waiver**

Except as provided in the next two succeeding paragraphs, the indenture or the notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding notes (including, without limitation, 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 or the notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding notes (including, without limitation, consents obtained in connection with a purchase of, or 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 interest or premium, if any, on the notes (except a rescission of acceleration of the notes by the Holders of at least a majority in principal amount of the notes and a waiver of the payment default that resulted from such acceleration);
- (5) make any note payable in currency other than that stated in the notes;

- (6) make any change in the provisions of the indenture relating to waivers of past Defaults or the rights of Holders of notes to receive payments of principal of, or interest or premium, if any, on the notes (other than as permitted in clause (7) below);



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- (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) release any Guarantor from any of its obligations under its Subsidiary Guarantee or the indenture, except in accordance with the terms of the indenture; or
- (9) make any change in the preceding amendment, supplement and waiver provisions.

Notwithstanding the preceding, without the consent of any Holder of notes, the Issuers, the Guarantors and the trustee may amend or supplement the indenture or the notes:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated notes in addition to or in place of certificated notes;
- (3) to provide for the assumption of an Issuer's obligations to Holders of notes in the case of a merger or consolidation or sale of all or substantially all of such Issuer's properties or assets;
- (4) to make any change that would provide any additional rights or benefits to the Holders of notes or that does not adversely affect the legal rights under the indenture of any such Holder;
- (5) to secure the notes or the Subsidiary Guarantees pursuant to the requirements of the covenant described above under the subheading "-Certain Covenants-Liens";
- (6) to provide for the issuance of additional notes in accordance with the limitations set forth in the indenture;
- (7) to add any additional Guarantor or to evidence the release of any Guarantor from its Subsidiary Guarantee, in each case as provided in the indenture;
- (8) to comply with requirements of the Commission in order to effect or maintain the qualification of the indenture under the Trust Indenture Act;
- (9) to evidence or provide for the acceptance of appointment under the indenture of a successor trustee; or
- (10) to conform the text of the indenture, the Subsidiary Guarantees or the notes to any provision of the "Description of Notes" in the Issuers' offering memorandum, dated May 24, 2011 relating to the original notes.

Neither the Company nor any of its Subsidiaries shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Beneficial Owner or Holder of any notes for or as an inducement to any consent to any waiver, supplement or amendment of any terms or provisions of the indenture or the notes, unless such consideration is offered to be paid or agreed to be paid to all Beneficial Owners and Holders of the notes which so consent in the time frame set forth in solicitation documents relating to such consent.

**Satisfaction and Discharge**

The indenture will be discharged and will cease to be of further effect as to all notes issued thereunder (except as to surviving rights of registration of transfer or exchange of the notes and as otherwise specified in the indenture), when:

(1) either:

- (a) all notes that have been authenticated, except lost, stolen or destroyed notes that have been replaced or paid and notes for whose payment money has been deposited in trust

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and thereafter repaid to the Issuers, have been delivered to the trustee for cancellation; or

- (b) all notes that have not been delivered to the trustee for cancellation have become due and payable or will become due and payable within one year by reason of the mailing of a notice of redemption or otherwise and the Issuers or any Guarantor has irrevocably deposited or caused to be deposited with the trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the notes not delivered to the trustee for cancellation for principal, premium, if any, and accrued interest to the date of fixed maturity or redemption;
- (2) no Default or Event of Default has occurred and is continuing on the date of the deposit or will occur as a result of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit 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 Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;
- (3) the Issuers or any Guarantor has paid or caused to be paid all sums payable by it under the indenture; and
- (4) the Issuers have delivered irrevocable instructions to the trustee to apply the deposited money toward the payment of the notes at fixed maturity or the redemption date, as the case may be.

In addition, the Issuers must deliver an officers' certificate and an opinion of counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

### **Concerning the Trustee**

U.S. Bank National Association is the trustee.

If the trustee becomes a creditor of an Issuer or any Guarantor, the indenture limits 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 may engage in other transactions; however, if it acquires any conflicting interest (as defined in the Trust Indenture Act) after a Default has occurred and is continuing, it must eliminate such conflict within 90 days, apply to the Commission for permission to continue as trustee (if the indenture has been qualified under the Trust Indenture Act) or resign.

The Holders of a majority in principal amount of the then outstanding notes 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 occurs and is continuing, the trustee will be required, in the exercise of its powers, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the trustee is under no obligation to exercise any of its rights or powers under the indenture at the request of any Holder of notes, unless such Holder has offered to the trustee security or indemnity satisfactory to it against any loss, liability or expense.

### **Governing Law**

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

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### **Book-Entry, Delivery and Form**

The new notes will be issued initially only in the form of one or more global notes (collectively, the "Global Notes"). The Global Notes will be deposited upon issuance with the trustee as custodian for The Depository Trust Company ("DTC") and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Beneficial interests in the Global Notes may be held through the Euroclear System ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") (as indirect participants in DTC). The Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive notes in registered certificated form ("Certificated Notes") except in the limited circumstances described below. Please read "–Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of notes in certificated form.

In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

### **Depository Procedures**

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The Company takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised the Company that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised the Company that, pursuant to procedures established by it:

- (1) upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the exchange agent with portions of the principal amount of the Global Notes; and
- (2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interests in the Global Notes).

Investors in the Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants. Euroclear and Clearstream may hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream.

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All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some jurisdictions may require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

**Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of Certificated Notes and will not be considered the registered owners or "holders" thereof under the indenture for any purpose.**

Payments in respect of the principal of, premium on, if any, interest, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, the Company, the Guarantors and the trustee will treat the Persons in whose names the notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuers, any Guarantor, the trustee nor any agent of the Issuers, any Guarantor or the trustee has or will have any responsibility or liability for:

- (1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or
- (2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Company that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee, the Company or any Guarantor. Neither the Issuers, any Guarantor nor the trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the notes, and the Issuers, the Guarantors and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositaries; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be,

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will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised the Company that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the notes, DTC reserves the right to exchange the Global Notes for Certificated Notes, and to distribute such Certificated Notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of the Issuers, the Guarantors, the trustee and any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

### **Exchange of Global Notes for Certificated Notes**

A Global Note is exchangeable for Certificated Notes if:

- (1) DTC (a) notifies the Issuers that it is unwilling or unable to continue as depository for the Global Note or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, the Issuers fail to appoint a successor depository within 90 days;
- (2) The Issuers, at their option but subject to DTC's requirements, notify the trustee in writing that they elect to cause the issuance of the Certificated Notes; or
- (3) there has occurred and is continuing an Event of Default, and DTC notifies the Trustee of its decision to exchange such Global Note for Certificated Notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depository (in accordance with its customary procedures).

### **Exchange of Certificated Notes for Global Notes**

Certificated Notes may not be exchanged for beneficial interests in any Global Note except in the limited circumstances provided in the indenture.

### **Same Day Settlement and Payment**

The Issuers will make payments in respect of the notes represented by the Global Notes, including principal, premium, if any, and interest, by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. The Issuers will make all payments of principal, premium, if any, and interest with respect to Certificated Notes in the manner described above under "–Methods of Receiving Payments on the Notes." The notes represented by the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available

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funds. The Company expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised the Company that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

### **Certain Definitions**

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

"*Acquired Debt*" means, with respect to any specified Person:

- (1) Indebtedness of Disqualified Stock of any other Person existing at the time such other Person was merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred or Disqualified Stock is issued in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person, but excluding any Indebtedness or Disqualified Stock which is extinguished, retired or repaid in connection with such Person merging with or into or becoming a Subsidiary of such specified Person; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided, however, that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control by the other Person; and further, that any third Person which also beneficially owns 10% or more of the Voting Stock of a specified Person shall not be deemed to be an Affiliate of either the specified Person or the other Person merely because of such common ownership in such specified Person. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Asset Sale*" means:

- (1) the sale, lease, conveyance or other disposition of any properties or assets (including by way of a sale and leaseback transaction); provided, however, that the disposition of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the indenture described above under the caption "-Repurchase at the Option of Holders-Change of Control" and/or the provisions described above under the caption "-Certain Covenants-Merger, Consolidation or Sale of Assets" and not by the provisions of the Asset Sales covenant; and
- (2) the issuance of Equity Interests in any of the Company's Restricted Subsidiaries or the sale of Equity Interests by the Company or any of its Restricted Subsidiaries in any of its Subsidiaries.

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Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

- (1) any single transaction or series of related transactions that involves properties or assets having a fair market value of less than \$5.0 million;
- (2) a transfer of properties or assets between or among any of the Company and its Restricted Subsidiaries,
- (3) an issuance or sale of Equity Interests by a Restricted Subsidiary to the Company or to another Restricted Subsidiary;
- (4) the sale, lease or other disposition of equipment, inventory, accounts receivable or other properties or assets in the ordinary course of business;
- (5) the sale or other disposition of cash or Cash Equivalents, Hedging Contracts or other financial instruments in the ordinary course of business;
- (6) a Restricted Payment that is permitted by the covenant described above under the caption "-Certain Covenants-Restricted Payments" or a Permitted Investment;
- (7) the creation or perfection of a Lien that is not prohibited by the covenant described above under the caption "-Certain Covenants-Liens";
- (8) dispositions in connection with Permitted Liens;
- (9) surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;
- (10) the grant in the ordinary course of business of any non-exclusive license of patents, trademarks, registrations therefor and other similar intellectual property;
- (11) an Asset Swap;
- (12) dispositions of crude oil and natural gas properties, provided that at the time of any such disposition such properties do not have associated with them any proved reserves; and
- (13) any Production Payments and Reserve Sales; provided that any such Production Payments and Reserve Sales, other than incentive compensation programs on terms that are reasonably customary in the Oil and Gas Business for geologists, geophysicists and other providers of technical services to the Company or a Restricted Subsidiary, shall have been



created, incurred, issued, assumed or guaranteed in connection with the financing of, and within 60 days after the acquisition of, the property that is subject thereto.

"*Asset Swap*" means any substantially contemporaneous (and in any event occurring within 180 days of each other) purchase and sale or exchange of any assets or properties used or useful in a Permitted Business between the Company or any of its Restricted Subsidiaries and another Person; provided that any cash received must be applied in accordance with the covenant described above under the caption "-Repurchase at the Option of Holders-Asset Sales" as if the Asset Swap were an Asset Sale.

"*Attributable Debt*" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP. As used in the preceding sentence, the "net rental payments" under any lease for any such period shall mean the sum of rental and other payments required to be paid with respect to such period by the lessee thereunder, excluding any amounts required to be paid

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by such lessee on account of maintenance and repairs, insurance, taxes, assessments, water rates or similar charges. In the case of any lease that is terminable by the lessee upon payment of penalty, such net rental payment shall also include the amount of such penalty, but no rent shall be considered as required to be paid under such lease subsequent to the first date upon which it may be so terminated.

"*Available Cash*" has the meaning assigned to such term in the Partnership Agreement, as in effect on the date of the indenture.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" have correlative meanings.

"*Board of Directors*" means:

- (1) with respect to Finance Corp., its board of directors;
- (2) with respect to the Company, the board of directors of the Ultimate General Partner or any authorized committee thereof; and
- (3) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Board Resolution*" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the applicable Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the trustee.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York or another place of payment are authorized or required by law to close.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP.

"*Capital Stock*" means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Cash Equivalents*" means:

- (1) United States dollars;

- (2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (provided that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than six months from the date of acquisition;

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- (3) marketable general obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition thereof, having a credit rating of "A" or better from either S&P or Moody's;
- (4) certificates of deposit, demand deposits and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits routinely offered by commercial banks, in each case, with any domestic commercial bank having capital and surplus in excess of \$500.0 million and a Thomson Bank Watch Rating of "B" or better;
- (5) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2), (3) and (4) above entered into with any financial institution meeting the qualifications specified in clause (4) above;
- (6) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and in each case maturing within six months after the date of acquisition; and
- (7) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (6) of this definition.

"*Change of Control*" means the occurrence of any of the following:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets (including Capital Stock of the Restricted Subsidiaries) of the Company and its Restricted Subsidiaries taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than any Principal;
- (2) the adoption of a plan relating to the liquidation or dissolution of the Company; the removal by the limited partners of the Company of the General Partner as the general partner of the Company; or the removal by the limited partners of the General Partner of the Ultimate General Partner as the general partner of the General Partner;
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), other than the Company, any Restricted Subsidiary of the Company or any Principal, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the General Partner or the Ultimate General Partner, measured by voting power rather than number of shares, units or the like;
- (4) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than any Principal becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares, units or the like; or

- (5) the first day on which a majority of the members of the Board of Directors of the General Partner, if any, or the Ultimate General Partner are not Continuing Directors.

Notwithstanding the preceding, a conversion of the Company or any of its Restricted Subsidiaries from a limited partnership, corporation, limited liability company or other form of entity to a limited liability company, corporation, limited partnership or other form of entity or an exchange of all of the outstanding Equity Interests in one form of entity for Equity Interests in another form of entity shall not constitute a Change of Control, so long as following such conversion or exchange the "persons" (as that term is used in Section 13(d)(3) of the Exchange Act) who Beneficially Owned the Capital Stock

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of the Company immediately prior to such transactions continue to Beneficially Own in the aggregate more than 50% of the Voting Stock of such entity, or continue to Beneficially Own sufficient Equity Interests in such entity to elect a majority of its directors, managers, trustees or other persons serving in a similar capacity for such entity or its general partner (or its general partner's general partner), as applicable, and, in either case no "person" other than the Company, any Restricted Subsidiary or any Principal Beneficially Owns more than 50% of the Voting Stock of such entity or its general partner (or its general partner's general partner), as applicable.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute.

"Commission" or "SEC" means the Securities and Exchange Commission.

"Consolidated Cash Flow" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus (without duplication):

- (1) an amount equal to any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; plus
- (2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus
- (3) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (excluding any interest attributable to Dollar-Denominated Production Payments but including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings), and net of the effect of all payments made or received pursuant to interest rate Hedging Contracts, to the extent that any such expense was deducted in computing such Consolidated Net Income; plus
- (4) depreciation, depletion and amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period), impairment, non-cash equity based compensation expense and other non-cash items (excluding any such non-cash item to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, depletion and amortization, impairment and other non-cash items that were deducted in computing such Consolidated Net Income; plus
- (5) all extraordinary, unusual or non-recurring items of gain or loss, or revenue or expense that were deducted in computing such Consolidated Net Income; plus
- (6) exploration and abandonment expense (if applicable) to the extent deducted in computing such Consolidated Net Income; minus
- (7) non-cash items increasing such Consolidated Net Income for such period, other than items that were accrued in the ordinary course of business; and minus

- (8) to the extent increasing such Consolidated Net Income for such period, the sum of (a) the amount of deferred revenues that are amortized during such period and are attributable to reserves that are subject to Volumetric Production Payments and (b) amounts recorded in accordance with GAAP as repayments of principal and interest pursuant to Dollar-Denominated Production Payments,

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in each case, on a consolidated basis and determined in accordance with GAAP.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP, provided that:

- (1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included, but only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person;
- (2) the Net Income of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, partners or members;
- (3) the cumulative effect of a change in accounting principles will be excluded;
- (4) unrealized losses and gains under derivative instruments included in the determination of Consolidated Net Income, including, without limitation those resulting from the application of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 815 will be excluded;
- (5) any nonrecurring charges relating to any premium or penalty paid, write off of deferred finance costs or other charges in connection with redeeming or retiring any Indebtedness prior to its Stated Maturity will be excluded; and
- (6) any asset impairment write downs on oil and gas properties under GAAP or SEC guidelines will be excluded.

"*Consolidated Net Tangible Assets*" means, with respect to any Person at any date of determination, the aggregate amount of total assets (less applicable reserves reflected in such balance sheet) included in such Person's most recent quarterly or annual consolidated balance sheet prepared in accordance with GAAP, after deducting the following amounts: (a) all current liabilities reflected in such balance sheet, and (b) all goodwill, trademarks, patents, unamortized debt discounts and expenses and other like intangibles reflected in such balance sheet.

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors of the Ultimate General Partner who:

- (1) was a member of such Board of Directors on the date of the indenture;
- (2) is an "Appointed Director" or a "Management Director" as such terms are defined in the Partnership Agreement as in effect on the date of the indenture; or
- (3) was nominated for election or elected to such Board of Directors with the approval of a majority of the "Elected Directors" (as such term is defined in the Partnership Agreement as in effect on the date of the indenture) who were members of such Board of Directors at the time of such nomination or election.



"*Credit Agreement*" means that certain Credit Agreement, dated as of December 13, 2007, among the Company, as borrower, Wachovia Bank, National Association, as administrative agent, and the other lenders party thereto, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, restated, modified, renewed, refunded, replaced or refinanced from time to time. Effective as of June 22, 2011, we entered

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into an Amended and Restated Credit Agreement among the Company, as borrower, Wells Fargo Bank, National Association, as administrative agent and swingline lender, Bank of America, N.A. and The Royal Bank of Scotland plc, as co-syndication agents, and BNP Paribas, as documentation agent, and the lenders party thereto.

"*Credit Facilities*" means one or more debt facilities (including, without limitation, the Credit Agreement), indentures or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, capital market financings, private placements, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced (including refinancing with any capital market transaction) in whole or in part from time to time.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase or redeem such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "*–Certain Covenants–Restricted Payments*."

"*Dollar-Denominated Production Payments*" means production payment obligations recorded as liabilities in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means any public or private sale of Capital Stock of the Company (other than Disqualified Stock and other than to a Subsidiary of the Company) made for cash on a primary basis by the Company after the date of the indenture, provided that at any time on or after a Change of Control, any sale of Capital Stock to an Affiliate of the Company shall not be deemed an Equity Offering.

"*Equity Notes*" means the notes issued in an Exchange Offer. Such term includes the new notes.

"*Exchange Offer*" has the meaning set forth for such term in the applicable registration rights agreement.

"*Existing Indebtedness*" means the aggregate principal amount of Indebtedness of the Company and its Restricted Subsidiaries (other than Indebtedness under the Credit Agreement, which is considered incurred under the first paragraph under the covenant entitled "*Incurrence of Indebtedness and Issuance of Preferred Stock*" and other than intercompany Indebtedness) in existence on the date of the indenture, until such amounts are repaid.

The term "*fair market value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined

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in good faith by the Board of Directors of the Company in the case of amounts of \$15.0 million or more and otherwise by an officer of the General Partner (unless otherwise provided in the indenture).

"Fixed Charge Coverage Ratio" means with respect to any specified Person for any four-quarter reference period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock subsequent to the commencement of the applicable four-quarter reference period and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of such period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

- (1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations or otherwise (including acquisitions of assets used in a Permitted Business), and including in each case any related financing transactions (including repayment of Indebtedness) during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period, including any Consolidated Cash Flow and any pro forma expense and cost reductions that have occurred or are reasonably expected to occur within the next 12 months, in the reasonable and good faith judgment of the chief financial or accounting officer of the General Partner (regardless of whether those cost savings or operating improvements could then be reflected in pro forma financial statements in accordance with Regulation S-X promulgated under the Securities Act or any other regulation or policy of the Commission related thereto);
- (2) the Consolidated Cash Flow attributable to operations or businesses disposed of prior to the Calculation Date, will be excluded;
- (3) the Fixed Charges attributable to operations or businesses disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;
- (4) interest income reasonably anticipated by such Person to be received during the applicable four-quarter period from cash or Cash Equivalents held by such Person or any Restricted Subsidiary of such Person, which cash or Cash Equivalents exist on the Calculation Date or will exist as a result of the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio, will be included;
- (5) designations of Restricted Subsidiaries and Unrestricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be deemed to have occurred on the first day of the four-quarter reference period;
- (6) if any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest expense on such Indebtedness will be calculated as if the average rate in effect from the beginning of the applicable period to the Calculation Date had been the applicable rate for the entire period (taking into account any interest Hedging Contract

applicable to such Indebtedness, but if the remaining term of such interest Hedging Contract is less than 12 months, then such interest Hedging Contract shall only be taken into account for that portion of the period equal to the remaining term thereof); and

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- (7) if any Indebtedness is incurred under a revolving credit facility and is being given pro forma effect, the interest on such Indebtedness shall be calculated based on the average daily balance of such Indebtedness for the four fiscal quarters subject to the pro forma calculation.

"Fixed Charges" means, with respect to any specified Person for any period, the sum, without duplication, of:

- (1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (excluding any interest attributable to Dollar-Denominated Production Payments but including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings), and net of the effect of all payments made or received pursuant to interest rate Hedging Contracts; plus
- (2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; plus
- (3) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such guarantee or Lien is called upon; plus
- (4) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock of such Person or on any series of preferred securities of any of its Restricted Subsidiaries, other than dividends payable solely in Equity Interests of the payor (other than Disqualified Stock) or to such Person or a Restricted Subsidiary of such Person,

in each case, on a consolidated basis and determined in accordance with GAAP.

"GAAP" means generally accepted accounting principles in the United States, which are in effect from time to time.

"General Partner" means Eagle Rock Energy GP, L.P., a Delaware limited partnership, and its successors and permitted assigns as general partner of the Company.

The term "guarantee" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets, acting as co-obligor or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness. When used as a verb, "guarantee" has a correlative meaning.

"Guarantors" means each of:

- (1) the Subsidiaries of the Company, other than Finance Corp., executing the indenture as initial Guarantors; and
- (2) any other Restricted Subsidiary of the Company that becomes a Guarantor in accordance with the provisions of the indenture;

and their respective successors and assigns, in each case, until the Subsidiary Guarantee of such Person is released in accordance with the provisions of the indenture.

"Hedging Contracts" means, with respect to any specified Person, the obligation of such Person under:

- (1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements entered into with one or more financial institutions and designed to protect the Person or any



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of its Restricted Subsidiaries entering into the agreement against fluctuations in interest rates with respect to Indebtedness incurred;

- (2) foreign exchange contracts and currency protection agreements entered into with one or more financial institutions and designed to protect the Person or any of its Restricted Subsidiaries entering into the agreement against fluctuations in currency exchanges rates with respect to Indebtedness incurred;
- (3) any commodity futures contract, commodity option or other similar agreement or arrangement designed to protect against fluctuations in the price of Hydrocarbons used, produced, processed or sold by that Person or any of its Restricted Subsidiaries at the time; and
- (4) other agreements or arrangements designed to protect such Person or any of its Restricted Subsidiaries against fluctuations in interest rates, commodity prices or currency exchange rates.

"*Holder*" means a Person in whose name a Note is registered.

"*Hydrocarbons*" means crude oil, natural gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons, sulfur, sulfur derivative products and all constituents, elements or compounds thereof and products or byproducts refined or processed therefrom.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments;
- (3) in respect of all outstanding letters of credit issued for the account of such Person that support obligations that constitute Indebtedness (provided that the amount of such letters of credit included in Indebtedness shall not exceed the amount of the Indebtedness being supported) and, without duplication, the unreimbursed amount of all drafts drawn under letters of credit issued for the account of such Person;
- (4) in respect of bankers' acceptances;
- (5) representing Capital Lease Obligations;
- (6) representing all Attributable Debt in respect of sale and leaseback transactions not involving a Capital Lease Obligation;
- (7) representing the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable; or
- (8) representing any obligations under Hedging Contracts,

if and to the extent any of the preceding items (other than letters of credit and obligations under Hedging Contracts) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person (including with respect to any Production Payment, any warranties or guarantees of production or payment by such Person with respect to such Production Payment, but excluding other contractual obligations of such Person with respect to such Production Payment). For the avoidance of doubt, the term "Indebtedness" excludes any obligation arising from any agreement providing for indemnities, purchase price adjustments, holdbacks, contingency payment obligations based on the performance of the acquired or disposed assets or similar obligations (other than guarantees of Indebtedness) incurred by the specified Person in connection with the acquisition or disposition of assets.



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The amount of any Indebtedness outstanding as of any date will be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;
- (2) in the case of obligations under any Hedging Contracts, the termination value of the agreement or arrangement giving rise to such obligations that would be payable by such Person at such date; and
- (3) the principal amount of the Indebtedness, together with any interest on the Indebtedness that is more than 30 days past due, in the case of any other Indebtedness.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P, or if Moody's or Standard & Poor's ceases to rate the notes for reasons outside of the Company's control, the equivalent investment grade rating from any other Rating Agency.

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations), advances or capital contributions (excluding (1) commission, travel and similar advances to officers and employees made in the ordinary course of business and (2) advances to customers in the ordinary course of business that are recorded as accounts receivable on the balance sheet of the lender), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition in an amount equal to the fair market value of the Equity Interests of such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "*–Certain Covenants–Restricted Payments.*" The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment made by the Company or such Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person on the date of any such acquisition in an amount determined as provided in the final paragraph of the covenant described above under the caption "*–Certain Covenants–Restricted Payments.*"

"*Joint Venture*" means any Person that is not a direct or indirect Subsidiary of the Company in which the Company or any of its Restricted Subsidiaries makes any Investment; provided that the Company and its Restricted Subsidiaries own at least 20% of the Equity Interests of such Person on a fully diluted basis or control the management of such Person pursuant to a contractual agreement.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction other than a precautionary financing statement respecting a lease not intended as a security agreement.

"*Make Whole Premium*" means, with respect to a note at any time, the excess, if any, of (a) the present value at such time of (i) the redemption price of such note at June 1, 2015 plus (ii) any required interest payments due on such note through June 1, 2015 (except for currently accrued and unpaid interest), computed using a discount rate equal to the Treasury Rate plus 50 basis points,

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discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months), over (b) the principal amount of such note.

"*Moody's*" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"*Net Income*" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

- (1) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or the extinguishment of any Indebtedness of such Person; and
- (2) any extraordinary gain (but not loss), together with any related provision for taxes on such extraordinary gain (but not loss).

"*Net Proceeds*" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of:

- (1) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees and sales commissions, severance costs and any relocation expenses incurred as a result of the Asset Sale,
- (2) taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements,
- (3) amounts required to be applied to the repayment of Indebtedness secured by a Lien on the properties or assets that were the subject of such Asset Sale, and
- (4) any amounts to be set aside in any reserve established in accordance with GAAP or any amount placed in escrow, in either case for adjustment in respect of the sale price of such properties or assets or for liabilities associated with such Asset Sale and retained by the Company or any of its Restricted Subsidiaries until such time as such reserve is reversed or such escrow arrangement is terminated, in which case Net Proceeds shall include only the amount of the reserve so reversed or the amount returned to the Company or its Restricted Subsidiaries from such escrow arrangement, as the case may be.

"*new notes*" means the notes issued in an Exchange Offer pursuant to the indenture.

"*Non-Recourse Debt*" means Indebtedness:

- (1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) is the lender;
- (2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the notes) of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity;

and

- (3) as to which the lenders have been notified in writing that they will not have any recourse to the Capital Stock or assets of the Company or any of its Restricted Subsidiaries except as contemplated by clause (9) of the definition of Permitted Liens.

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For purposes of determining compliance with the covenant described under "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock" above, in the event that any Non-Recourse Debt of any of the Company's Unrestricted Subsidiaries ceases to be Non-Recourse Debt of such Unrestricted Subsidiary, such event will be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of the Company.

"*Obligations*" means any principal, premium, if any, interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization, whether or not a claim for post-filing interest is allowed in such proceeding), penalties, fees, charges, expenses, indemnifications, reimbursement obligations, damages, guarantees, and other liabilities or amounts payable under the documentation governing any Indebtedness or in respect thereto.

"*Oil and Gas Business*" means the exploration for Hydrocarbons and the acquisition, development, production, operation and disposition of interests in oil, gas and other Hydrocarbon properties.

"*Partnership Agreement*" means the Second Amended and Restated Agreement of Limited Partnership of the Company dated as of May 24, 2010 as in effect on the date of the indenture and as such may be further amended, modified or supplemented from time to time.

"*Permitted Business*" means (1) gathering, transporting, compressing, treating, processing, marketing, distributing, storing, terminalling or otherwise handling Hydrocarbons, or activities or services reasonably related or ancillary thereto including entering into Hedging Contracts in the ordinary course of business and not for speculative purposes to support these businesses and the development, manufacture and sale of equipment or technology related to these activities (the "Midstream Business"), (2) the Oil and Gas Business or (3) any other business related to the foregoing that generates gross income that constitutes "qualifying income" under Section 7704(d) of the Code.

"*Permitted Business Investments*" means Investments made in the ordinary course of, and of a nature that is or shall have become customary in, the Midstream Business or the Oil and Gas Business, by the Company or any of its Restricted Subsidiaries in any Unrestricted Subsidiary of the Company or in any Joint Venture, provided that:

- (1) either (a) at the time of such Investment and immediately thereafter, the Company could incur \$1.00 of additional Indebtedness under the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock" above or (b) such Investment does not exceed the aggregate amount of Incremental Funds (as defined in the covenant described under "-Certain Covenants-Restricted Payments") not previously expended at the time of making such Investment;
- (2) if such Unrestricted Subsidiary or Joint Venture has outstanding Indebtedness at the time of such Investment, either (a) all such Indebtedness is Non-Recourse Debt or (b) any such Indebtedness of such Unrestricted Subsidiary or Joint Venture that is recourse to the Company or any of its Restricted Subsidiaries (which shall include, without limitation, all Indebtedness of such Unrestricted Subsidiary or Joint Venture for which the Company or any of its Restricted Subsidiaries may be directly or indirectly, contingently or otherwise, obligated to pay, whether pursuant to the terms of such Indebtedness, by law or pursuant to any guarantee, including, without limitation, any "claw-back," "make-well" or "keep-well" arrangement) could, at the time such Investment is made, be incurred at that time by the Company and its Restricted Subsidiaries under the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock"; and
- (3) such Unrestricted Subsidiary's or Joint Venture's activities are not outside the scope of the Permitted Business.

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"Permitted Investments" means:

- (1) any Investment in the Company (including through purchases of notes but excluding redemptions, purchases, acquisitions or other retirements of Equity Interests in the Company) or in a Restricted Subsidiary of the Company;
- (2) any Investment in Cash Equivalents;
- (3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:
  - (a) such Person becomes a Restricted Subsidiary of the Company; or
  - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its properties or assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "–Repurchase at the Option of Holders–Asset Sales," including pursuant to an Asset Swap;
- (5) any Investment in any Person solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;
- (6) any Investments received in compromise of obligations of trade creditors or customers that were incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer, or as a result of a foreclosure by the Company or any of its Restricted Subsidiaries with respect to any secured Investment in default;
- (7) Hedging Contracts entered into in the ordinary course of business and not for speculative purposes;
- (8) Permitted Business Investments; and
- (9) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (9) that are at the time outstanding, do not exceed the greater of \$45.0 million and 2.75% of the Company's Consolidated Net Tangible Assets determined at the time of such Investment.

"Permitted Liens" means:

- (1) any Lien with respect to the Credit Agreement or any other Credit Facilities;

- (2) Liens in favor of the Company or the Guarantors;
  
- (3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company, provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets (other than improvements thereon, accessions thereto and proceeds thereof) other than those of the Person merged into or consolidated with the Company or the Restricted Subsidiary;
  
- (4) Liens on property existing at the time of acquisition of the property by the Company or any Restricted Subsidiary of the Company, provided that such Liens were in existence prior to the contemplation of such acquisition and relate solely to such property, accessions thereto or proceeds thereof;

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- (5) any interest or title of a lessor to the property subject to a Capital Lease Obligation;
- (6) Liens for the purpose of securing the payment of all or a part of the purchase price of, or Capital Lease Obligations, purchase money obligations or other payments incurred to finance the acquisition, lease, improvement or construction of or repairs or additions to, assets or property acquired or constructed in the ordinary course of business; provided that:
  - (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be incurred under the indenture and does not exceed the cost of the assets or property so acquired or constructed; and
  - (b) such Liens are created within 180 days of the later of the acquisition, lease, completion of improvements, construction, repairs or additions or commencement of full operation of the assets or property subject to such Lien and do not encumber any other assets or property of the Company or any Restricted Subsidiary other than such assets or property and assets affixed or appurtenant thereto;
- (7) Liens existing on the date of the indenture;
- (8) Liens to secure the performance of tenders, bids, statutory obligations, surety or appeal bonds, trade contracts, government contracts, operating leases, performance bonds or other obligations of a like nature incurred in the ordinary course of business;
- (9) Liens on and pledges of the Equity Interests of any Unrestricted Subsidiary or any Joint Venture owned by the Company or any Restricted Subsidiary of the Company to the extent securing Non-Recourse Debt or other Indebtedness of such Unrestricted Subsidiary or Joint Venture;
- (10) Liens on storage facilities, pipelines or pipeline facilities that arise by operation of law;
- (11) Liens in respect of Production Payments and Reserve Sales or arising under operating agreements, joint venture agreements, partnership agreements, oil and gas leases, farmout agreements, division orders, contracts for sale, transportation or exchange of crude oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements and other agreements arising in the ordinary course of business of the Company and its Restricted Subsidiaries that are customary in the Permitted Business; provided that any such Liens only attach to the properties covered by the applicable Production Payment and Reserve Sale or agreement and, in the case of operating agreements, joint venture agreements, partnership agreements and other similar agreements, the Equity Interests of the applicable joint venture, partnership or other Person that is the subject of such agreement;
- (12) Liens reserved in oil and gas mineral leases for bonus or rental payments and for compliance with the terms of such leases;

- (13) Liens arising from royalties, overriding royalties, revenue interests, net revenue interests, net profits interests, reversionary interests, preferential rights of purchase, working interests and other similar interests, all as ordinarily exist with respect to properties and assets of the Company and its Restricted Subsidiaries or otherwise are customary in the Oil and Gas Business;
- (14) Liens upon specific items of inventory, receivables or other goods or proceeds of the Company or any of its Restricted Subsidiaries securing such Person's obligations in respect of bankers' acceptances or receivables securitizations issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory, receivables or other goods or proceeds and permitted by the covenant "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock";



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- (15) Liens securing Obligations of the Issuers or any Guarantor under the notes or the Subsidiary Guarantees, as the case may be;
- (16) Liens securing any Indebtedness equally and ratably with all Obligations due under the notes or any Subsidiary Guarantee pursuant to a contractual covenant that limits Liens in a manner substantially similar to the covenant described above under "-Certain Covenants-Liens";
- (17) Liens to secure performance of Hedging Contracts of the Company or any of its Restricted Subsidiaries entered into in the ordinary course of business and not for speculative purposes;
- (18) Liens securing any insurance premium financing under customary terms and conditions, provided that no such Lien may extend to or cover any assets or property other than the insurance being acquired with such financing, the proceeds thereof and any unearned or refunded insurance premiums related thereto;
- (19) other Liens incurred by the Company or any Restricted Subsidiary of the Company, provided that, after giving effect to any such incurrence, the aggregate principal amount of all Indebtedness then outstanding and secured by any Liens incurred pursuant to this clause (19) does not exceed the greater of \$50.0 million and 3.0% of the Company's Consolidated Net Tangible Assets; and
- (20) any Lien renewing, extending, refinancing or refunding a Lien permitted by clauses (1) through (19) above, provided that (a) the principal amount of the Indebtedness secured by such Lien is not increased except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection therewith and by an amount equal to any existing commitments unutilized thereunder and (b) no assets encumbered by any such Lien other than the assets permitted to be encumbered immediately prior to such renewal, extension, refinance or refund are encumbered thereby (other than improvements thereon, accessions thereto and proceeds thereof).

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness), provided that:

- (1) the principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest on the Indebtedness and the amount of all expenses and premiums incurred in connection therewith);
- (2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;
- (3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the notes or the Subsidiary Guarantees, such Permitted Refinancing Indebtedness is subordinated in right of payment to the notes or the Subsidiary Guarantees on terms at least as favorable to the Holders of notes as those

contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

- (4) such Indebtedness is not incurred (other than by way of a guarantee) by a Restricted Subsidiary of the Company (other than Finance Corp.) if the Company is the issuer or other primary obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

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Notwithstanding the preceding, any Indebtedness incurred under the Credit Agreement pursuant to the covenant "Incurrence of Indebtedness and Issuance of Preferred Stock" shall be subject only to the refinancing provision in the definition of Credit Agreement and not pursuant to the requirements set forth in this definition of Permitted Refinancing Indebtedness.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Principal*" means each of Eagle Rock Holdings, L.P., Natural Gas Partners VII, L.P., Natural Gas Partners VIII, L.P., Montierra Minerals & Production, L.P., Montierra Management LLC, Eagle Rock GP, L.L.C., NGP Income Management L.L.C., Eagle Rock Holdings NGP 7, LLC, Eagle Rock Holdings NGP 8, any Affiliated funds and investment vehicles managed by NGP Energy Capital Management, L.L.C., or any general partner, managing member, principal or managing director of any of the foregoing.

"*Production Payments*" means, collectively, Dollar-Denominated Production Payments and Volumetric Production Payments.

"*Production Payments and Reserve Sales*" means the grant or transfer by the Company or a Restricted Subsidiary of the Company to any Person of a royalty, overriding royalty, net profits interest, Production Payment, partnership or other interest in oil and gas properties, reserves or the right to receive all or a portion of the production or the proceeds from the sale of production attributable to such properties, including any such grants or transfers pursuant to incentive compensation programs on terms that are reasonably customary in the oil and gas business for geologists, geophysicists and other providers of technical services to the Company or a Subsidiary of the Company.

"*Rating Agency*" means each of Standard & Poor's and Moody's, or if Standard & Poor's or Moody's or both shall not make a rating on the notes publicly available, a nationally recognized statistical rating agency or agencies, as the case may be, selected by the Issuers (as certified by a resolution of the Board of Directors of the Company) which shall be substituted for Standard & Poor's or Moody's, or both, as the case may be.

"*Rating Category*" means:

- (a) with respect to Standard & Poor's, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC, C and D (or equivalent successor categories); and
  
- (b) with respect to Moody's, any of the following categories: Aaa, Aa, A, Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories).

"*Reporting Default*" means a Default described in clause (4) under "–Events of Default and Remedies."

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

Notwithstanding anything in the indenture to the contrary, Finance Corp. shall be a Restricted Subsidiary of the Company.

"*S&P*" refers to Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor to the rating agency business thereof.

"*Senior Debt*" means

- (1) all Indebtedness of the Company or any Restricted Subsidiary outstanding under the Credit Agreement and all obligations under Hedging Contracts with respect thereto;

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- (2) any other Indebtedness of the Company or any Restricted Subsidiary permitted to be incurred under the terms of the indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is subordinated in right of payment to the notes or any Subsidiary Guarantee; and
- (3) all Obligations with respect to the items listed in the preceding clauses (1) and (2).

Notwithstanding anything to the contrary in the preceding sentence, Senior Debt will not include:

- (a) any intercompany Indebtedness of the Company or any of its Restricted Subsidiaries to the Company or any of its Affiliates; or
- (b) any Indebtedness that is incurred in violation of the indenture.

For the avoidance of doubt, "Senior Debt" will not include any trade payables or taxes owed or owing by the Company or any Restricted Subsidiary.

"*Significant Subsidiary*" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the indenture.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subsidiary*" means, with respect to any specified Person:

- (1) any corporation, association or other business entity (other than a partnership or limited liability company) of which more than 50% of the total voting power of Voting Stock is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
- (2) any partnership (whether general or limited) or limited liability company (a) the sole general partner or member of which is such Person or a Subsidiary of such Person, or (b) if there is more than a single general partner or member, either (x) the only managing general partners or managing members of which are such Person or one or more Subsidiaries of such Person (or any combination thereof) or (y) such Person owns or controls, directly or indirectly, a majority of the outstanding general partner interests, member interests or other Voting Stock of such partnership or limited liability company, respectively.

"*Subsidiary Guarantee*" means any guarantee by a Guarantor of the Issuers' Obligations under the indenture and on the notes.

"*Treasury Rate*" means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) which has become publicly available at least two Business Days prior to the date fixed for redemption (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to June 1, 2015; provided, however, that if such period is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Company shall obtain the Treasury Rate by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to June 1, 2015 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used. The Company will (a) calculate the Treasury Rate on the second Business Day preceding the applicable redemption date and (b) prior to such redemption date file with the trustee an officers'

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certificate setting forth the Make Whole Premium and the Treasury Rate and showing the calculation of each in reasonable detail.

"*Ultimate General Partner*" means Eagle Rock Energy G&P, LLC, a Delaware limited liability company, and its successors and permitted assigns, as general partner of the General Partner or as the business entity with the ultimate authority to manage the business and operations of the Company.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company (other than Finance Corp.) that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary:

- (1) except to the extent permitted by subclause (2)(b) of the definition of "Permitted Business Investments," has no Indebtedness other than Non-Recourse Debt owing to any Person other than the Company or any of its Restricted Subsidiaries;
- (2) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;
- (3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and
- (4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries.

All Subsidiaries of an Unrestricted Subsidiary shall also be Unrestricted Subsidiaries.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the trustee by filing with the trustee a Board Resolution giving effect to such designation and an officers' certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "*Certain Covenants—Restricted Payments*." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*," the Company will be in default of such covenant.

"*Volumetric Production Payments*" means production payment obligations recorded as deferred revenue in accordance with GAAP, together with all related undertakings and obligations.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled (without regard to the occurrence of any contingency) to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amount of such Indebtedness.



## PLAN OF DISTRIBUTION

You may transfer new notes issued under the exchange offer in exchange for the old notes if:

you acquire the new notes in the ordinary course of your business;

you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of such new notes in violation of the provisions of the Securities Act; and

you are not our "affiliate" (within the meaning of Rule 405 under the Securities Act).

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer in exchange for old notes that were acquired by such broker-dealer as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. 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 as a result of market-making activities or other trading activities.

If you wish to exchange new notes for your old notes in the exchange offer, you will be required to make representations to us as described in "Exchange Offer—Purpose and Effect of the Exchange Offer" and "—Procedures for Tendering—Your Representations to Us" in this prospectus and in the letter of transmittal. In addition, if you are a broker-dealer who receives new notes for your own account in exchange for old notes that were acquired by you as a result of market-making activities or other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale by you of such new notes.

We will not receive any proceeds from any sale of new notes by broker-dealers. New notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in any of the following ways:

in the over-the-counter market;

in negotiated transactions;

through the writing of options on the new notes or a combination of such methods of resale;

at market prices prevailing at the time of resale;

at prices related to such prevailing market prices; or

at negotiated prices.

Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such new notes.

Any broker-dealer that resells new notes that were received by it for its own account pursuant to the exchange offer in exchange for old notes that were acquired by such broker-dealer as a result of market-making or other trading activities may be deemed to be an "underwriter" within the meaning of the Securities Act. The letter of transmittal states that by acknowledging that it will deliver 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.

We agreed to permit the use of this prospectus for a period of up to 180 days after the completion of the exchange offer by such broker-dealers to satisfy this prospectus delivery requirement. Furthermore, we agree to amend or supplement this prospectus during such period, if so requested, in order to expedite or facilitate the disposition of any new notes by broker-dealers.

We have agreed to pay all expenses incident to the exchange offer other than fees and expenses of counsel to the holders and brokerage commissions and transfer taxes, if any, and will indemnify the holders of the old notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.



## MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of material U.S. federal income tax considerations relevant to the exchange of old notes for new notes, but does not purport to be a complete analysis of all potential tax effects. The discussion is based upon the Internal Revenue Code of 1986, as amended, or the Code, Treasury Regulations, Internal Revenue Service rulings and pronouncements and judicial decisions now in effect, all of which may be subject to change at any time by legislative, judicial or administrative action. These changes may be applied retroactively in a manner that could adversely affect a holder of new notes. We cannot assure you that the Internal Revenue Service will not challenge one or more of the tax considerations described in this discussion, and we have not obtained, nor do we intend to obtain, a ruling from the IRS or an opinion of counsel with respect to the U.S. federal tax consequences described herein. Some holders, including financial institutions, insurance companies, regulated investment companies, tax-exempt organizations, dealers in securities or currencies, U.S. persons whose functional currency is not the U.S. dollar, or persons who hold the notes as part of a hedge, conversion transaction, straddle or other risk reduction transaction may be subject to special rules not discussed below.

**We recommend that each holder consult its own tax advisor as to the particular tax consequences of exchanging such holder's old notes for new notes, including the applicability and effect of any foreign, state, local or other tax laws or estate or gift tax considerations.**

We believe that the exchange of old notes for new notes will not be an exchange or otherwise a taxable event to a holder for U.S. federal income tax purposes. Accordingly, a holder will not recognize gain or loss upon receipt of a new note in exchange for an old note in the exchange, and the holder's tax basis and holding period in the new note will be the same as its tax basis and holding period in the corresponding old note immediately before the exchange.

## LEGAL MATTERS

The validity of the new notes offered in this exchange offer will be passed upon for us by Vinson & Elkins L.L.P., Houston, Texas.

## EXPERTS

The consolidated financial statements of Eagle Rock Energy Partners, L.P. (the "Partnership") as of December 31, 2011, and for the year then ended, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2011 have been incorporated by reference herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The audit report on the effectiveness of internal control over financial reporting as of December 31, 2011, contains an explanatory paragraph that states the Partnership acquired all of the outstanding membership interests of CC Energy II L.L.C. and subsidiaries ("Crow Creek Energy") during 2011, and management excluded from its assessment of the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2011, Crow Creek Energy's internal control over financial reporting as of and for the year ended December 31, 2011. KPMG LLP's audit of internal control over financial reporting of the Partnership also excluded an evaluation of the internal control over financial reporting of Crow Creek Energy.

The 2010 and 2009 consolidated financial statements (before the effects of the retrospective adjustments to the consolidated financial statement disclosures) (not separately presented herein) have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report incorporated by reference from the Partnership's Annual Report on Form 10-K for the year ended December 31, 2011 in this prospectus. The retrospective adjustments to the 2010 and 2009 consolidated financial statements have been audited by KPMG LLP. The 2010 and 2009 consolidated financial statements incorporated by reference in this prospectus have been so included in reliance upon the reports of Deloitte & Touche LLP and KPMG LLP, given upon their authority as experts in accounting and auditing.

The audited consolidated financial statements of CC Energy II L.L.C. as of December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010, incorporated by reference into this prospectus from Eagle Rock Energy Partners, L.P.'s Current Report on Form 8-K dated November 14, 2011, have been so incorporated by reference in reliance upon the report of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing in giving said report.

The information incorporated by reference into this prospectus regarding estimated quantities of proved reserves and their present value is based on estimates of the proved reserves and present values of proved reserves as of December 31, 2011 prepared by Cawley, Gillespie & Associates, Inc., independent petroleum engineers. These estimates are incorporated by reference into this prospectus in reliance upon the authority of the firm as experts in these matters.

**LETTER OF TRANSMITTAL**  
**TO TENDER**  
**Old 8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2019**  
**OF**  
**EAGLE ROCK ENERGY PARTNERS, L.P.**  
**EAGLE ROCK ENERGY FINANCE CORP.**  
**PURSUANT TO THE EXCHANGE OFFER AND PROSPECTUS**  
**DATED** \_\_\_\_\_,

<p><b>THE EXCHANGE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON _____, (THE "EXPIRATION DATE"), UNLESS THE EXCHANGE OFFER IS EXTENDED BY THE ISSUERS.</b></p>
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The Exchange Agent for the Exchange Offer is:

U.S. Bank National Association  
Corporate Trust Services  
EP-MN-WS2N  
60 Livingston Avenue  
St. Paul, MN 55107  
Attn: Specialized Finance  
(303) 585-4594  
(303) 585-6865 (fax)

If you wish to exchange old 8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2019 for an equal aggregate principal amount at maturity of new 8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2019 pursuant to the exchange offer, you must validly tender (and not withdraw) old notes to the exchange agent prior to the expiration date.

The Prospectus, dated \_\_\_\_\_, (the "Prospectus"), of Eagle Rock Energy Partners, L.P. and Eagle Rock Energy Finance Corp. (collectively, the "Issuers"), and this Letter of Transmittal (the "Letter of Transmittal") together describe the Issuer's offer (the "Exchange Offer") to exchange its issued and outstanding 8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2019 (the "old notes") for a like principal amount of its 8<sup>3</sup>/<sub>8</sub>% Senior Notes due 2019 (the "new notes") that have been registered under the Securities Act of 1933 (the "Securities Act"). Capitalized terms used but not defined herein have the respective meaning given to them in the Prospectus.

The Issuers reserve the right, at any time or from time to time, to extend the Exchange Offer at their discretion, in which event the term "Expiration Date" shall mean the latest date to which the Exchange Offer is extended. The Issuers shall notify the Exchange Agent and each registered holder of the old notes of any extension by oral or written notice prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date.

This Letter of Transmittal is to be used by holders of the old notes. Tender of old notes is to be made according to the Automated Tender Offer Program ("ATOP") of The Depository Trust Company ("DTC") pursuant to the procedures set forth in the prospectus under the caption "Exchange Offer—Procedures for Tendering." DTC participants that are accepting the Exchange Offer must transmit their acceptance to DTC, which will verify the acceptance and execute a book-entry delivery to the Exchange Agent's DTC account. DTC will then send a computer-generated message known as an "agent's message" to the exchange agent for its acceptance. For you to validly tender your old notes in the Exchange Offer, the Exchange Agent must receive, prior to the Expiration Date, an agent's message under the ATOP procedures that confirms that:

DTC has received your instructions to tender your old notes; and

you agree to be bound by the terms of this Letter of Transmittal.

**BY USING THE ATOP PROCEDURES TO TENDER OLD NOTES, YOU WILL NOT BE REQUIRED TO DELIVER THIS LETTER OF TRANSMITTAL TO THE EXCHANGE AGENT. HOWEVER, YOU WILL BE BOUND BY ITS TERMS, AND YOU**

WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGEMENTS AND THE REPRESENTATIONS AND WARRANTIES IT CONTAINS, JUST AS IF YOU HAD SIGNED IT.

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**PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY.**

Ladies and Gentlemen:

1. By tendering old notes in the Exchange Offer, you represent and warrant that you have full authority to tender the old notes described above and will, upon request, execute and deliver any additional documents deemed by the Issuers to be necessary or desirable to complete the tender of old notes.
2. You understand that the tender of the old notes pursuant to all of the procedures set forth in the Prospectus will constitute an agreement between the undersigned and the Issuers as to the terms and conditions set forth in the Prospectus.
3. By tendering old notes in the Exchange Offer, you acknowledge that the Exchange Offer is being made in reliance upon interpretations contained in no-action letters issued to third parties by the staff of the Securities and Exchange Commission (the "SEC"), including Exxon Capital Holdings Corp., SEC No-Action Letter (available May 13, 1988), Morgan Stanley & Co., Inc., SEC No-Action Letter (available June 5, 1991) and Shearman & Sterling, SEC No-Action Letter (available July 2, 1993), that the new notes issued in exchange for the old notes pursuant to the Exchange Offer may be offered for resale, resold and otherwise transferred by holders thereof without compliance with the registration and prospectus delivery provisions of the Securities Act (other than a broker-dealer who purchased old notes exchanged for such new notes directly from the Issuers to resell pursuant to Rule 144A or any other available exemption under the Securities Act, and any such holder that is an "affiliate" of the Issuers within the meaning of Rule 405 under the Securities Act), provided that such new notes are acquired in the ordinary course of such holders' business and such holders are not participating in, and have no arrangement with any other person to participate in, the distribution of such new notes.
4. By tendering old notes in the Exchange Offer, you hereby represent and warrant that:
  - (a) the new notes acquired pursuant to the Exchange Offer are being obtained in the ordinary course of business of the undersigned, whether or not you are the holder;
  - (b) you have no arrangement or understanding with any person to participate in the distribution of old notes or new notes within the meaning of the Securities Act;
  - (c) you are not an "affiliate," as such term is defined under Rule 405 promulgated under the Securities Act, of the Issuers; and
  - (d) if you are a broker-dealer, you will receive the new notes for your own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities, and you acknowledge that you will deliver a prospectus (or, to the extent permitted by law, make available a prospectus) in connection with any resale of such new notes.

You may, if you are unable to make all of the representations and warranties contained in Item 4 above and as otherwise permitted in the Registration Rights Agreement (as defined below), elect to have your old notes registered in the shelf registration statement described in the Registration Rights Agreement, dated as of July 13, 2012, or the Registration Rights Agreement, by and among the Issuers, the initial guarantors party thereto and Wells Fargo Securities, LLC, as representative of the Initial Purchasers (as defined therein). Such election may be made by notifying the Issuer in writing at 1415 Louisiana Street, Suite 2700, Houston, Texas 77002; Attn: Charles C. Boettcher, Senior Vice President and General Counsel. By making such election, you agree, as a holder of old notes participating in a shelf registration, to indemnify and hold harmless the Issuers, the guarantors, and their respective directors, each of the officers of the Issuers and the guarantors who signs such shelf registration statement, and each person who controls the Issuers or any of the guarantors, within the meaning of either the Securities Act or the Securities Exchange Act of 1934 (the "Exchange Act"), and the respective officers, directors, partners, employees, representatives and agents of each such person, from and against any and all losses, claims, damages or liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in any shelf registration statement or prospectus, or in any supplement thereto or amendment thereof, or caused by the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; but only with respect to information relating to the undersigned furnished in writing by or on behalf of the undersigned expressly for use in a shelf registration statement, a prospectus or any amendments or supplements thereto. Any such indemnification shall be governed by the terms and subject to the conditions set forth in the Registration

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Rights Agreement, including, without limitation, the provisions regarding notice, retention of counsel, contribution and payment of expenses set forth therein. The above summary of the indemnification provisions of the Registration Rights Agreement is not intended to be exhaustive and is qualified in its entirety by the Registration Rights Agreement.

5. If you are a broker-dealer that will receive new notes for your own account in exchange for old notes that were acquired as a result of market-making activities or other trading activities, you acknowledge, by tendering old notes in the Exchange Offer, that you will deliver a prospectus in connection with any resale of such new notes; however, by so acknowledging and by delivering a prospectus, you will not be deemed to admit that you are an "underwriter" within the meaning of the Securities Act.

6. If you are a broker-dealer and old notes held for your own account were not acquired as a result of market-making or other trading activities, such old notes cannot be exchanged pursuant to the Exchange Offer.

7. Any of your obligations hereunder shall be binding upon your successors, assigns, executors, administrators, trustees in bankruptcy, and legal and personal representatives.

## INSTRUCTIONS

### FORMING PART OF THE TERMS AND CONDITIONS OF THE EXCHANGE OFFER

#### 1. Book-Entry Confirmations

Any confirmation of a book-entry transfer to the Exchange Agent's account at DTC of old notes tendered by book-entry transfer, as well as an agent's message and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at its address set forth herein prior to 5:00 p.m., New York City time, on the Expiration Date.

#### 2. Partial Tenders

Tenders of old notes will be accepted only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The entire principal amount of old notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise communicated to the Exchange Agent. If the entire principal amount of all old notes is not tendered, then old notes for the principal amount of old notes not tendered and new notes issued in exchange for any old notes accepted will be delivered to the holder via the facilities of DTC promptly after the old notes are accepted for exchange.

#### 3. Validity of Tenders

All questions as to the validity, form, eligibility (including time of receipt), acceptance and withdrawal of tendered old notes will be determined by the Issuers, in their sole discretion, which determination will be final and binding. The Issuers reserve the absolute right to reject any or all tenders not in proper form or the acceptance for exchange of which may, in the opinion of counsel for the Issuers, be unlawful. The Issuers also reserve the absolute right to waive any of the conditions of the Exchange Offer or any defect or irregularity in the tender of any old notes. The Issuers' interpretation of the terms and conditions of the Exchange Offer (including the instructions on the Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of old notes must be cured within such time as the Issuers shall determine. Although the Issuers intend to notify holders of defects or irregularities with respect to tenders of old notes, neither the Issuers, the Exchange Agent nor any other person shall be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give such notification. Tenders of old notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any old notes received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the Exchange Agent to the tendering holders, unless otherwise provided in the Letter of Transmittal, promptly following the Expiration Date.

#### 4. Waiver of Conditions

The Issuers reserve the absolute right to waive, in whole or part, up to the expiration of the Exchange Offer, any of the conditions to the Exchange Offer set forth in the Prospectus or in this Letter of Transmittal.

#### 5. No Conditional Tender

No alternative, conditional, irregular or contingent tender of old notes will be accepted.

#### 6. Requests for Assistance or Additional Copies

Requests for assistance or for additional copies of the Prospectus or this Letter of Transmittal may be directed to the Exchange Agent at the address or telephone number set forth on the cover page of

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this Letter of Transmittal. Holders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

**7. Withdrawal**

Tenders may be withdrawn only pursuant to the limited withdrawal rights set forth in the Prospectus under the caption "Exchange Offer-Withdrawal of Tenders."

**8. No Guarantee of Late Delivery**

There is no procedure for guarantee of late delivery in the Exchange Offer.

**IMPORTANT: BY USING THE ATOP PROCEDURES TO TENDER OLD NOTES, YOU WILL NOT BE REQUIRED TO DELIVER THIS LETTER OF TRANSMITTAL TO THE EXCHANGE AGENT. HOWEVER, YOU WILL BE BOUND BY ITS TERMS, AND YOU WILL BE DEEMED TO HAVE MADE THE ACKNOWLEDGEMENTS AND THE REPRESENTATIONS AND WARRANTIES IT CONTAINS, JUST AS IF YOU HAD SIGNED IT.**





**EAGLE ROCK**  
ENERGY PARTNERS, L.P.

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## PART II

### INFORMATION NOT REQUIRED IN PROSPECTUS

#### Item 20. Indemnification of Directors and Officers.

##### **Eagle Rock Energy Partners, L.P.**

Section 17-108 of the Delaware Revised Uniform Limited Partnership Act empowers a Delaware limited partnership to indemnify and hold harmless any partner or other persons from and against all claims and demands whatsoever. Under Eagle Rock Energy Partners, L.P.'s limited partnership agreement and subject to specified limitations, Eagle Rock Energy Partners, L.P. shall indemnify to the fullest extent permitted by Delaware law any person serving as a director, officer, member, partner, fiduciary or trustee of Eagle Rock Energy Partners, L.P. or any of its affiliates or any person serving in such capacity for any other entity at the request of Eagle Rock Energy Partners, L.P. or any of its affiliates from and against all losses, claims, damages or similar events arising by reason of such person's above mentioned position with respect to Eagle Rock Energy Partners, L.P. Provided, that such person shall not be indemnified and held harmless if there has been a final and non-appealable judgment entered by a court determining that such person acted in bad faith. Additionally, Eagle Rock Energy Partners, L.P. will indemnify to the fullest extent permitted by law, from and against all losses, claims, damages or similar events any person designated by Eagle Rock Energy Partners, L.P.'s general partner. Any indemnification under Eagle Rock Energy Partners, L.P.'s limited partnership agreement will only be out of its assets. Eagle Rock Energy Partners, L.P. is authorized to purchase insurance against liabilities asserted against and expenses incurred by persons from Eagle Rock Energy Partners, L.P.'s activities, regardless of whether Eagle Rock Energy Partners, L.P. would have the power to indemnify the person against liabilities under Eagle Rock Energy Partners, L.P.'s limited partnership agreement.

Each of the nine directors and the six senior vice presidents of Eagle Rock Energy G&P, LLC ("G&P") (collectively, the "Indemnitees") and Eagle Rock Energy Partners, L.P., G&P, Eagle Rock Energy GP, L.P. ("GP") (all three entities collectively, "the Indemnitors") have entered into a Supplemental Indemnification Agreement. The agreement provides for indemnification coverage if a person (a) serving Eagle Rock Energy Partners, L.P. or any of its subsidiaries, or (b) serving at the request of Eagle Rock Energy Partners, L.P. or any of its subsidiaries, becomes involved in litigation proceedings. The Indemnitee may request advancement of expenses upon delivery of an undertaking to G&P that the Indemnitee will reimburse G&P for the expenses if it is determined that the Indemnitee is not entitled to the expenses. The Indemnitee also may request that independent counsel determine whether the Indemnitee is entitled to indemnification. If not requested, the disinterested Board of Directors members will make the determination of entitlement, or the Board of Directors will appoint independent counsel. The Indemnitee is entitled to indemnification to the fullest extent of the applicable Delaware law unless the Indemnitee's conduct was knowingly fraudulent, not in good faith or constituted willful misconduct, or, in the case of a criminal matter, was knowingly unlawful or was otherwise covered by insurance payments. Although the indemnification obligations of Eagle Rock Energy Partners, L.P. under the Supplemental Indemnification Agreements are intended to be supplemental to the indemnification provided under Eagle Rock Energy Partners, L.P.'s partnership agreement as discussed above, the general indemnification standard is substantively no different than that provided under that partnership agreement.

##### **Eagle Rock Energy Finance Corp.**

Section 145 of the General Corporation Law of the State of Delaware, among other things, empowers a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director,

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officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation or other enterprise, against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Similar indemnity is authorized for such persons against expenses (including attorneys' fees) actually and reasonably incurred by such persons in connection with the defense or settlement of any such threatened, pending, or completed action or suit if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and provided further that (unless a court of competent jurisdiction otherwise provides) such person shall not have been adjudged liable to the corporation. Any such indemnification may be made only as authorized in each specific case upon a determination by the stockholders or disinterested directors or by independent legal counsel in a written opinion that indemnification is proper because the indemnitee has met the applicable standard of conduct.

Section 145 further authorizes a corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation or enterprise, if any, as the corporation deems appropriate.

The bylaws of Eagle Rock Energy Finance Corp. provides for indemnification obligations substantially similar to those otherwise provided by Section 145.

**Item 21. Exhibits and Financial Statement Schedules.**

- (a) The following documents are filed as exhibits to this Registration Statement, including those exhibits incorporated herein by reference to a prior filing of Eagle Rock Energy Partners, L.P. under the Securities Act or the Exchange Act as indicated in parentheses:

<b>Exhibit Number</b>	<b>Description</b>
3.1	Certificate of Limited Partnership of Eagle Rock Energy Partners, L.P. (incorporated by reference to Exhibit 3.1 to Eagle Rock Energy Partners, L.P.'s Registration Statement on Form S-1 (File No. 333-134750)).
3.2	Second Amended and Restated Agreement of Limited Partnership of Eagle Rock Energy Partners, L.P. (incorporated by reference to Exhibit 3.1 to Eagle Rock Energy Partners, L.P.'s Current Report on Form 8-K filed on May 25, 2010).
3.3	Amendment No. 1 to Second Amended and Restated Agreement of Limited Partnership of Eagle Rock Energy Partners, L.P. (incorporated by reference to Exhibit 4.1 to Eagle Rock Energy Partners, L.P.'s Current Report on Form 8-K filed on July 30, 2010).
3.4	Certificate of Limited Partnership of Eagle Rock Energy GP, L.P. (incorporated by reference to Exhibit 3.3 to Eagle Rock Energy Partners, L.P.'s Registration Statement on Form S-1 (File No. 333-134750)).
3.5	Limited Partnership Agreement of Eagle Rock Energy GP, L.P. (incorporated by reference to Exhibit 3.4 to Eagle Rock Energy Partners, L.P.'s Registration Statement on Form S-1 (File No. 333-134750)).
3.6	Certificate of Formation of Eagle Rock Energy G&P, LLC (incorporated by reference to Exhibit 3.5 to Eagle Rock Energy Partners, L.P.'s Registration Statement on Form S-1 (File No. 333-134750)).

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<u>Exhibit Number</u>	<u>Description</u>
3.7	Third Amended and Restated Limited Liability Company Agreement of Eagle Rock Energy G&P, LLC (incorporated by reference to Exhibit 4.2 to Eagle Rock Energy Partners, L.P.'s Current Report on Form 8-K filed on July 30, 2010).
4.1	Indenture dated as of May 27, 2011 among Eagle Rock Energy Partners, L.P., Eagle Rock Energy Finance Corp., the Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Eagle Rock Energy Partners, L.P.'s Current Report on Form 8-K filed on May 27, 2011).
4.2	Registration Rights Agreement dated as of July 13, 2012 among Eagle Rock Energy Partners, L.P., Eagle Rock Energy Finance Corp., the Guarantors named therein and the Initial Purchasers named therein (incorporated by reference to Exhibit 4.3 to Eagle Rock Energy Partners, L.P.'s Current Report on Form 8-K filed on July 13, 2012).
4.3	First Supplemental Indenture dated as of June 28, 2011, among Eagle Rock Gas Services, LLC, a subsidiary of Eagle Rock Energy Partners, L.P., Eagle Rock Energy Partners, L.P., Eagle Rock Energy Finance Corp., the Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.3 to Eagle Rock Energy Partners, L.P.'s Quarterly Report on Form 10-Q filed on August 4, 2011).
4.4**	Second Supplemental Indenture dated as of November 19, 2012, among Eagle Rock Crude Pipelines, LLC, a subsidiary of Eagle Rock Energy Partners, L.P., Eagle Rock Energy Partners, L.P., Eagle Rock Energy Finance Corp., the Guarantors named therein and U.S. Bank National Association, as trustee.
5.1**	Opinion of Vinson & Elkins L.L.P.
12.1**	Statement regarding computation of ratios.
23.1*	Consent of KPMG LLP.
23.2*	Consent of Deloitte & Touche LLP.
23.3*	Consent of Grant Thornton LLP.
23.4*	Consent of Cawley, Gillespie & Associates, Inc.
23.5**	Consent of Vinson & Elkins L.L.P. (included in Exhibit 5.1).
24.1**	Powers of Attorney (included on the signature pages attached hereto).
25.1**	Statement of Eligibility on Form T-1 of U.S. Bank National Association.
*	Filed herewith.
**	Previously filed.

(b) Financial Statement Schedules.

Schedules are omitted because they either are not required or are not applicable or because equivalent information has been incorporated by reference herein.

**Item 22. Undertakings.**

Inssofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrants, we have been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other

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than the payment by any registrant of expenses incurred or paid by a director, officer or controlling person of a registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, such registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Each registrant hereby undertakes:

To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement to:

- (a) include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;
  
- (b) reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement; notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and
  
- (c) to include any material information with respect to the plan of distribution not previously disclosed in this registration statement, or any material change to such information in this registration statement.

That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

To remove from registration by means of a post-effective amendment any of the securities being registered that remain unsold at the termination of the offering.

That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, if such registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

That, for the purpose of determining liability of such registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, in a primary offering of securities of such registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of

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the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (a) any preliminary prospectus or prospectus of the undersigned registrants relating to the offering required to be filed pursuant to Rule 424;
- (b) any free writing prospectus relating to the offering prepared by or on behalf of such registrant or used or referred to by the undersigned registrants;
- (c) the portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrants or their securities provided by or on behalf of such registrant; and
- (d) any other communication that is an offer in the offering made by such registrant to the purchaser.

That, for purposes of determining any liability under the Securities Act of 1933, each filing of a registrant annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

To deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to, and meeting the requirements of, Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

To respond to requests for information that are incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of Form S-4, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, Texas on January 10, 2013.

**EAGLE ROCK ENERGY PARTNERS, L.P.**

By: Eagle Rock Energy GP, L.P., its general partner

By: Eagle Rock Energy G&P, LLC, its general partner

By: /s/ JOSEPH A. MILLS

Name: Joseph A. Mills

Title: *Chairman and Chief Executive Officer*

**EAGLE ROCK ENERGY FINANCE CORP.**

By: /s/ JOSEPH A. MILLS  
Joseph A. Mills  
*Chief Executive Officer*

**EAGLE ROCK ENERGY G&P, LLC**

By: /s/ JOSEPH A. MILLS  
Joseph A. Mills  
*Chairman and Chief Executive Officer*

**EAGLE ROCK ENERGY GP, L.P.**

By: Eagle Rock Energy G&P, LLC, its general partner

By: /s/ JOSEPH A. MILLS  
Joseph A. Mills  
*Chairman and Chief Executive Officer*



**EROC PRODUCTION, LLC**

By: Eagle Rock Energy Partners, L.P., its sole member

By: Eagle Rock Energy GP, L.P., its general partner

By: Eagle Rock Energy G&P, LLC, its general partner

\_\_\_\_\_  
/s/ JOSEPH A. MILLS

By: Joseph A. Mills  
*Chairman and Chief Executive Officer*

**CMA PIPELINE PARTNERSHIP, LLC**  
**EAGLE ROCK CRUDE PIPELINES, LLC**  
**EAGLE ROCK GAS SERVICES, LLC**  
**EAGLE ROCK MARKETING, LLC**  
**EAGLE ROCK MID-CONTINENT HOLDING, LLC**  
**EAGLE ROCK PIPELINE GP, LLC**  
**ESCAMBIA ASSET CO. LLC**  
**ESCAMBIA OPERATING CO. LLC**  
**GALVESTON BAY GATHERING, LLC**  
**SUPERIOR GAS COMPRESSION, LLC**

\_\_\_\_\_  
/s/ JOSEPH A. MILLS

By: Joseph A. Mills  
*Chief Executive Officer*

**EAGLE ROCK MID-CONTINENT ASSET, LLC**  
**EAGLE ROCK MID-CONTINENT OPERATING, LLC**

By: Eagle Rock Mid-Continent Holding, LLC, their sole member

\_\_\_\_\_  
/s/ JOSEPH A. MILLS

By: Joseph A. Mills  
*Chief Executive Officer*

**EAGLE ROCK DESOTO PIPELINE, L.P.**  
**EAGLE ROCK ENERGY SERVICES, L.P.**  
**EAGLE ROCK FIELD SERVICES, L.P.**  
**EAGLE ROCK GAS GATHERING &  
PROCESSING, LTD.**  
**EAGLE ROCK GOM, L.P.**  
**EAGLE ROCK MIDSTREAM, L.P.**  
**EAGLE ROCK OPERATING, L.P.**  
**EAGLE ROCK PIPELINE, L.P.**  
**EROG GATHERING COMPANY, LP**  
**EROG MIDSTREAM ENERGY, L.P.**  
**EROG QUITMAN GATHERING CO., LP**  
**MIDSTREAM GAS SERVICES, L.P.**

By: Eagle Rock Pipeline GP, LLC, their general partner

By:                                 /s/ JOSEPH A. MILLS  
Joseph A. Mills  
*Chief Executive Officer*

**EAGLE ROCK UPSTREAM  
DEVELOPMENT II, L.P.**

By: EROG Production, LLC, its general partner

By:                                 /s/ JOSEPH A. MILLS  
Joseph A. Mills  
*Chief Executive Officer*

**HESCO GATHERING COMPANY, LLC**  
**HESCO PIPELINE COMPANY, LLC**

By: EROG Midstream Energy, L.P., their sole member

By: Eagle Rock Pipeline GP, LLC, its general partner

By:                                 /s/ JOSEPH A. MILLS  
Joseph A. Mills  
*Chief Executive Officer*

**EAGLE ROCK ENERGY  
ACQUISITION CO., INC.  
EAGLE ROCK ENERGY  
ACQUISITION CO. II, INC.  
EAGLE ROCK ENERGY G&P HOLDING, INC.  
EAGLE ROCK UPSTREAM DEVELOPMENT  
COMPANY, INC.  
EAGLE ROCK UPSTREAM DEVELOPMENT  
COMPANY II, INC.**

*/s/ JOSEPH A. MILLS*  
\_\_\_\_\_  
By: Joseph A. Mills  
*Chief Executive Officer*

**EAGLE ROCK ACQUISITION  
PARTNERSHIP, L.P.**

By: Eagle Rock Upstream Development  
Company, Inc., its general partner

*/s/ JOSEPH A. MILLS*  
\_\_\_\_\_  
By: Joseph A. Mills  
*Chief Executive Officer*

**EAGLE ROCK ACQUISITION  
PARTNERSHIP II, L.P.**

By: Eagle Rock Upstream Development  
Company II, Inc., its general partner

*/s/ JOSEPH A. MILLS*  
\_\_\_\_\_  
By: Joseph A. Mills  
*Chief Executive Officer*

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Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and the dates indicated.

**EAGLE ROCK ENERGY G&P, LLC, on behalf of itself and as the general partner of EAGLE ROCK ENERGY GP, L.P., on behalf of itself and as the general partner of EAGLE ROCK ENERGY PARTNERS, L.P., on behalf of itself and as the sole member of EROC PRODUCTION, LLC, on behalf of itself and as the general partner of EAGLE ROCK UPSTREAM DEVELOPMENT II, L.P.**

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JOSEPH A. MILLS</u> Joseph A. Mills	Director, Chief Executive Officer (Principal Executive Officer)	January 10, 2013
<u>/s/ JEFFREY P. WOOD</u> Jeffrey P. Wood	Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	January 10, 2013
<u>*</u> David W. Hayes	Director	January 10, 2013
<u>*</u> William J. Quinn	Director	January 10, 2013
<u>*</u> Philip B. Smith	Director	January 10, 2013
<u>*</u> William A. Smith	Director	January 10, 2013
<u>*</u> Christopher D. Ray	Director	January 10, 2013
<u>*</u> William K. White	Director	January 10, 2013
<u>*</u> Peggy A. Heeg	Director	January 10, 2013

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Signature

Title

Date

\*

\_\_\_\_\_  
Herbert C. Williamson, III Director

January 10, 2013

\*By:

\_\_\_\_\_  
/s/ JEFFREY P. WOOD

Jeffrey P. Wood

*Attorney-in-fact*

II-11

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**EAGLE ROCK ENERGY FINANCE CORP.**

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ /s/ JOSEPH A. MILLS Joseph A. Mills	Director, Chief Executive Officer (Principal Executive Officer)	January 10, 2013
_____ /s/ JEFFREY P. WOOD Jeffrey P. Wood	Director, Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	January 10, 2013
_____ /s/ CHARLES C. BOETTCHER Charles C. Boettcher	Director, Senior Vice President, General Counsel, Chief Compliance Officer and Secretary	January 10, 2013

**CMA PIPELINE PARTNERSHIP, LLC, EAGLE ROCK CRUDE PIPELINES, LLC, EAGLE ROCK GAS SERVICES, LLC, EAGLE ROCK MARKETING, LLC, ESCAMBIA ASSET CO. LLC, ESCAMBIA OPERATING CO. LLC, GALVESTON BAY GATHERING, LLC and SUPERIOR GAS COMPRESSION, LLC**

and

**EAGLE ROCK MID-CONTINENT HOLDING, LLC, on behalf of itself and as the sole member of each of EAGLE ROCK MID-CONTINENT ASSET, LLC and EAGLE ROCK MID-CONTINENT OPERATING, LLC**

and

**EAGLE ROCK PIPELINE GP, LLC, on behalf of itself and as the general partner of EAGLE ROCK DESOTO PIPELINE, L.P., EAGLE ROCK ENERGY SERVICES, L.P., EAGLE ROCK FIELD SERVICES, L.P., EAGLE ROCK GAS GATHERING & PROCESSING, LTD., EAGLE ROCK GOM, L.P., EAGLE ROCK OPERATING, L.P., EAGLE ROCK PIPELINE, L.P., EROC GATHERING COMPANY, LP, EROC MIDSTREAM ENERGY, L.P., EROC QUITMAN GATHERING CO., LP, MIDSTREAM GAS SERVICES, L.P. and EAGLE ROCK MIDSTREAM, L.P., on behalf of itself and as the sole member of each of HESCO GATHERING COMPANY, LLC and HESCO PIPELINE COMPANY, LLC**

<u>Signature</u>	<u>Title</u>	<u>Date</u>
_____ /s/ JOSEPH A. MILLS Joseph A. Mills	Manager, Chief Executive Officer (Principal Executive Officer)	January 10, 2013
_____ /s/ JEFFREY P. WOOD Jeffrey P. Wood	Manager, Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	January 10, 2013
_____ /s/ CHARLES C. BOETTCHER Charles C. Boettcher	Manager, Senior Vice President, General Counsel, Chief Compliance Officer and Secretary	January 10, 2013

**EAGLE ROCK ENERGY ACQUISITION CO., INC., EAGLE ROCK ENERGY ACQUISITION CO. II, INC., EAGLE ROCK ENERGY G&P HOLDING, INC.**

**and**

**EAGLE ROCK UPSTREAM DEVELOPMENT COMPANY, INC., on behalf of itself and as the general partner of EAGLE ROCK ACQUISITION PARTNERSHIP, L.P.**

**and**

**EAGLE ROCK UPSTREAM DEVELOPMENT COMPANY II, INC., on behalf of itself and as the general partner of EAGLE ROCK ACQUISITION PARTNERSHIP II, L.P.**

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ JOSEPH A. MILLS</u> Joseph A. Mills	Director, Chief Executive Officer (Principal Executive Officer)	January 10, 2013
<u>/s/ JEFFREY P. WOOD</u> Jeffrey P. Wood	Director, Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	January 10, 2013
<u>/s/ CHARLES C. BOETTCHER</u> Charles C. Boettcher	Director, Senior Vice President, General Counsel, Chief Compliance Officer and Secretary	January 10, 2013

## INDEX TO EXHIBITS

<b>Exhibit Number</b>	<b>Description</b>
3.1	Certificate of Limited Partnership of Eagle Rock Energy Partners, L.P. (incorporated by reference to Exhibit 3.1 to Eagle Rock Energy Partners, L.P.'s Registration Statement on Form S-1 (File No. 333-134750)).
3.2	Second Amended and Restated Agreement of Limited Partnership of Eagle Rock Energy Partners, L.P. (incorporated by reference to Exhibit 3.1 to Eagle Rock Energy Partners, L.P.'s Current Report on Form 8-K filed on May 25, 2010).
3.3	Amendment No. 1 to Second Amended and Restated Agreement of Limited Partnership of Eagle Rock Energy Partners, L.P. (incorporated by reference to Exhibit 4.1 to Eagle Rock Energy Partners, L.P.'s Current Report on Form 8-K filed on July 30, 2010).
3.4	Certificate of Limited Partnership of Eagle Rock Energy GP, L.P. (incorporated by reference to Exhibit 3.3 to Eagle Rock Energy Partners, L.P.'s Registration Statement on Form S-1 (File No. 333-134750)).
3.5	Limited Partnership Agreement of Eagle Rock Energy GP, L.P. (incorporated by reference to Exhibit 3.4 to Eagle Rock Energy Partners, L.P.'s Registration Statement on Form S-1 (File No. 333-134750)).
3.6	Certificate of Formation of Eagle Rock Energy G&P, LLC (incorporated by reference to Exhibit 3.5 to Eagle Rock Energy Partners, L.P.'s Registration Statement on Form S-1 (File No. 333-134750)).
3.7	Third Amended and Restated Limited Liability Company Agreement of Eagle Rock Energy G&P, LLC (incorporated by reference to Exhibit 4.2 to Eagle Rock Energy Partners, L.P.'s Current Report on Form 8-K filed on July 30, 2010).
4.1	Indenture dated as of May 27, 2011 among Eagle Rock Energy Partners, L.P., Eagle Rock Energy Finance Corp., the Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Eagle Rock Energy Partners, L.P.'s Current Report on Form 8-K filed on May 27, 2011).
4.2	Registration Rights Agreement dated as of July 13, 2012 among Eagle Rock Energy Partners, L.P., Eagle Rock Energy Finance Corp., the Guarantors named therein and the Initial Purchasers named therein (incorporated by reference to Exhibit 4.3 to Eagle Rock Energy Partners, L.P.'s Current Report on Form 8-K filed on July 13, 2012).
4.3	First Supplemental Indenture dated as of June 28, 2011, among Eagle Rock Gas Services, LLC, a subsidiary of Eagle Rock Energy Partners, L.P., Eagle Rock Energy Partners, L.P., Eagle Rock Energy Finance Corp., the Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.3 to Eagle Rock Energy Partners, L.P.'s Quarterly Report on Form 10-Q filed on August 4, 2011).
4.4**	Second Supplemental Indenture dated as of November 19, 2012, among Eagle Rock Crude



Pipelines, LLC, a subsidiary of Eagle Rock Energy Partners, L.P., Eagle Rock Energy Partners, L.P., Eagle Rock Energy Finance Corp., the Guarantors named therein and U.S. Bank National Association, as trustee.

5.1\*\* Opinion of Vinson & Elkins L.L.P.

12.1\*\* Statement regarding computation of ratios.

23.1\* Consent of KPMG LLP.

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<b>Exhibit Number</b>	<b>Description</b>
23.2*	Consent of Deloitte & Touche LLP.
23.3*	Consent of Grant Thornton LLP.
23.4*	Consent of Cawley, Gillespie & Associates, Inc.
23.5**	Consent of Vinson & Elkins L.L.P. (included in Exhibit 5.1).
24.1**	Powers of Attorney (included on the signature pages attached hereto).
25.1**	Statement of Eligibility on <u>Form T-1 of U.S. Bank National Association</u> .
*	Filed herewith
**	Previously filed.



**Consent of Independent Registered Public Accounting Firm**

The Board of Directors of Eagle Rock Energy G&P, LLC and Unitholders of Eagle Rock Energy Partners, L.P.:

We consent to the use of our reports dated February 28, 2012, with respect to the consolidated balance sheet of Eagle Rock Energy Partners, L.P. and subsidiaries (the Partnership) as of December 31, 2011, and the related consolidated statements of operations, members' equity, and cash flows for the year then ended, and the effectiveness of internal control over financial reporting as of December 31, 2011, incorporated herein by reference and to the reference to our firm under the heading "Experts" in the prospectus.

Our report refers to our audit of the adjustments that were applied to retrospectively adjust the 2010 and 2009 consolidated financial statements disclosures for changes made in 2011 to the composition of the Partnership's reportable segments, as more fully described in Note 14 to the consolidated financial statements. However, we were not engaged to audit, review, or apply any procedures to the 2010 and 2009 consolidated financial statements other than with respect to such adjustments.

Our report dated February 28, 2012, on the effectiveness of internal control over financial reporting as of December 31, 2011, contains an explanatory paragraph that states the Partnership acquired all of the outstanding membership interests of CC Energy II L.L.C. and subsidiaries (Crow Creek Energy) during 2011, and management excluded from its assessment of the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2011, Crow Creek Energy's internal control over financial reporting as of and for the year ended December 31, 2011. Our audit of internal control over financial reporting of the Partnership also excluded an evaluation of the internal control over financial reporting of Crow Creek Energy.

(signed) KPMG LLP

Houston, Texas

January 10, 2013

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in this Amendment No. 1 to Registration Statement No. 333-185048 on Form S-4 of our report dated November 14, 2011, relating to the 2010 and 2009 consolidated financial statements (before retrospective adjustments to the consolidated financial statement disclosures) of Eagle Rock Energy Partners, L.P. and subsidiaries (not presented herein), and to the reference to us under the heading "Experts" in the Prospectus, which is part of such Registration Statement.

/s/ Deloitte & Touche LLP

Houston, Texas

January 10, 2013

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**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have issued our report dated November 14, 2011 with respect to the consolidated financial statements of CC Energy II L.L.C. and subsidiaries as of December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010, included in the Current Report of Eagle Rock Energy Partners, L.P. on Form 8-K filed November 14, 2011, which is incorporated by reference in this Registration Statement. We consent to the incorporation by reference in the Registration Statement of the aforementioned report, and to the use of our name as it appears under the caption "Experts."

/s/ Grant Thornton LLP

Tulsa, Oklahoma

January 10, 2013

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**CAWLEY, GILLESPIE & ASSOCIATES, INC.  
PETROLEUM CONSULTANTS  
306 WEST SEVENTH STREET, SUITE 302  
FORT WORTH, TEXAS 76102-4987  
(817) 336-2461**

**CONSENT OF CAWLEY, GILLESPIE & ASSOCIATES, INC.**

The undersigned hereby consents to the references to our firm in the form and context in which they appear or are incorporated by reference in this Registration Statement on Form S-4 of Eagle Rock Energy Partners, L.P. (“Registration Statement”) and the related Amendment No. 1 to the prospectus that is a part thereof. We hereby further consent to the use in such Registration Statement and prospectus of information with respect to the oil and gas reserves of Eagle Rock Energy Partners, L.P.’ s oil and gas reserves as of December 31, 2011.

We further consent to the reference to our firm under the heading “Experts.”

/s/ CAWLEY, GILLESPIE & ASSOCIATES, INC.

CAWLEY, GILLESPIE & ASSOCIATES, INC.

Forth Worth, Texas

January 10, 2013

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