

GULFPORT ENERGY CORP

Form 424B5

April 20, 2015

Table of Contents

**Filed pursuant to Rule 424(b)(5)**  
**SEC File No. 333-192113**

<b>Title of Each Class of Securities To Be Registered</b>	<b>Amount to Be Registered(1)</b>	<b>Proposed Maximum Aggregate Price Per Share</b>	<b>Proposed Maximum Aggregate Offering Price(1)</b>	<b>Amount of Registration Fee(2)</b>
Common Stock, par value \$0.01 per share	10,925,000	\$47.75	\$521,668,750	\$60,617.91

- (1) Assumes exercise in full of the underwriters' option to purchase up to an aggregate of 1,425,000 additional shares of common stock from the registrant.
- (2) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended. Payment of the registration fee at the time of filing of the registrant's registration statement on Form S-3ASR with the Securities and Exchange Commission on November 6, 2013 (File No. 333-192113) was deferred pursuant to Rules 456(b) and 457(r) under the Securities Act, and is paid herewith. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in such registration statement.

**Table of Contents**

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED NOVEMBER 6, 2013

9,500,000 Shares

Common Stock

We are offering 9,500,000 shares of our common stock.

Our common stock is quoted on The NASDAQ Global Select Market under the symbol GPOR. On April 15, 2015, the last reported sale price of our common stock on The NASDAQ Global Select Market was \$50.09 per share.

The underwriters have an option to purchase a maximum of 1,425,000 additional shares of our common stock at the public offering price (less the underwriting discount).

**Investing in our common stock involves risks. Please read Risk Factors beginning on page S-13 of this prospectus supplement for a description of various risks you should consider in evaluating an investment in the shares.**

	Public	Underwriting Discounts and Commissions	Proceeds to Us (Before Expenses)
Per Share	Offering Price \$47.75	\$1.79	\$45.96
Total	\$453,625,000	\$17,005,000	\$436,620,000

Delivery of the shares of common stock will be made on or about April 21, 2015.

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

**Joint Book-Running Managers**

**Credit Suisse**

**Co-Managers**

**Scotia Howard Weil**

**Wells Fargo Securities  
Johnson Rice & Company L.L.C.  
Simmons & Company International  
Tudor, Pickering, Holt & Co.**

**Barclays  
Sterne Agee**

**Capital One Securities  
KeyBanc Capital Markets  
SunTrust Robinson Humphrey  
Wunderlich**

**Canaccord Genuity  
IBERIA Capital Partners L.L.C.  
Stifel**

**GMP Securities  
Morgan Stanley  
Tuohy Brothers**

**Heikkinen Energy Advisors  
Seaport Global  
U.S. Capital Advisors**

The date of this prospectus supplement is April 16, 2015.

**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<b>PROSPECTUS SUPPLEMENT</b>	
<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-i
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	S-ii
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-13
<u>USE OF PROCEEDS</u>	S-40
<u>CAPITALIZATION</u>	S-41
<u>PRICE RANGE OF COMMON STOCK</u>	S-43
<u>MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX CONSIDERATIONS FOR NON-U.S. HOLDERS</u>	S-44
<u>UNDERWRITING (CONFLICTS OF INTEREST)</u>	S-48
<u>INFORMATION INCORPORATED BY REFERENCE</u>	S-51
<u>LEGAL MATTERS</u>	S-52
<u>EXPERTS</u>	S-52
	<b>Page</b>
<b>PROSPECTUS</b>	
<u>ABOUT THIS PROSPECTUS</u>	ii
<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	ii
<u>OUR COMPANY</u>	1
<u>ABOUT SUBSIDIARY GUARANTORS</u>	1
<u>RISK FACTORS</u>	1
<u>USE OF PROCEEDS</u>	1
<u>RATIO OF EARNINGS (DEFICIT) TO FIXED CHARGES</u>	2
<u>DESCRIPTION OF DEBT SECURITIES AND GUARANTEES</u>	3
<u>DESCRIPTION OF CAPITAL STOCK</u>	21
<u>PLAN OF DISTRIBUTION</u>	23
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	26
<u>INFORMATION INCORPORATED BY REFERENCE</u>	26
<u>LEGAL MATTERS</u>	28
<u>EXPERTS</u>	28

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. You should read the entire prospectus supplement, as well as the accompanying prospectus and the documents incorporated by reference that are described under Where You Can Find More Information in the accompanying prospectus and Information Incorporated by Reference in this prospectus supplement. In the event that the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

**You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or to which we have referred you. We and the underwriters have not authorized any other person to provide you with additional or different information. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. We and the underwriters are not making any offer to sell these securities in any jurisdiction where the offer to sell is not permitted. You should not assume that the information we have included in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date hereof or thereof, respectively, or that information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since those dates.**

When used in this prospectus supplement, the terms Gulfport, the Company, we, our and us refer to Gulfport Energy Corporation and its subsidiaries, unless otherwise indicated or the context otherwise requires.

S-i

**Table of Contents**

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements, other than statements of historical facts, included in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such things as estimated future net revenues from oil and gas reserves and the present value thereof (including production activity for 2015), future capital expenditures (including the amount and nature thereof), drilling activity, production, expenses, business strategy and measures to implement strategy, competitive strength, goals, expansion and growth of our business and operations, the pending acquisition described in this prospectus supplement under Prospectus Supplement Summary Recent Developments The Pending Acquisition, plans, references to future success, references to intentions as to future matters and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform with our expectations and predictions is subject to a number of risks and uncertainties, general economic, market or business conditions, the opportunities (or lack thereof) that may be presented to and pursued by us, competitive actions by other oil and gas companies, changes in laws or regulations, hurricanes and other natural disasters and other factors, many of which are beyond our control, including those discussed under the heading Risk Factors herein and those discussed in the documents we have incorporated by reference including our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 and any other reports filed subsequent to the filing of such report. Consequently, all of the forward-looking statements made in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference are qualified by these cautionary statements and we cannot assure you that the actual results or developments anticipated by us will be realized or, even if realized, that they will have the expected consequences to or effects on us, our business or operations. We have no intention, and disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise.

**Table of Contents****PROSPECTUS SUPPLEMENT SUMMARY**

*This summary describes certain recent developments and highlights information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus. This summary may not contain all the information that is important to you. We also advise you to read Risk Factors beginning on page S-13 for a description of various risks you should consider in evaluating an investment in the shares of our common stock.*

**The Company****Overview**

We are an independent oil and natural gas exploration and production company focused on the exploration, exploitation, acquisition and production of natural gas, natural gas liquids and crude oil in the United States. Our corporate strategy is to internally identify prospects, acquire lands encompassing those prospects and evaluate those prospects using subsurface geology and geophysical data and exploratory drilling. Using this strategy, we have developed an oil and natural gas portfolio of proved reserves, as well as development and exploratory drilling opportunities on high potential conventional and unconventional oil and natural gas prospects. Our principal properties are located in the Utica Shale, primarily in Eastern Ohio, and along the Louisiana Gulf Coast in the West Cote Blanche Bay ( WCBB ) and Hackberry fields. In addition, we have producing properties in the Niobrara Formation of Northwestern Colorado and the Bakken Formation. We also hold a significant acreage position in the Alberta oil sands in Canada through our interest in Grizzly Oil Sands ULC ( Grizzly ) and interests in entities that operate in Southeast Asia, including the Phu Horm gas field in Thailand. We seek to achieve reserve growth and increase our cash flow through our annual drilling programs.

The following table presents certain information as of December 31, 2014 reflecting our net interest in our principal producing oil and natural gas properties in the Utica Shale primarily in Eastern Ohio, along the Louisiana Gulf Coast, in the Niobrara Formation in Northwestern Colorado and in the Bakken Formation in Western North Dakota and Eastern Montana.

Field	NRI/WI(1) Percentages	Productive Wells(2)		Non-Productive Wells		Developed Acreage(3)		Proved Reserves			Total MMcfe
		Gross	Net	Gross	Net	Gross	Net	Gas MMcf	Oil MBbls	NGLs MBbls	
Utica Shale(4)	34.52/41.46	195	80.85	3	2.66	21,652	19,340	716,905	5,412	26,268	906,982
West Cote Blanche Bay Field(5)	80.108/100	123	123	185	185	5,668	5,668	1,318	2,968		19,127
E. Hackberry Field(6)	80.945/100	39	39	107	107	3,931	3,931	516	469		3,331
W. Hackberry Field	79.167/100	6	6	7	7	1,192	1,192		402		2,413
Niobrara Formation	39.83/47.85	6	3			3,502	1,751	135	124		878
Bakken Formation(4)	1.51/1.83	18	0.3			1,862	163	108	121		834

Overrides/Royalty Non-operated	Various	384	0.42					24	1		33
Total		771	252.57	302	301.66	37,807	32,045	719,006	9,497	26,268	933,598

- (1) Net Revenue Interest (NRI)/Working Interest (WI) for producing wells.
  - (2) Includes one gross and net well at WCBB that is producing intermittently.
  - (3) Developed acres are acres spaced or assigned to productive wells. Approximately 16% of our acreage is developed acreage and has been held by production.
  - (4) Includes NRI/WI from wells that have been drilled or in which we have elected to participate. Includes 94 gross (7.57 net) wells drilled by other operators on our acreage.
  - (5) We have a 100% working interest (80.108% average NRI) from the surface to the base of the 13900 Sand which is located at 11,320 feet. Below the base of the 13900 Sand, we have a 40.40% non-operated working interest (29.95% NRI).
  - (6) NRI shown is for producing wells.
- The following is a description of our principal properties.

**Utica Shale**

As of February 13, 2015, we held leasehold interests in approximately 188,000 gross (184,000 net) acres in the Utica Shale primarily in Eastern Ohio. We spud our first well, the Wagner 1-28H, on our Utica Shale acreage



---

**Table of Contents**

in February 2012 and, as of December 31, 2014, had spud 151 gross wells, 101 of which had been completed and were producing. In 2014, we spud 85 gross (67.2 net) wells, of which 36 were completed as producing wells, two were non-productive and, as of December 31, 2014, 41 were in various stages of completion and six were still being drilled. We commenced sales from 63 gross wells (47.4 net wells) in the Utica Shale during 2014. During 2015 (through February 13, 2015), we spud five gross (four net) wells. As of February 13, 2015, three of these wells were in various stages of completion and two were still drilling. In addition, 110 gross (13.3 net) wells were drilled by other operators on our Utica Shale acreage during 2014.

We currently intend to drill 50 to 56 gross (32 to 36 net) horizontal wells, and commence sales from 49 to 53 gross (42 to 46 net) horizontal wells on our Utica Shale acreage in 2015 for an estimated aggregate cost of \$416.0 million to \$446.0 million. We currently anticipate 11 to 16 gross (four to six net) horizontal wells will be drilled, and sales commenced from 50 to 64 gross (seven to nine net) horizontal wells, by other operators on our Utica Shale acreage during 2015 for an estimated cost of \$125.0 million to \$140.0 million. As of February 25, 2015, we had four operated horizontal rigs drilling in the Utica Shale, but released one of these rigs in March 2015.

Aggregate net production from our Utica Shale acreage during the three months ended December 31, 2014 was approximately 32,513 net million cubic feet of natural gas equivalent ( MMcfe ), or 353.4 MMcfe per day, of which 80% was from natural gas and 20% was from oil and natural gas liquids ( NGLs ). During January 2015, our average daily net production from the Utica Shale was approximately 345.6 MMcfe, of which 79% was from natural gas and 21% was from oil and NGLs.

**West Cote Blanche Bay**

The WCBB field is located approximately five miles off the coast of Louisiana in a shallow bay with water depths averaging eight to ten feet. We own a 100% working interest (80.108% net revenue interest ( NRI )), and are the operator, in depths above the base of the 13900 Sand which is located at 11,320 feet. In addition, we own a 40.40% non-operated working interest (29.95% NRI) in depths below the base of the 13900 Sand, which is operated by Chevron Corporation. Our leasehold interests at WCBB contain 5,668 gross acres.

In 2014, at our WCBB field, we recompleted 91 wells and spud 29 wells. Of the 29 new wells spud at WCBB in 2014, 21 were completed as producing wells, five were non-productive and, at December 31, 2014, three were waiting on completion. In the fourth quarter of 2014, production at WCBB was approximately 1,810 MMcfe, or an average of 19.7 MMcfe per day, 100% of which was from oil. During January 2015, our average net daily production at WCBB was approximately 19.0 MMcfe, 100% of which was from oil.

**East Hackberry Field**

The East Hackberry field in Louisiana is located along the western shore and the land surrounding Lake Calcasieu, 15 miles inland from the Gulf of Mexico. We own a 100% working interest (approximately 80.945% average NRI) in certain producing oil and natural gas properties situated in the East Hackberry field. As of December 31, 2014, we held beneficial interests in approximately 4,512 acres, including the Erwin Heirs Block, which is located on land, and the adjacent State Lease 50 Block, which is located primarily in the shallow waters of Lake Calcasieu. We licensed approximately 54 square miles of 3-D seismic data covering a portion of the area and have received a processed version of the seismic data.

In 2014, at our East Hackberry field, we recompleted 68 wells and spud 15 wells. All of the 15 new wells spud at East Hackberry during 2014 were completed as producing wells. In the fourth quarter of 2014, net production at East Hackberry was approximately 640 MMcfe, or an average of 7.0 MMcfe per day, of which 82% was from oil and 18%

was from natural gas. During January 2015, our average net daily production at East Hackberry was approximately 10.1 MMcfe, of which 91% was from oil and 9% was from natural gas.

S-2

## **Table of Contents**

### **West Hackberry Field**

The West Hackberry field is located on land and is five miles west of Lake Calcasieu in Cameron Parish, Louisiana, approximately 85 miles west of Lafayette and 15 miles inland from the Gulf of Mexico. We own a 100% working interest (approximately 79.167% NRI) in 1,192 acres within the West Hackberry field. Our leases at West Hackberry are located within two miles of one of the United States Department of Energy's Strategic Petroleum Reserves.

In 2014, at our West Hackberry field, we recompleted two wells and spud one well which was productive. In the fourth quarter of 2014, net production at West Hackberry was approximately 66.3 MMcfe, or an average of 720.4 thousand cubic feet of natural gas equivalent ( Mcfe ) per day, of which 91% was from oil and 9% was from natural gas. During January 2015, our average net daily production at West Hackberry was approximately 589.2 Mcfe, of which 97% was from oil and 3% was from natural gas.

We currently estimate our 2015 activities in our Southern Louisiana fields to be approximately \$20.0 million to \$25.0 million in aggregate for maintenance capital activities.

### **Niobrara Formation (Northwestern Colorado)**

Effective as of April 1, 2010, we acquired our initial leasehold interests in the Niobrara Formation in Northwestern Colorado and, as of December 31, 2014, we held leases for approximately 5,900 net acres. During the year ended December 31, 2014, there were no wells spud on our Niobrara Formation acreage. In the fourth quarter of 2014, net production from our Niobrara Formation acreage was approximately 27.4 MMcfe, or an average of 297.3 Mcfe per day, 100% of which was from oil. During January 2015, our average net daily production from our Niobrara Formation acreage was approximately 326.3 Mcfe, 100% of which was from oil. During 2015, we currently do not anticipate drilling any wells in the Niobrara Formation.

### **Bakken Formation**

As of December 31, 2014, we held approximately 864 net acres in the Bakken Formation of Western North Dakota and Eastern Montana with interests in 18 wells and overriding royalty interests in certain existing and future wells. Two gross (.01 net) wells were drilled on our Bakken Formation acreage in 2014. In the fourth quarter of 2014, our net production from our Bakken Formation acreage was approximately 74.4 MMcfe, or an average of 808.8 Mcfe per day, of which 93% was from oil and NGLs and 7% was from natural gas. During January 2015, our average net daily production from this acreage was approximately 609.0 Mcfe, of which 87% was from oil and 13% was from natural gas.

## **Our Equity Investments**

*Grizzly Oil Sands.* We, through our wholly-owned subsidiary Grizzly Holdings, Inc. ( Grizzly Holdings ), own a 24.9% interest in Grizzly. As of December 31, 2014, Grizzly had approximately 830,000 net acres under lease in the Athabasca, Peace River and Cold Lake oil sands regions of Alberta, Canada. Grizzly has three oil sands projects in various stages of development. Grizzly commenced commercial production from its Algar Lake Phase 1 steam-assisted gravity drainage ( SAGD ) oil sand project during the second quarter of 2014 and has received regulatory approval for up to 11,300 barrels per day of bitumen production. Grizzly produced approximately 1,400 barrels of bitumen per day at its Algar Lake SAGD project during the fourth quarter of 2014. Due to the current level of commodity prices, in April 2015 Grizzly determined to cease bitumen production at its Algar Lake facility. Grizzly intends to monitor market conditions as it accesses future plans for the facility. In the first quarter of 2012, Grizzly acquired the May River property comprising approximately 47,000 acres. An initial 12,000 barrel per day

development application was filed with the regulatory authorities in the fourth quarter of 2013, covering the eastern portion of the May River lease. The development application

S-3

**Table of Contents**

continues to move through the regulatory process and is expected to be approved by mid-2015. In the first quarter of 2014, a 2-D seismic program covering approximately 83 kilometers was completed to more fully define the resource over the remaining lease beyond the development application area. At the Thickwood thermal project, a development application for a 12,000 barrel per day oil sands project was filed in the fourth quarter of 2012. Since then, the Alberta Energy Regulator ( AER ) announced it is implementing a policy for future regulatory requirements for reservoir containment in shallow SAGD areas, which impacts the Thickwood application. Additional work to advance the Thickwood application will be required and is expected to be addressed once the May River development approval is received. Grizzly has also developed delineation drilling, seismic and regulatory work plans at its Cadotte, Peace River property. Grizzly has pursued a rail marketing strategy to ensure consistent and flexible access to premium markets for its production, including its Windell truck to rail terminal located near Conklin, Alberta, which commenced transloading blended bitumen production from Algar Lake on to rail cars for delivery to the U.S. Gulf Coast markets in the second quarter of 2014.

*Thailand.* We own a 23.5% ownership interest in Tatex Thailand II, LLC ( Tatex II ). Tatex II, a privately held entity, holds an 8.5% interest in APICO, an international oil and gas exploration company. APICO has a reserve base located in Southeast Asia through its ownership of concessions covering approximately 243,000 acres which includes the Phu Horm Field. Our investment is accounted for on the equity method. Tatex II accounts for its investment in APICO using the cost method. In December 2006, first gas sales were achieved at the Phu Horm field located in northeast Thailand. Phu Horm's initial gross production was approximately 60 MMcf per day. For 2014, net gas production was approximately 105 MMcf per day and condensate production was 415 barrels per day. Hess Corporation ( Hess ) operates the field with a 35% interest. Other interest owners include APICO (35% interest), PTT Exploration and Production Public Company Limited (20% interest) and ExxonMobil (10% interest). Our gross working interest (through Tatex II as a member of APICO) in the Phu Horm field is 0.7%. Since our ownership in the Phu Horm field is indirect and Tatex II's investment in APICO is accounted for by the cost method, these reserves are not included in our year-end reserve information.

We own a 17.9% ownership interest in Tatex Thailand III, LLC ( Tatex III ). Tatex III owns a concession covering approximately 245,000 acres in Southeast Asia. In 2009, Tatex III completed a 3-D seismic survey on this concession. Between 2010 and 2013, three wells were drilled on this concession. Each of the wells lacked sufficient permeability to produce in commercial quantities. Tatex III plans to allow the concession to expire in 2015.

*Other Investments.* In an effort to facilitate the development of our Utica Shale and other domestic acreage, we have invested in entities that can provide services that are required to support our operations. In 2013, we participated in the formation of Stingray Energy Services LLC ( Stingray Energy ) with an initial ownership interest of 50%. Stingray Energy provides rental tools for land-based oil and natural gas drilling, completion and workover activities as well as the transfer of fresh water to wellsites. In 2012, we participated in the formation of Stingray Pressure Pumping LLC ( Stingray Pressure ), Stingray Cementing LLC ( Stingray Cementing ) and Stingray Logistics LLC ( Stingray Logistics ), with an initial ownership interest in each entity of 50%. These entities provide well completion and other well services. In 2012, we also participated in the formation of Blackhawk Midstream LLC ( Blackhawk ) and Timber Wolf Terminals, LLC ( Timber Wolf ) with an initial ownership interest of 50% in each entity. Blackhawk coordinates gathering, compression, processing and marketing activities in connection with the development of our Utica Shale acreage and Timber Wolf will operate a crude/condensate terminal and a sand transloading facility in Ohio. Also in 2012, we acquired a 22.5% equity interest in Windsor Midstream LLC, which owns a 28.4% equity interest in Coronado Midstream LLC, an entity that recently completed the sale of its gas processing plant in West Texas. In 2011 and 2012, we acquired an aggregate 40% equity interest in Bison Drilling and Field Services LLC ( Bison ), which owns and operates drilling rigs and related equipment. Also in 2011, we acquired a 25% interest in Muskie Proppant LLC ( Muskie ), which is engaged in the processing and sale of hydraulic fracturing grade sand. In 2014, we acquired a 25% equity interest in Sturgeon Acquisitions LLC ( Sturgeon ). Sturgeon owns and operates sand mines that

S-4

## Table of Contents

produce hydraulic fracturing grade sand. In the fourth quarter of 2014, we contributed our investments in Stingray Pressure, Stingray Logistics, Bison and Muskie to Mammoth Energy Partners LP ( Mammoth ) in exchange for a 30.5% limited partner interest in this newly formed limited partnership. Mammoth has filed a registration statement on Form S-1 with the SEC in connection with a contemplated initial public offering, which it intends to pursue in 2015 subject to market conditions. This prospectus supplement does not constitute an offer to sell, or the solicitation of an offer to buy, any interests of the limited partnership referenced above or any other securities except for the common stock offered hereby.

*Prior Investment in Diamondback.* Until November 2014, we held an equity interest in Diamondback Energy, Inc. ( Diamondback ), a NASDAQ Global Select Market listed company to which we contributed our Permian Basin oil and natural gas interests in October 2012 immediately prior to Diamondback's initial public offering. At December 31, 2014, we did not own any shares of Diamondback.

### **Our Strengths**

We believe that the following strengths will help us achieve our business goals:

***Exposure to large resource of oil, liquids-rich gas and condensate.*** We have interests in some of the most prolific oil and natural gas plays in North America, including the Utica Shale of Eastern Ohio, the salt dome structures in the shallow waters off the coast of Louisiana and the Bakken Shale in North Dakota. Additionally, we have exposure to the Canadian oil sands in central Alberta through our ownership of Grizzly. Our production for the year ended December 31, 2014 was approximately 68% natural gas, 14% natural gas liquids and 18% oil. We expect that natural gas liquids and natural gas as a percentage of our production will increase as more Utica Shale production is brought on-line.

***Multi-year inventory of low risk development and exploitation opportunities.*** We have identified over 1,000 drilling locations on our Ohio, Louisiana and Western Colorado properties that we believe provide attractive growth and return opportunities. We have focused our efforts on building an inventory of reserves in the Utica Shale because we anticipate that this position will provide, in the long-term, superior returns.

***Experienced management and technical team with proven acquisition and operating capabilities.*** Our executive officers and technical personnel have extensive experience in the oil and natural gas exploration and production business. We believe our track record of production growth, having increased production 527% from 2011 to 2014, and proven history of identifying and capturing acquisition opportunities, as demonstrated by establishing an initial acreage position in the Utica Shale in 2011 and growing that position to 184,000 net acres by year-end 2014, is attributable to our team's industry experience.

### **Our Business Strategy**

Our business strategy is to continue to profitably grow our business through the following:

***Grow production and reserves by developing our large resource base.*** Through the conversion of our proved undeveloped, probable and possible reserves, we will seek to grow our production, reserves and cash flow. We

target areas that are believed to have a large amount of resources in place, then seek to apply the available technology to extract natural gas, natural gas liquids and oil from those regions, including horizontal drilling and hydraulic fracturing in the Utica Shale, 3-D seismic and directional drilling in Southern Louisiana and SAGD to extract bitumen from oil sands in Canada.

***Continue to pursue attractive acquisitions.*** We have grown and diversified our reserve and resource base by making selective acquisitions. Over the last several years we have significantly expanded our acreage position in the Utica Shale.

***Financial flexibility.*** We seek to maintain a conservative financial position. By maintaining a conservative capital structure, we will seek to preserve our flexibility to pursue opportunities that fit our strengths and corporate strategy as those opportunities present themselves.

S-5



**Table of Contents****Recent Developments****The Pending Acquisition**

We have entered into a purchase agreement dated April 14, 2015 to acquire Paloma Partners III, LLC, which we refer to as Paloma, for a total purchase price of approximately \$301.3 million, subject to closing adjustments. Paloma holds approximately 24,000 net nonproducing acres in the core of the dry gas window of the Utica Shale, located in Belmont and Jefferson Counties, Ohio. After giving effect to the acquisition of the full 24,000 net acres in the pending Paloma transaction, our total leasehold acreage in the Utica Shale is expected to increase to approximately 212,000 gross (208,000 net) acres in the core of the play. We anticipate that our pending acquisition of this additional acreage will add approximately 150 locations to our existing drilling inventory. The acreage subject to our pending acquisition overlaps with a number of our currently planned units and is located in the vicinity of existing interstate pipelines with gathering and compression infrastructure already under development. We currently intend to add one rig to operate on this acreage beginning in the fourth quarter of 2015. We anticipate completing this acquisition in the third quarter of 2015. However, the acquisition remains subject to completion of due diligence and satisfaction or waiver of other closing conditions. There can be no assurance that the acquisition will be completed or that we will acquire all or any portion of the acreage owned by Paloma.

**First Quarter 2015 Production and Other Operational Update**

Aggregate net production during the quarter ended March 31, 2015 was 38,193 MMcfe, or 424.4 MMcfe per day, of which 68% was from natural gas and 32% was from oil and natural gas liquids. Our first quarter 2015 production represented an 11% increase over fourth quarter 2014 production of 381.9 MMcfe per day and a 161% increase over first quarter 2014 production of 162.5 MMcfe per day. Our first quarter 2015 Utica Shale production was 396.0 MMcfe per day, or 93% of our aggregate net production, as compared to 93% and 78% of our aggregate production during the fourth quarter of 2014 and the first quarter of 2014, respectively.

The following table provides certain production data for the three months ended March 31, 2015 and 2014:

<b>Production Volumes:</b>	<b>Three Months Ended</b>	
	<b>2015</b>	<b>2014</b>
	<b>March 31,</b>	
	<b>(Unaudited)</b>	
Oil (MBbls)	764.8	726.7
Natural gas (MMcf)	25,965.1	7,661.8
NGL (MGal)	53,476.8	18,234.8
Gas equivalent (MMcfe)	38,193.3	14,627.1
Gas equivalent (Mcf per day)	424,370	162,523

We currently estimate our exploration and production capital expenditures for 2015 to be in the range of \$561.0 to \$611.0 million, representing a \$16.0 million increase from our previously announced estimate of \$545.0 million to \$595.0 million. We intend to make these additional expenditures in the Utica Shale.

To continue to secure access to premium markets for our Utica Shale production, we recently entered into additional firm transportation agreements with Rockies Express Pipeline LLC and Texas Gas Transmission, LLC. Our agreement with Rockies Express Pipeline LLC provides transportation for an additional 50,000 MMBtu per day of natural gas beginning in mid-2016 for a term of 15 years. Our agreement with Texas Gas Transmission, LLC provides

transportation for an incremental 54,000 MMBtu per day of natural gas beginning in April 2017 for a term of 15 years. We expect that these firm transportation agreements will be complementary to our existing natural gas marketing arrangements, supporting our anticipated production growth by providing

S-6

## **Table of Contents**

access to premium natural gas markets across North America, including the Midwest and Gulf Coast regions, while minimizing our pricing exposure to local Appalachian markets. As of the date of this prospectus supplement, we had firm transportation agreements covering approximately 900,000 MMBtu per day of natural gas production through the end of 2016.

## **Notes Offering**

Concurrently with this offering, and subject to market conditions and other factors, we are privately placing \$350.0 million in aggregate principal amount of our senior notes in an offering we refer to herein as the concurrent notes offering. We estimate that we will receive net proceeds from this concurrent notes offering of approximately \$343.6 million. Those notes are being offered only to qualified institutional buyers in accordance with Rule 144A under the Securities Act and to certain persons outside the United States under Regulation S under the Securities Act. The net proceeds from our concurrent notes offering, together with the net proceeds from this offering, will be used (i) to fund our pending acquisition of Paloma described under the caption The Pending Acquisition, (ii) to repay the current outstanding borrowings under our secured revolving credit facility and (iii) for general corporate purposes, including the funding of a portion of our 2015 capital development plans. This prospectus supplement shall not be deemed to be an offer to sell or a solicitation of an offer to buy the securities offered in the concurrent notes offering. The closing of this offering is not contingent upon the closing of the concurrent notes offering.

## **Senior Secured Credit Facility**

On April 10, 2015, we entered into a third amendment to our secured revolving credit facility. The third amendment increased the borrowing base from \$450.0 million to \$575.0 million, added four new lenders to our secured revolving credit facility and increased our basket for unsecured debt issuances to \$1.2 billion. In the event of an issuance of debt securities such as the notes contemplated by the concurrent notes offering, the borrowing base under our secured revolving credit facility is reduced by an amount determined by lenders holding at least 66  $\frac{2}{3}$ % of the commitments under such facility. The Bank of Nova Scotia (an affiliate of Scotia Capital (USA) Inc.), as Administrative Agent and Lead Arranger under our secured revolving credit facility, will be recommending to the lenders under our secured revolving credit facility a \$0 reduction in the borrowing base upon the issuance of the notes contemplated by the concurrent notes offering, subject to approval of 66  $\frac{2}{3}$ % of the commitments under our secured revolving credit facility. While The Bank of Nova Scotia (12.2% of the borrowing base) and Credit Suisse AG, an affiliate of Credit Suisse Securities (USA) LLC (10.8% of the borrowing base) have already approved the recommendation for a \$0 reduction in the borrowing base upon the issuance of the notes contemplated by the concurrent notes offering, there can be no assurance the requisite approvals will be received.

## **Our Offices**

Our principal executive offices are located at 14313 North May Avenue, Suite 100, Oklahoma City, Oklahoma 73134, and our telephone number is (405) 848-8807. Our website address is [www.gulfportenergy.com](http://www.gulfportenergy.com). Information contained on our website does not constitute a part of this prospectus supplement or the accompanying prospectus.

**Table of Contents****THE OFFERING**

**Common stock offered by us** 9,500,000 shares(1)

**Underwriters' option to purchase additional shares from us** 1,425,000 shares

**Common stock to be outstanding after this offering** 95,184,604 shares(1)(2)

**Use of proceeds** We estimate that the net proceeds from the sale of 9,500,000 shares of our common stock in this offering will be approximately \$436.4 million, after deducting the underwriting discounts and commissions and estimated offering expenses, or approximately \$501.9 million if the underwriters exercise the option granted by us in full. We intend to use these net proceeds, together with the net proceeds from our concurrent notes offering, (i) to fund our pending acquisition of Paloma described under the caption "Recent Developments - The Pending Acquisition," (ii) to repay the current outstanding borrowings under our secured revolving credit facility and (iii) for general corporate purposes, including the funding of a portion of our 2015 capital development plans. See "Use of Proceeds."

**NASDAQ Global Select Market symbol** GPOR

**Dividend policy** We currently anticipate that we will retain all future earnings, if any, to finance the growth and development of our business. We do not intend to pay cash dividends in the foreseeable future. In addition, our existing credit facility and the senior note indenture limit our ability to pay dividends and make other distributions.

**Risk factors** We are subject to a number of risks that you should carefully consider before deciding to invest in our common stock. These risks are discussed more fully in "Risk Factors."

**Conflicts of Interest** Certain of the underwriters are deemed to have a conflict of interest under the applicable provisions of Rule 5121 of The Financial Industry

Regulatory Authority ( FINRA ) because affiliates of certain underwriters will receive more than five percent of the net proceeds from this offering as a result of the repayment of the current outstanding borrowings under our secured revolving credit facility. Further, certain underwriters or their affiliates acted as our financial advisors in connection with our pending acquisition of Paloma. See Underwriting (Conflicts of Interest).

- (1) Assumes no exercise of the underwriters option to purchase 1,425,000 additional shares.
- (2) The number of shares of common stock outstanding after the offering is based on 85,684,604 shares of common stock outstanding as of February 20, 2015, excluding 358,079 shares of restricted common stock awarded under our 2013 Restated Stock Incentive Plan but not yet vested. The number of shares outstanding does not include shares issuable upon the exercise of outstanding stock options held by our employees, officers and directors.

**Table of Contents****SUMMARY CONSOLIDATED HISTORICAL FINANCIAL DATA**

The following table summarizes our consolidated financial data as of and for each of the periods indicated. You should read the following summary financial data in conjunction with Risk Factors, Use of Proceeds, Capitalization and Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes included, as applicable, in this prospectus supplement and in our most recent Annual Report on Form 10-K incorporated by reference into this prospectus supplement and the accompanying prospectus. Our historical operating results presented below are not indicative of future results. The summary consolidated financial data as of and for each of the fiscal years ended December 31, 2014 and 2013 and the summary consolidated statements of operations and cash flow data for the fiscal year ended December 31, 2012 have been derived from our audited consolidated financial statements appearing in our most recent Annual Report on Form 10-K incorporated by reference into this prospectus supplement and the accompanying prospectus. The summary consolidated balance sheet data as of December 31, 2012 have been derived from our audited consolidated financial statements appearing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012.

	<b>Year Ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>(in thousands, except per share data)</b>		
<b>Selected Consolidated Statements of Operations Data:</b>			
Revenues	\$ 671,266	\$ 262,753	\$ 248,926
Costs and expenses:			
Lease operating expenses	52,191	26,703	24,308
Production taxes	24,006	26,933	28,957
Midstream gathering and processing	64,467	11,030	443
Depreciation, depletion and amortization	265,431	118,880	90,749
General and administrative	38,290	22,519	13,808
Accretion expense	761	717	698
(Gain) loss on sale of assets	(11)	508	(7,300)
	445,135	207,290	151,663
Income from Operations	226,131	55,463	97,263
Other (Income) Expense:			
Interest expense	23,986	17,490	7,458
Interest income	(195)	(297)	(72)
Litigation settlement	25,500		
Gain on contribution of investment	(84,470)		
Income from equity method investments	(139,434)	(213,058)	(8,322)
	(174,613)	(195,865)	(936)
Income from Continuing Operations before Income Taxes	400,744	251,328	98,199
Income Tax Expense	153,341	98,136	26,363
Income from Continuing Operations	247,403	153,192	71,836

Discontinued Operations:

Loss on disposal of Belize properties, net of tax 3,465

Net Income Available to Common Stockholders \$ 247,403 \$ 153,192 \$ 68,371

Net Income Per Common Share Basic \$ 2.90 \$ 1.98 \$ 1.22

Net Income Per Common Share Diluted \$ 2.88 \$ 1.97 \$ 1.21

**Consolidated Cash Flow Information:**

Net cash provided by operating activities \$ 409,873 \$ 191,065 \$ 199,158

Net cash used in investing activities \$(1,136,657) \$(664,260) \$(840,579)

Net cash provided by financing activities \$ 410,168 \$ 765,063 \$ 714,612

S-9

---

**Table of Contents**

	<b>2014</b>	<b>At December 31, 2013 (in thousands)</b>	<b>2012</b>
<b>Selected Consolidated Balance Data:</b>			
Total assets	\$ 3,632,393	\$ 2,693,136	\$ 1,578,368
Total debt, including current maturity	716,484	299,187	299,038
Total liabilities	1,336,097	642,898	451,960
Stockholders' equity	2,296,296	2,050,238	1,126,408

S-10



**Table of Contents****SUMMARY OPERATING AND RESERVE DATA**

The following tables set forth production volumes, average prices and estimates of proved reserves for the periods presented. The estimates of net proved oil and natural gas reserves were prepared by (i) Ryder Scott Company L.P., or Ryder Scott, with respect to our Utica Shale acreage at December 31, 2014, 2013 and 2012, (ii) Netherland, Sewell & Associates, Inc., or NSAI, with respect to our WCBB, Hackberry and Niobrara fields at each of December 31, 2014, 2013 and 2012 and (iii) our personnel with respect to our overriding royalty and non-operated interests at December 31, 2014, 2013 and 2012. For additional information, you should refer to the reports of NSAI and Ryder Scott incorporated by reference into this prospectus supplement and the accompanying prospectus from our most recent Annual Report on Form 10-K and to Risk Factors, Business Proved Oil and Natural Gas Reserves, Business Production, Prices, and Production Costs, Management's Discussion and Analysis of Financial Condition and Results of Operations, our audited consolidated financial statements and notes thereto and our unaudited consolidated financial statements and notes thereto included in our most recent Annual Report on Form 10-K incorporated by reference into this prospectus supplement and the accompanying prospectus.

	<b>Year Ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
<b>Production Volumes</b>			
Oil (MBbls)	2,684	2,317	2,323
Gas (MMcf)	59,318	8,891	1,108
Natural gas liquids (MGal)	86,092	13,416	2,714
Gas equivalents (MMcfe)	87,719	24,709	15,436
<b>Average Prices</b>			
Oil (per Bbl)	\$ 92.18(1)	\$ 96.74(1)	\$ 104.46(1)
Gas (per Mcf)	\$ 5.55(1)	\$ 2.36(1)	\$ 2.91
Natural gas liquids (per Gal)	\$ 1.09	\$ 1.27	\$ 0.98
Gas equivalents (per Mcfe)	\$ 7.65	\$ 10.61	\$ 16.11

	<b>Year Ended December 31,</b>								
	<b>2014</b>			<b>2013</b>			<b>2012</b>		
	<b>Oil</b>	<b>Natural</b>	<b>Natural</b>	<b>Oil</b>	<b>Natural</b>	<b>Natural</b>	<b>Oil</b>	<b>Natural</b>	<b>Natural</b>
(MBbls)	Gas	Gas	(MBbls)	Gas	Gas	(MBbls)	Gas	Gas	
	(MMcf)	Liquids	(MMcf)	(MMcf)	Liquids	(MMcf)	(MMcf)	Liquids	(MMcf)
		(MBbls)			(MBbls)			(MBbls)	
<b>Estimated Proved Reserves</b>									
Proved developed	5,719	345,166	12,379	5,609	94,552	3,527	5,175	18,482	44
Proved undeveloped	3,778	373,840	13,889	2,737	51,894	2,148	2,931	15,289	101
Total(2)	9,497	719,006	26,268	8,346	146,446	5,675	8,106	33,771	145

**Year Ended December 31,**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
Total net proved oil and natural gas reserves (MMcfe)(2)	933,598	230,574	83,274
PV-10 value (in millions)(3)	\$ 1,840.8	\$ 696.9	\$ 436.8
Standardized measure (in millions)(4)	\$ 1,427.2	\$ 578.5	\$ 348.6

(1) Includes various derivative contracts at a weighted average price of:

	<b>Per barrel</b>
January December 2014	\$ 102.79
January December 2013	\$ 100.90
January December 2012	\$ 108.31

S-11

**Table of Contents**

	<b>Per MMBtu</b>
January December 2014	\$ 4.06
January December 2013	\$ 4.00

Excluding the effect of fixed price swaps, the average price for 2014 would have been \$89.88 per barrel of oil, \$3.81 per Mcf of gas and \$6.40 per Mcfe. The total volume hedged for 2014 represented approximately 62% of our total sales volumes for the year. Excluding the effect of fixed price swaps, the average price for 2013 would have been \$104.51 per barrel of oil, \$3.73 per Mcf of gas and \$11.83 per Mcfe. The total volume hedged for 2013 represented approximately 48% of our total sales volumes for the year. Excluding the effect of fixed price swap contracts, the average oil price for 2012 would have been \$106.11 per barrel of oil and \$16.35 per Mcfe. The total volume hedged for 2012 represented approximately 46% of our total sales volumes for the year.

- (2) Estimates of reserves as of year-end 2014, 2013 and 2012 were prepared using an average price equal to the unweighted arithmetic average of hydrocarbon prices received on a field-by-field basis on the first day of each month within the 12-month period ended December 31, 2014, 2013 and 2012, respectively, in accordance with revised guidelines of the Securities and Exchange Commission, or SEC, applicable to reserves estimates as of year-end 2014, 2013 and 2012. Reserve estimates do not include any value for probable or possible reserves that may exist, nor do they include any value for undeveloped acreage. The reserve estimates represent our net revenue interest in our properties. Although we believe these estimates are reasonable, actual future production, cash flows, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves may vary substantially from these estimates.
- (3) Represents present value, discounted at 10% per annum, of estimated future net revenue before income tax of our estimated proven reserves. The estimated future net revenues set forth above were determined by using reserve quantities of proved reserves and the periods in which they are expected to be developed and produced based on certain prevailing economic conditions. The estimated future production in our reserve reports for the years ended December 31, 2014, 2013 and 2012 is priced based on the 12-month unweighted arithmetic average of the first-day-of-the month price for the period January through December of the applicable year, using \$94.99 per barrel and \$4.35 per MMBtu for 2014, \$96.78 per barrel and \$3.67 per MMBtu for 2013 and \$91.32 per barrel and \$2.76 per MMBtu for 2012, and in each case adjusted by lease for transportation fees and regional price differentials.

PV-10 is a non-GAAP measure because it excludes income tax effects. Management believes that the presentation of the non-GAAP financial measure of PV-10 provides useful information to investors because it is widely used by professional analysts and sophisticated investors in evaluating oil and gas companies. PV-10 is not a measure of financial or operating performance under GAAP. PV-10 should not be considered as an alternative to the standardized measure as defined under GAAP. We have included a reconciliation of PV-10 to the most directly comparable GAAP measure standardized measure of discounted future net cash flows. The following table reconciles the standardized measure of future net cash flows to the PV-10 value:

	<b>Year Ended December 31,</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<b>(in thousands)</b>		
Standardized measure of discounted future net cash flows	\$ 1,427,167	\$ 578,466	\$ 348,641
Add: Present value of future income tax discounted at 10%	413,671	118,445	88,206
PV-10 value	\$ 1,840,838	\$ 696,911	\$ 436,847

- (4) The standardized measure represents the present value of estimated future cash inflows from proved oil and natural gas reserves, less future development, abandonment, production, and income tax expenses, discounted at 10% per annum to reflect timing of future cash flows and using the same pricing assumptions as were used to calculate PV-10. Standardized measure differs from PV-10 because standardized measure includes the effect of future income taxes.

S-12

Table of Contents

**RISK FACTORS**

*Investing in our common stock involves risks. You should carefully consider the following risks and all other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, including our historical financial statements and related notes, before deciding to invest in our common stock. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks or by additional risks not currently known to us or that we currently deem not material. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. Information contained in this section may be considered forward-looking statements. See Cautionary Note Regarding Forward-Looking Statements for a discussion of certain qualifications regarding such statements.*

**Risks Related to our Business and Industry**

**Market conditions for oil and natural gas, and particularly the recent decline in prices for oil and natural gas, could adversely affect our revenue, cash flows, profitability, growth, production and the present value of our estimated reserves.**

Our revenues, cash flows, profitability, future rate of growth, production and the carrying value of our oil and natural gas properties depend significantly upon the prevailing prices for oil and natural gas. Historically, oil and natural gas prices have been volatile and are subject to fluctuations in response to changes in supply and demand, market uncertainty and a variety of additional factors that are beyond our control, including:

worldwide and domestic supplies of oil and natural gas;

the level of prices, and expectations about future prices, of oil and natural gas;

the cost of exploring for, developing, producing and delivering oil and natural gas;

the expected rates of declining current production;

weather conditions, including hurricanes, and other natural disasters that can affect oil and natural gas operations over a wide area;

the level of consumer demand;

the price and availability of alternative fuels;

technical advances affecting energy consumption;

risks associated with operating drilling rigs;

the availability of pipeline capacity and other transportation facilities;

the price and level of foreign imports;

domestic and foreign governmental regulations and taxes;

the ability of the members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;

speculative trading in crude oil and natural gas derivative contracts;

political or economic instability or armed conflict in oil and natural gas producing regions, including the Middle East, Africa, South America and Russia; and

the overall domestic and global economic environment.

These factors and the volatility of the energy markets make it extremely difficult to predict future oil and natural gas price movements with any certainty. During the past six years, the posted price for West Texas intermediate light sweet crude oil, which we refer to as West Texas Intermediate, or WTI, has ranged from a low

---

**Table of Contents**

of \$34.03 per barrel, or Bbl, in February 2009 to a high of \$113.39 per Bbl in April 2011. The Henry Hub spot market price of natural gas has ranged from a low of \$1.82 per MMBtu in April 2012 to a high of \$7.51 per MMBtu in January 2010. During 2014, WTI prices ranged from \$52.87 to \$100.54 per Bbl and the Henry Hub spot market price of natural gas ranged from \$2.89 to \$4.91 per MMBtu. On April 10, 2015, the WTI posted price for crude oil was \$51.64 per Bbl and the Henry Hub spot market price of natural gas was \$2.51 per MMBtu, representing decreases of 49% and 49%, respectively, from the high of \$100.54 per Bbl of oil and \$4.91 per MMBtu for natural gas during 2014. If the prices of oil and natural gas continue at current levels or decline further, our operations, financial condition and level of expenditures for the development of our oil and natural gas reserves may be materially and adversely affected. In addition, lower oil and natural gas prices may reduce the amount of oil and natural gas that we can produce economically. This may result in our having to make substantial downward adjustments to our estimated proved reserves. If this occurs or if our production estimates change or our exploration or development activities are curtailed, full cost accounting rules may require us to write down, as a non-cash charge to earnings, the carrying value of our oil and natural gas properties. Reductions in our reserves could also negatively impact the borrowing base under our secured revolving credit facility, which could further limit our liquidity and ability to conduct additional exploration and development activities.

**Concerns over general economic, business or industry conditions may have a material adverse effect on our results of operations, liquidity and financial condition.**

Concerns over global economic conditions, energy costs, geopolitical issues, inflation, the availability and cost of credit, the European debt crisis and the United States financial market have contributed to increased economic uncertainty and diminished expectations for the global economy. In addition, continued hostilities in the Middle East and the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy. These factors, combined with volatility in commodity prices, business and consumer confidence and unemployment rates, have precipitated an economic slowdown. Concerns about global economic growth have had a significant adverse impact on global financial markets and commodity prices. If the economic climate in the United States or abroad deteriorates, worldwide demand for petroleum products could diminish, which could impact the price at which we can sell our production, affect the ability of our vendors, suppliers and customers to continue operations and ultimately adversely impact our results of operations, liquidity and financial condition.

**Our development and exploration operations require substantial capital and we may be unable to obtain needed capital or financing on satisfactory terms or at all, which could lead to a loss of properties and a decline in our oil and natural gas reserves.**

Our future success depends upon our ability to find, develop or acquire additional oil and natural gas reserves that are economically recoverable. Our proved reserves will generally decline as reserves are depleted, except to the extent that we conduct successful exploration or development activities or acquire properties containing proved reserves, or both. To increase reserves and production, we undertake development, exploration and other replacement activities or use third parties to accomplish these activities. We have made and expect to make in the future substantial capital expenditures in our business and operations for the development, production, exploration and acquisition of oil and natural gas reserves. For example, we currently estimate our exploration and production capital expenditures for 2015 to be in the range of \$561.0 million to \$611.0 million.

Historically, we have financed capital expenditures primarily with cash flow from operations, the issuance of equity and debt securities and borrowings under our bank and other credit facilities. Our cash flow from operations and access to capital are subject to a number of variables, including:

our proved reserves;

the volume of oil and natural gas we are able to produce from existing wells;

the prices at which oil and natural gas are sold;

S-14



## Table of Contents

our ability to acquire, locate and produce new reserves; and

our ability to borrow under our credit facility.

We cannot assure you that our operations and other capital resources will provide cash in sufficient amounts to maintain planned or future levels of capital expenditures. Further, our actual capital expenditures in 2015 could exceed our capital expenditure budget. In the event our capital expenditure requirements at any time are greater than the amount of capital we have available, we could be required to seek additional sources of capital, which may include traditional reserve base borrowings, debt financing, joint venture partnerships, production payment financings, sales of assets, offerings of debt or equity securities or other means. We cannot assure you that we will be able to obtain debt or equity financing on terms favorable to us, or at all.

If we are unable to fund our capital requirements, we may be required to curtail our operations relating to the exploration and development of our prospects, which in turn could lead to a possible loss of properties and a decline in our oil and natural gas reserves, or we may be otherwise unable to implement our development plan, complete acquisitions, including our pending acquisition, or take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our production, revenues and results of operations. In addition, a delay in or the failure to complete proposed or future infrastructure projects could delay or eliminate potential efficiencies.

### **Our success depends on finding, developing or acquiring additional reserves, which requires significant capital expenditures.**

Our future success depends upon our ability to find, develop or acquire additional oil and natural gas reserves that are economically recoverable. Our proved reserves will generally decline as reserves are depleted, except to the extent that we conduct successful exploration or development activities or acquire properties containing proved reserves, or both. To increase reserves and production, we undertake development, exploration and other replacement activities or use third parties to accomplish these activities. We have made, and expect to make in the future, substantial capital expenditures in our business and operations for the development, production, exploration and acquisition of oil and natural gas reserves. We may not have sufficient resources to acquire additional reserves or to undertake exploration, development, production or other replacement activities, such activities may not result in significant additional reserves and we may not have success drilling productive wells at low finding and development costs. If we are unable to replace our current production, the value of our reserves will decrease, and our business, financial condition and results of operations would be adversely affected. Furthermore, although our revenues may increase if prevailing oil and natural gas prices increase significantly, our finding costs for additional reserves could also increase.

### **Our failure to successfully complete and integrate the pending acquisition or identify, complete and integrate future acquisitions of properties or businesses could reduce our earnings and slow our growth.**

There is intense competition for acquisition opportunities in our industry. The successful acquisition of producing properties requires an assessment of several factors, including:

recoverable reserves;

future oil and natural gas prices and their applicable differentials;

operating costs; and

potential environmental and other liabilities.

The accuracy of these assessments is inherently uncertain and we may not be able to identify attractive acquisition opportunities. In connection with these assessments, we perform a review of the subject properties that we believe to be generally consistent with industry practices. Our review will not reveal all existing or potential problems nor will it permit us to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. Inspections may not always be performed on every well, and environmental

S-15

## Table of Contents

problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of the problems. Even if we do identify attractive acquisition opportunities, we may not be able to complete the acquisition or do so on commercially acceptable terms.

Competition for acquisitions may increase the cost of, or cause us to refrain from, completing acquisitions. Our ability to complete acquisitions is dependent upon, among other things, our ability to obtain debt and equity financing and, in some cases, regulatory approvals. Further, these acquisitions may be in geographic regions in which we do not currently operate, which could result in unforeseen operating difficulties and difficulties in coordinating geographically dispersed operations, personnel and facilities. In addition, if we enter into new geographic markets, we may be subject to additional and unfamiliar legal and regulatory requirements. Compliance with regulatory requirements may impose substantial additional obligations on us and our management, cause us to expend additional time and resources in compliance activities and increase our exposure to penalties or fines for non-compliance with such additional legal requirements. Further, the success of any completed acquisition will depend on our ability to integrate effectively the acquired business into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions.

No assurance can be given that we will be able to identify additional suitable acquisition opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. Our failure to achieve consolidation savings, to integrate the acquired businesses and assets into our existing operations successfully or to minimize any unforeseen operational difficulties could have a material adverse effect on our financial condition and results of operations. The inability to effectively manage the integration of acquisitions could reduce our focus on subsequent acquisitions and current operations, which, in turn, could negatively impact our earnings and growth. Our financial position and results of operations may fluctuate significantly from period to period, based on whether or not significant acquisitions are completed in particular periods.

### **Properties we acquire may not produce as projected, and we may be unable to determine reserve potential, identify liabilities associated with the properties that we acquire or obtain protection from sellers against such liabilities.**

Acquiring oil and natural gas properties requires us to assess reservoir and infrastructure characteristics, including recoverable reserves, development and operating costs and potential environmental and other liabilities. Such assessments are inexact and inherently uncertain. In connection with the assessments, we perform a review of the subject properties, but such a review will not necessarily reveal all existing or potential problems. In the course of our due diligence, we may not inspect every well or pipeline. We cannot necessarily observe structural and environmental problems, such as pipe corrosion, when an inspection is made. We may not be able to obtain contractual indemnities from the seller for liabilities created prior to our purchase of the property. We may be required to assume the risk of the physical condition of the properties in addition to the risk that the properties may not perform in accordance with our expectations.

### **We may incur losses as a result of title defects in the properties in which we invest.**

It is our practice in acquiring oil and natural gas leases or interests not to incur the expense of retaining lawyers to examine the title to the mineral interest. Rather, we rely upon the judgment of oil and gas lease brokers or landmen who perform the fieldwork in examining records in the appropriate governmental office before attempting to acquire a lease in a specific mineral interest. The existence of a material title deficiency can render a lease worthless and can

adversely affect our results of operations and financial condition.

Prior to the drilling of an oil or natural gas well, however, it is the normal practice in our industry for the person or company acting as the operator of the well to obtain a preliminary title review to ensure there are no

S-16

**Table of Contents**

obvious defects in title to the well. Frequently, as a result of such examinations, certain curative work must be done to correct defects in the marketability of the title, and such curative work entails expense. Our failure to cure any title defects may delay or prevent us from utilizing the associated mineral interest, which may adversely impact our ability in the future to increase production and reserves. Additionally, undeveloped acreage has greater risk of title defects than developed acreage. If there are any title defects or defects in the assignment of leasehold rights in properties in which we hold an interest, we will suffer a financial loss.

**If we are unable to complete capital projects in a timely manner, our business, financial condition, results of operations and cash flows could be materially and adversely affected.**

Delays related to capital spending programs involving engineering, procurement and construction of facilities (including improvements and repairs to our existing facilities) could adversely affect our ability to achieve forecasted internal rates of return and operating results. Delays in making required changes or upgrades to our facilities could subject us to fines or penalties as well as affect our ability to supply certain products we produce. Such delays may arise as a result of unpredictable factors, many of which are beyond our control, including:

denial of or delay in receiving requisite regulatory approvals and/or permits;

unplanned increases in the cost of construction materials or labor;

disruptions in transportation of components or construction materials;

adverse weather conditions, natural disasters or other events (such as equipment malfunctions, explosions, fires or spills) affecting our facilities, or those of vendors or suppliers;

shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages;

market-related increases in a project's debt or equity financing costs; and

nonperformance by, or disputes with, vendors, suppliers, contractors or subcontractors.

Any one or more of these factors could have a significant impact on our ongoing capital projects.

**Our Canadian oil sands projects are complex undertakings and may not be completed at our estimated cost or at all.**

We, through our wholly-owned subsidiary Grizzly Holdings, own a 24.9% interest in Grizzly. As of December 31, 2014, Grizzly had approximately 830,000 net acres under lease in the Athabasca, Peace River and Cold Lake oil sands regions of Alberta, Canada. Our total net investment in Grizzly was approximately \$180.2 million as of December 31, 2014. Grizzly has three oil sands projects in various stages of development. Grizzly commenced commercial production from its Algar Lake Phase 1 SAGD oil sand project during the second quarter of 2014 and has received

regulatory approval for up to 11,300 barrels per day of bitumen production. Grizzly produced approximately 1,400 barrels of bitumen per day at its Algar Lake SAGD project during the fourth quarter of 2014. Due to the current level of commodity prices, in April 2015 Grizzly determined to cease bitumen production at its Algar Lake facility. Grizzly intends to monitor market conditions as it accesses future plans for the facility. In the first quarter of 2012, Grizzly acquired the May River property comprising approximately 47,000 acres. An initial 12,000 barrel per day development application was filed with the regulatory authorities in the fourth quarter of 2013, covering the eastern portion of the May River lease. The development application continues to move through the regulatory process and is expected to be approved by mid-2015. In the first quarter of 2014, a 2-D seismic program covering approximately 83 kilometers was completed to more fully define the resource over the remaining lease beyond the development application area. At the Thickwood thermal project, a development application for a 12,000 barrel per day oil sands project was filed in the fourth quarter of 2012. Since then, the AER announced it is implementing a policy for future regulatory requirements for reservoir containment in shallow SAGD areas, which impacts the Thickwood

S-17

## **Table of Contents**

application. Additional work to advance the Thickwood application will be required and is expected to be addressed once the May River development approval is received. Grizzly has also developed delineation drilling, seismic and regulatory work plans at its Cadotte, Peace River property. Grizzly is pursuing a rail marketing strategy to ensure consistent and flexible access to premium markets for its production, including its Windell truck to rail terminal located near Conklin, Alberta, which commenced transloading blended bitumen production from Algar Lake on to rail cars for delivery to the U.S. Gulf Coast markets in the second quarter of 2014. These are complex projects and additional financing may be required. There can be no assurance that such financing, if required, could be obtained on commercially reasonable terms or at all, or that if one or more of these projects are completed that they will be successful or that we realize a return on our investment.

### **The unavailability, high cost or shortages of rigs, equipment, raw materials, supplies, oilfield services or personnel may restrict our operations.**

The oil and natural gas industry is cyclical, which can result in shortages of drilling rigs, equipment, raw materials (particularly sand and other proppants), supplies and personnel. When shortages occur, the costs and delivery times of rigs, equipment and supplies increase and demand for and wage rates of qualified drilling rig crews also rise with increases in demand. In accordance with customary industry practice, we rely on independent third party service providers to provide most of the services necessary to drill new wells. If we are unable to secure a sufficient number of drilling rigs at reasonable costs, our financial condition and results of operations could suffer, and we may not be able to drill all of our acreage before our leases expire. Shortages of drilling rigs, equipment, raw materials (particularly sand and other proppants), supplies, personnel, trucking services, tubulars, fracking and completion services and production equipment could delay or restrict our exploration and development operations, which in turn could impair our financial condition and results of operations.

### **We rely on a few key employees whose absence or loss could disrupt our operations resulting in a loss of revenues.**

Many key responsibilities within our business have been assigned to a small number of employees. The loss of their services, particularly the loss of Michael G. Moore, our Chief Executive Officer and President, Aaron Gaydosik, our Chief Financial Officer, and our geophysicists or our lead operations personnel, could disrupt our operations resulting in a loss of revenues. Our executives are not restricted from competing with us if they cease to be employed by us, except under certain limited circumstances prohibiting competition while making use of our trade secrets. We are party to an employment agreement with each of these executive officers. As a practical matter, however, employment agreements may not assure the retention of our employees. Further, we do not maintain key person life insurance policies on any of our employees. As a result, we are not insured against any losses resulting from the death of our key employees.

### **Estimates of oil and natural gas reserves are uncertain and may vary substantially from actual production.**

There are numerous uncertainties associated with estimating quantities of proved reserves and in projecting future rates of production and timing of expenditures. The reserve information herein represents estimates prepared by (i) Ryder Scott with respect to our Utica Shale acreage at December 31, 2014, 2013 and 2012, (ii) NSAI with respect to our WCBB, Hackberry and Niobrara fields at each of December 31, 2014, 2013 and 2012 and (iii) our personnel with respect to our overriding royalty and non-operated interests at December 31, 2014, 2013 and 2012. Petroleum engineering is not an exact science. Information relating to our proved oil and natural gas reserves is based upon engineering estimates. Estimates of economically recoverable oil and natural gas reserves and of future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, future site restoration and abandonment costs, the assumed

effects of regulations by governmental agencies and assumptions concerning future oil and natural gas prices, future operating costs, severance and excise taxes, capital expenditures and workover and remedial costs, all of which may in fact vary considerably from actual

S-18



**Table of Contents**

results. For these reasons, estimates of the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of the future net cash flows expected therefrom prepared by different engineers or by the same engineers at different times may vary substantially. Actual production, revenues and expenditures with respect to our reserves will likely vary from estimates, and such variances may be material.

Estimates of reserves as of year-end 2014, 2013 and 2012 were prepared using an average price equal to the unweighted arithmetic average of hydrocarbon prices received on a field-by-field basis on the first day of each month within the 12-month period ended December 31, 2014, 2013 and 2012, respectively, in accordance with the revised guidelines of the SEC applicable to reserves estimates for such years. Reserve estimates do not include any value for probable or possible reserves that may exist, nor do they include any value for undeveloped acreage. The reserve estimates represent our net revenue interest in our properties.

The present value of future net revenues from our proved reserves is not necessarily the same as the current market value of our estimated oil and natural gas reserves. We base the estimated discounted future net revenue from our proved reserves for 2014, 2013 and 2012 on an average price equal to the unweighted arithmetic average of prices received on a field-by-field basis on the first day of each month within the 12-month period ended December 31, 2014, 2013 and 2012, respectively, in accordance with the revised guidelines of the SEC applicable to reserves estimates for such years. However, actual future net revenues from our oil and natural gas properties also will be affected by factors such as:

actual prices we receive for oil and natural gas;

the amount and timing of actual production;

supply of and demand for oil and natural gas; and

changes in governmental regulations or taxation.

The timing of both our production and our incurrence of costs in connection with the development and production of oil and natural gas properties will affect the timing of actual future net revenues from proved reserves, and thus their actual present value. In addition, the 10% discount factor we use when calculating discounted future net cash flows may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and natural gas industry in general.

**SEC rules could limit our ability to book additional proved undeveloped reserves in the future.**

SEC rules require that, subject to limited exceptions, proved undeveloped reserves may only be booked if they relate to wells scheduled to be drilled within five years after the date of booking. This requirement has limited and may continue to limit our ability to book additional proved undeveloped reserves as we pursue our drilling program. Moreover, we may be required to write down our proved undeveloped reserves if we do not drill those wells within the required five-year timeframe.

**The development of our proved undeveloped reserves may take longer and may require higher levels of capital expenditures than we currently anticipate.**

Approximately 51.4% of our total estimated proved reserves at December 31, 2014, were proved undeveloped reserves and may not be ultimately developed or produced. Recovery of proved undeveloped reserves requires significant capital expenditures and successful drilling operations. The reserve data included in the reserve reports of our independent petroleum engineers assume that substantial capital expenditures are required to develop such reserves. We cannot be certain that the estimated costs of the development of these reserves are accurate, that development will occur as scheduled or that the results of such development will be as estimated. Delays in the development of our reserves or increases in costs to drill and develop such reserves will

S-19

## Table of Contents

reduce the future net revenues of our estimated proved undeveloped reserves and may result in some projects becoming uneconomical. In addition, delays in the development of reserves could force us to reclassify certain of our proved reserves as unproved reserves.

**There are numerous uncertainties in estimating quantities of bitumen reserves and resources in connection with our equity investment in Grizzly and the indicated level of reserves or recovery of bitumen may not be realized.**

There are numerous uncertainties in estimating quantities of bitumen reserves and resources, and the indicated level of reserves or recovery of bitumen may not be realized. In general, estimates of economically recoverable bitumen reserves and the future net cash flow from such reserves are based upon a number of factors and assumptions made as of the date on which the reserve and resource estimates were determined, such as geological and engineering estimates which have uncertainties, the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain and classifications of reserves are only attempts to define the degree of uncertainty involved. For these reasons, estimates of the economically recoverable bitumen, the classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially.

Estimates with respect to reserves and resources that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history may result in variations in the estimated reserves. Reserve and resource estimates may require revision based on actual production experience. Reserve and resources estimates are determined with reference to assumed oil prices and operating costs. Market price fluctuations of oil prices may render uneconomic the recovery of certain grades of bitumen. The actual gravity or quality of bitumen to be produced from Grizzly's lands cannot be determined at this time.

**The marketability of our production is dependent upon compressors, gathering lines, transportation barges and other facilities, certain of which we do not control. When these facilities are unavailable, our operations can be interrupted and our revenues reduced.**

The marketability of our oil and natural gas production depends in part upon the availability, proximity and capacity of natural gas lines and transportation barges owned by third parties. In general, we do not control these transportation facilities and our access to them may be limited or denied. A significant disruption in the availability of these transportation facilities or our compression and other production facilities could adversely impact our ability to deliver to market or produce our oil and natural gas and thereby cause a significant interruption in our operations. We are at particular risk with respect to oil and natural gas produced at our WCBB field and from our Utica Shale acreage. In October 2006, for example, a natural gas line in our WCBB field operated by our natural gas purchaser was ruptured by a third party contractor, requiring the field to be shut in for approximately seven weeks until the line could be repaired. Further, we are dependent on our oil purchaser to provide the barges necessary to transport our oil production from the WCBB field. With respect to our Utica Shale acreage where we are focusing a significant portion of our exploration and development activity, historically there has been no or only limited infrastructure in this area and the commencement of production from our initial and subsequent wells on our Utica Shale acreage has been delayed due to challenges in obtaining rights-of-way and acquiring necessary state and federal permitting and the completion of facilities by our midstream service provider. If we are unable, for any sustained period, to have access to acceptable delivery or transportation arrangements or encounter compression or other production related difficulties, we will be required to shut in or curtail production from the impacted field(s). Any such shut in or

curtailment, or an inability to obtain favorable terms for delivery of the oil and natural gas produced from our fields, would adversely affect our financial condition and results of operations.

S-20

**Table of Contents**

**Substantially all of our producing properties are located in Eastern Ohio and Louisiana, making us vulnerable to risks associated with operating in these regions.**

Our largest fields by production are located in Eastern Ohio and approximately five miles off the coast of Louisiana in a shallow bay with water depths averaging eight to ten feet. As a result, we may be disproportionately exposed to the impact of delays or interruptions of production in these geographic regions caused by weather conditions such as snow, ice, fog, rain, hurricanes or other natural disasters or lack of field infrastructure. Losses could occur for uninsured risks or in amounts in excess of any existing insurance coverage. We may not be able to obtain and maintain adequate insurance at rates we consider reasonable and it is possible that certain types of coverage may not be available.

**Our identified drilling locations, which are part of our anticipated future drilling plans, are susceptible to uncertainties that could materially alter the occurrence or timing of their drilling.**

We have identified over 1,000 drilling locations on our Ohio, Louisiana and Western Colorado properties assuming full development of all of our acreage. These drilling locations represent a significant part of our growth strategy. Our ability to drill and develop these locations depends on a number of uncertainties, including the availability of capital, oil and natural gas prices, inclement weather, costs, drilling results and regulatory changes. Because of these uncertainties, we do not know if the numerous potential drilling locations we have identified will ever be drilled or if we will be able to produce oil or natural gas from these or any other potential drilling locations. As such, our actual drilling activities may materially differ from those presently identified, which could adversely affect our business.

**Drilling for and producing oil and natural gas are high-risk activities with many uncertainties that may result in a total loss of investment and adversely affect our business, financial condition or results of operations.**

Our drilling activities are subject to many risks. For example, we cannot assure you that new wells drilled by us will be productive or that we will recover all or any portion of our investment in such wells. Drilling for oil and natural gas often involves unprofitable efforts, not only from dry wells but also from wells that are productive but do not produce sufficient oil or natural gas to return a profit at then realized prices after deducting drilling, operating and other costs. The seismic data and other technologies we use do not allow us to know conclusively prior to drilling a well that oil or natural gas is present or that it can be produced economically. The costs of exploration, exploitation and development activities are subject to numerous uncertainties beyond our control, and increases in those costs can adversely affect the economics of a project. Further, our drilling and producing operations may be curtailed, delayed, canceled or otherwise negatively impacted as a result of other factors, including:

unusual or unexpected geological formations;

loss of drilling fluid circulation;

title problems;

facility or equipment malfunctions;

unexpected operational events;

shortages or delivery delays of equipment and services;

compliance with environmental and other governmental requirements; and

adverse weather conditions.

Any of these risks can cause substantial losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution, environmental contamination or loss of wells and other regulatory penalties.

S-21

## **Table of Contents**

### **Operating hazards and uninsured risks may result in substantial losses and could prevent us from realizing profits.**

Our operations are subject to all of the hazards and operating risks associated with drilling for and production of oil and natural gas, including the risk of fire, explosions, blowouts, surface cratering, uncontrollable flows of natural gas, oil and formation water, pipe or pipeline failures, abnormally pressured formations, casing collapses and environmental hazards such as oil spills, gas leaks, ruptures or discharges of toxic gases. In addition, our operations are subject to risks associated with hydraulic fracturing, including any mishandling, surface spillage or potential underground migration of fracturing fluids, including chemical additives. We may face liability for environmental damage caused by previous owners of properties purchased by us, which liabilities may or may not be covered by insurance. The occurrence of any of these events could result in substantial losses to us due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigations and penalties, suspension of operations and repairs required to resume operations.

In accordance with what we believe to be customary industry practice, we historically have maintained insurance against some, but not all, of our business risks. Our insurance may not be adequate to cover any losses or liabilities we may suffer. Also, insurance may no longer be available to us or, if it is, its availability may be at premium levels that do not justify its purchase. The occurrence of a significant uninsured claim, a claim in excess of the insurance coverage limits maintained by us or a claim at a time when we are not able to obtain liability insurance could have a material adverse effect on our ability to conduct normal business operations and on our financial condition, results of operations or cash flow. We may not be able to secure additional insurance or bonding that might be required by new governmental regulations. This may cause us to restrict our operations, which might severely impact our financial position. A loss not fully covered by insurance could have a material adverse effect on our financial position, results of operations and cash flows.

### **Our operations may be exposed to significant delays, costs and liabilities as a result of environmental, health and safety requirements applicable to our business activities.**

We may incur significant delays, costs and liabilities as a result of federal, state and local environmental, health and safety requirements applicable to our exploration, development and production activities. These laws and regulations may, among other things: (i) require us to obtain a variety of permits or other authorizations governing our air emissions, water discharges, waste disposal or other environmental impacts associated with drilling, producing and other operations; (ii) regulate the sourcing and disposal of water used in the drilling, fracturing and completion processes; (iii) limit or prohibit drilling activities in certain areas and on certain lands lying within wilderness, wetlands, frontier and other protected areas; (iv) require remedial action to prevent or mitigate pollution from former operations such as plugging abandoned wells or closing earthen pits; and/or (v) impose substantial liabilities for spills, pollution or failure to comply with regulatory filings. In addition, these laws and regulations may restrict the rate of oil or natural gas production. These laws and regulations are complex, change frequently and have tended to become increasingly stringent over time. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of cleanup and site restoration costs and liens, the suspension or revocation of necessary permits, licenses and authorizations, the requirement that additional pollution controls be installed and, in some instances, issuance of orders or injunctions limiting or requiring discontinuation of certain operations. Under certain environmental laws that impose strict as well as joint and several liability, we may be required to remediate contaminated properties currently or formerly operated by us or facilities of third parties that received waste generated by our operations regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property, including natural resources, may result

from the environmental, health and safety impacts of our operations. In addition, the risk of accidental and/or unpermitted spills or releases from our operations could expose us to significant liabilities, penalties and other sanctions under applicable laws.

S-22



## **Table of Contents**

Moreover, public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the crude oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. To the extent laws are enacted or other governmental action is taken that restricts drilling or imposes more stringent and costly operating, waste handling, disposal and cleanup requirements, our business, prospects, financial condition or results of operations could be materially adversely affected.

**We have entered into a compliance agreement with the Ohio Division of Oil and Gas Resources Management and, if we fail to comply with the conditions of the compliance agreement, all or part of our drilling and producing operations in the State of Ohio may be suspended.**

In September 2013, we entered into a compliance agreement with the Ohio Division of Oil and Gas Resources Management, or the Division, concerning aspects of our operations at seven drilling sites in Ohio. We had previously notified the Division of brine contamination at these drilling sites. After receipt of this notification, the Division conducted an investigation and determined that certain contaminants were escaping from underneath the containment liners at these locations. In the compliance agreement, we agreed, among other things, to conduct our production operations in compliance with all requirements of applicable regulations, implement a remediation plan and make a payment of \$250,000. We are continuing to work with the Division to fulfill our obligations under the compliance agreement and to enhance our materials handling protocols. If the Chief of the Division determines that we have failed to comply with the conditions set forth in the compliance agreement, the Chief may suspend all or part of our drilling and production operations in the State of Ohio for a period determined by the Chief, and we could incur additional penalties and costs.

**Our development and exploratory drilling efforts and our well operations may not be profitable or achieve our targeted returns.**

We acquire significant amounts of unproved property in order to further our development efforts and expect to continue to undertake acquisitions in the future, such as our pending acquisition of Paloma. Development and exploratory drilling and production activities are subject to many risks, including the risk that no commercially productive reservoirs will be discovered. We acquire unproved properties and lease undeveloped acreage that we believe will enhance our growth potential and increase our earnings over time. However, we cannot assure you that all prospects will be economically viable or that we will not abandon our investments. Additionally, we cannot assure you that unproved property acquired by us or undeveloped acreage leased by us will be profitably developed, that new wells drilled by us in prospects that we pursue will be productive or that we will recover all or any portion of our investment in such unproved property or wells.

Drilling for oil and natural gas may involve unprofitable efforts, not only from dry wells but also from wells that are productive but do not produce sufficient commercial quantities to cover the drilling, operating and other costs. The cost of drilling, completing and operating a well is often uncertain, and many factors can adversely affect the economics of a well or property. Drilling operations may be curtailed, delayed or canceled as a result of unexpected drilling conditions, equipment failures or accidents, shortages of equipment or personnel, environmental issues and for other reasons. In addition, wells that are profitable may not meet our internal return targets, which are dependent upon the current and expected future market prices for oil and natural gas, expected costs associated with producing oil and natural gas and our ability to add reserves at an acceptable cost. Drilling results in our newer oil, liquids and dry gas-rich shale plays may be more uncertain than in shale plays that are more developed and have longer established production histories, and we can provide no assurance that drilling and completion techniques that have proven to be successful in other shale formations to maximize recoveries will be ultimately successful when used in newly developed shale formations.

S-23

---

**Table of Contents**

**Part of our strategy involves drilling in existing or emerging shale plays using the latest available horizontal drilling and completion techniques; therefore, the results of our planned exploratory drilling in these plays are subject to risks associated with drilling and completion techniques and drilling results may not meet our expectations for reserves or production.**

Our operations involve utilizing the latest drilling and completion techniques as developed by us and our service providers. Risks that we face while drilling include, but are not limited to, landing our well bore in the desired drilling zone, staying in the desired drilling zone while drilling horizontally through the formation, running our casing the entire length of the well bore and being able to run tools and other equipment consistently through the horizontal well bore. Risks that we face while completing our wells include, but are not limited to, being able to fracture stimulate the planned number of stages, being able to run tools the entire length of the well bore during completion operations and successfully cleaning out the well bore after completion of the final fracture stimulation stage. In addition, to the extent we engage in horizontal drilling, those activities may adversely affect our ability to successfully drill in one or more of our identified vertical drilling locations. Furthermore, certain of the new techniques we are adopting, such as infill drilling and multi-well pad drilling, may cause irregularities or interruptions in production due to, in the case of infill drilling, offset wells being shut in and, in the case of multi-well pad drilling, the time required to drill and complete multiple wells before any such wells begin producing. The results of our drilling in new or emerging formations are more uncertain initially than drilling results in areas that are more developed and have a longer history of established production. Newer or emerging formations and areas often have limited or no production history and consequently we are less able to predict future drilling results in these areas.

Ultimately, the success of these drilling and completion techniques can only be evaluated over time as more wells are drilled and production profiles are established over a sufficiently long time period. If our drilling results are less than anticipated or we are unable to execute our drilling program because of capital constraints, lease expirations, access to gathering systems, and/or declines in natural gas and oil prices, the return on our investment in these areas may not be as attractive as we anticipate. Further, as a result of any of these developments we could incur material write-downs of our oil and natural gas properties and the value of our undeveloped acreage could decline in the future.

**We have been an early entrant into the Utica Shale in Eastern Ohio. As a result, our drilling results in this area may vary, and the value of our undeveloped acreage will decline if drilling results are unsuccessful.**

We spud our first well, the Wagner 1-28H, on our Utica Shale acreage in February 2012 and, as of December 31, 2014, had spud 151 wells, 101 of which had been completed and were producing. In 2014, we spud 85 gross (67.2 net) wells, of which 36 were completed as producing wells, two were non-productive and, as of December 31, 2014, 41 were in various stages of completion and six were still being drilled. As of February 13, 2015, we had spud five gross (four net) wells during 2015. As of February 13, 2015, three of these wells were in various stages of completion and two were still being drilled. In addition, 110 gross (13.3 net) wells were drilled by other operators on our Utica Shale acreage during 2014. We currently intend to drill 50 to 56 gross (32 to 36 net) wells on our Utica Shale acreage in 2015 and anticipate an additional 11 to 16 gross (four to six net) wells will be drilled by other operators on our Utica Shale acreage in 2015.

While our costs to acquire undeveloped acreage in this emerging play have generally been less than those of later entrants into a developing play, our drilling results in this area are more uncertain than drilling results in areas that are developed and producing. Since the Utica Shale has limited production history and since we have limited experience drilling in this play, it is difficult to predict our future drilling results. Our cost of drilling, completing and operating wells in this area may be higher than initially expected, and the value of our undeveloped acreage in the Utica Shale may decline if drilling results are unsuccessful. We cannot assure you that unproved property acquired, or undeveloped acreage leased, by us in the Utica Shale or other emerging plays will be profitably developed, that wells

drilled by us in prospects that we pursue will be productive or that we will recover all or any portion of our investment in such unproved property or wells.

S-24

**Table of Contents**

**Part of our strategy involves using some of the latest available horizontal drilling and completion techniques, which involve risks and uncertainties in their application.**

Our operations involve utilizing some of the latest drilling and completion techniques as developed by us and our service providers. Risks that we face while drilling include, but are not limited to, the following:

effectively controlling the level of pressure flowing from particular wells;

landing our wellbore in the desired drilling zone;

staying in the desired drilling zone while drilling horizontally through the formation;

running our casing the entire length of the wellbore; and

being able to run tools and other equipment consistently through the horizontal wellbore.

Risks that we face while completing our wells include, but are not limited to, the following:

the ability to fracture stimulate the planned number of stages;

the ability to run tools the entire length of the wellbore during completion operations; and

the ability to successfully clean out the wellbore after completion of the final fracture stimulation stage

The results of our drilling in new or emerging formations are more uncertain initially than drilling results in areas that are more developed and have a longer history of established production. Newer or emerging formations and areas have limited or no production history and, consequently, we are more limited in assessing future drilling results in these areas. If our drilling results are less than anticipated, the return on our investment for a particular project may not be as attractive as we anticipated and we could incur material write-downs of unevaluated properties and the value of our undeveloped acreage could decline in the future.

**We are not the operator of all of our oil and natural gas properties and therefore are not in a position to control the timing of development efforts, the associated costs or the rate of production of the reserves on such properties.**

We are not the operator of all of the properties in which we have an interest, and have limited ability to exercise influence over the operations of such non-operated properties or their associated costs. Dependence on the operator and other working interest owners for these projects, and limited ability to influence operations and associated costs, could prevent the realization of targeted returns on capital in drilling or acquisition activities. The success and timing of development and exploitation activities on properties operated by others will depend upon a number of factors that

will be largely outside of our control, including:

the timing and amount of capital expenditures;

the availability of suitable drilling equipment, production and transportation infrastructure and qualified operating personnel;

the operator's expertise and financial resources;

approval of other participants in drilling wells;

selection of technology; and

the rate of production of the reserves.

In addition, when we are not the majority owner or operator of a particular oil or natural gas project, if we are not willing or able to fund our capital expenditures relating to such projects when required by the majority owner or operator, our interests in these projects may be reduced or forfeited.

S-25

## **Table of Contents**

**A significant portion of our net leasehold acreage is undeveloped, and that acreage may not ultimately be developed or become commercially productive, which could cause us to lose rights under our leases as well as have a material adverse effect on our oil and natural gas reserves and future production and, therefore, our future cash flow and income.**

A significant portion of our net leasehold acreage, including acreage subject to our pending acquisition of Paloma, is undeveloped, or acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and natural gas regardless of whether such acreage contains proved reserves. In addition, many of our oil and natural gas leases require us to drill wells that are commercially productive, and if we are unsuccessful in drilling such wells, we could lose our rights under such leases. Our future oil and natural gas reserves and production and, therefore, our future cash flow and income are highly dependent on successfully developing our undeveloped leasehold acreage.

**Our undeveloped acreage must be drilled before lease expiration to hold the acreage by production. In highly competitive markets for acreage, failure to drill sufficient wells to hold acreage could result in a substantial lease renewal cost or, if renewal is not feasible, loss of our lease and prospective drilling opportunities.**

Unless production is established within the spacing units covering the undeveloped acres on which some of the locations are identified, the leases for such acreage will expire. Our Utica Shale undeveloped acreage leases are scheduled to expire 25% in 2015, 29% in 2016, 5% in 2017, 13% in 2018 and 10% thereafter, although such leases generally grant us the right to extend these leases for an additional five-year period. As of December 31, 2014, leases representing 14%, 31%, 6%, 7% and 24%, respectively, of our total Niobrara Formation undeveloped acreage are scheduled to expire in 2015, 2016, 2017, 2018 and thereafter. The cost to renew expiring leases may increase significantly, and we may not be able to renew such leases on commercially reasonable terms or at all. As such, our actual drilling activities may differ materially from our current expectations, which could adversely affect our business.

**Conservation measures and technological advances could reduce demand for oil and natural gas.**

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices could reduce demand for oil and natural gas. The impact of the changing demand for oil and natural gas services and products may have a material adverse effect on our business, financial condition, results of operations and cash flows.

**Our operations are subject to various governmental laws and regulations which require compliance that can be burdensome and expensive and could expose us to significant liabilities.**

Our oil and natural gas operations are subject to various federal, state and local governmental regulations that may be changed from time to time in response to economic and political conditions. Matters subject to regulation include discharge permits for drilling operations, drilling bonds, reports concerning operations, the spacing of wells, unitization and pooling of properties and taxation. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of oil and natural gas wells below actual production capacity to conserve supplies of oil and gas. In addition, the production, handling, storage, transportation, remediation, emission and disposal of oil and natural gas, by-products thereof and other substances and materials produced or used in connection with oil and natural gas operations are subject to regulation under federal, state and local laws and regulations primarily relating to protection of human health and the environment. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil or criminal penalties, permit revocations, requirements for additional pollution controls and injunctions limiting or prohibiting some or all of our

operations. Moreover, these laws and regulations have continually imposed increasingly strict requirements for water and air pollution control and solid waste management. Significant expenditures may be required to comply with governmental laws and

S-26



**Table of Contents**

regulations applicable to us. We believe the trend of more expansive and stricter environmental legislation and regulations will continue. See Business Regulation Environmental Regulation and Business Regulation Other Regulation of the Oil and Natural Gas Industry included in our most recent Annual Report on Form 10-K incorporated by reference herein for a description of the laws and regulations that affect us.

**Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.**

Hydraulic fracturing is an important common practice that is used to stimulate production of hydrocarbons, particularly natural gas, from tight formations, including shales. The process involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production. The federal Safe Drinking Water Act, or SDWA, regulates the underground injection of substances through the Underground Injection Control, or UIC, program. Hydraulic fracturing is generally exempt from regulation under the UIC program, and the hydraulic fracturing process is typically regulated by state oil and natural gas commissions. The Environmental Protection Agency, or the EPA, however, has in the past taken the position that hydraulic fracturing with fluids containing diesel fuel is subject to regulation under the UIC program, specifically as Class II UIC wells. In addition, on May 9, 2014, the EPA issued an Advanced Notice of Proposed Rulemaking seeking comment on the development of regulations under the Toxic Substances Control Act to require companies to disclose information regarding the chemicals used in hydraulic fracturing. The public comment period ended on September 18, 2014. Also, the EPA is updating chloride water quality criteria for the protection of aquatic life under the Clean Water Act, which criteria are used by states for establishing acceptable discharge limits. The EPA is expected to release draft criteria in early 2016. On April 7, 2015, the EPA published in the Federal Register a proposed rule requiring federal pre-treatment standards for wastewater generated during the hydraulic fracturing process. Hydraulic fracturing stimulation requires the use of a significant volume of water with some resulting flowback, as well as produced water. If adopted, the new pretreatment rules will require operators to pretreat wastewater before transferring it to a treatment facility that discharges to surface water. The proposed rule is undergoing a public comment period, which ends on June 8, 2015, and the EPA is expected to publish a final rule in March 2016. As part of these studies, the EPA has requested that certain companies provide them with information concerning the chemicals used in the hydraulic fracturing process. These studies, depending on their results, could spur initiatives to regulate hydraulic fracturing under the SDWA or otherwise.

Legislation to amend the SDWA to repeal the exemption for hydraulic fracturing from the definition of underground injection and require federal permitting and regulatory control of hydraulic fracturing, as well as legislative proposals to require disclosure of the chemical constituents of the fluids used in the fracturing process, were proposed in recent sessions of Congress.

In August 2012, the EPA published final regulations under the federal Clean Air Act that establish new air emission controls for oil and natural gas production and natural gas processing operations. Specifically, the EPA's rule package includes NSP standards to address emissions of sulfur dioxide and volatile organic compounds, or VOCs, and a separate set of emission standards to address hazardous air pollutants frequently associated with oil and natural gas production and processing activities. The final rule seeks to achieve a 95% reduction in VOCs emitted by requiring the use of reduced emission completions or green completions on all hydraulically-fractured wells constructed or refractured after January 1, 2015. The rules also establish specific new requirements regarding emissions from compressors, controllers, dehydrators, storage tanks and other production equipment. These rules will require a number of modifications to our operations, including the installation of new equipment to control emissions from our wells by January 1, 2015. The EPA received numerous requests for reconsideration of these rules from both industry and the environmental community, and court challenges to the rules were also filed. The EPA intends to issue revised rules that are likely responsive to some of these requests. For example, on September 23, 2013, the EPA published an

amendment extending compliance dates for certain storage vessels. Also, on December 19, 2014, the EPA released final updates and clarifications to the NSP standards. In addition, on January 14, 2015, the EPA announced a series of steps it plans

S-27

---

**Table of Contents**

to take to address methane and smog-forming VOC emissions from the oil and gas industry. Further, on March 23, 2015, the EPA published proposed amendments to its NSP standards to address the definition of low-pressure wells and to remove provisions regarding storage vessels connected or installed in parallel. At this point, we cannot predict the final regulatory requirements or the cost to comply with such requirements with any certainty.

In addition, there are certain governmental reviews either underway or being proposed that focus on environmental aspects of hydraulic fracturing practices. These ongoing or proposed studies, depending on their degree of pursuit and whether any meaningful results are obtained, could spur initiatives to further regulate hydraulic fracturing under the SDWA or other regulatory authorities. The EPA is currently evaluating the potential impacts of hydraulic fracturing on drinking water resources, with results of the study anticipated to be available in early 2015. Also, on February 6, 2015, the EPA released a report with findings and recommendations related to public concern about induced seismic activity from disposal wells. The report recommends strategies for managing and minimizing the potential for significant injection-induced seismic events. The White House Council on Environmental Quality is conducting an administration-wide review of hydraulic fracturing practices. The U.S. Department of Energy has conducted an investigation into practices the agency could recommend to better protect the environment from drilling using hydraulic fracturing completion methods. Additionally, certain members of Congress have called upon the U.S. Government Accountability Office to investigate how hydraulic fracturing might adversely affect water resources, the SEC to investigate the natural gas industry and any possible misleading of investors or the public regarding the economic feasibility of pursuing natural gas deposits in shale formations by means of hydraulic fracturing, and the U.S. Energy Information Administration to provide a better understanding of that agency's estimates regarding natural gas reserves, including reserves from shale formations, as well as uncertainties associated with those estimates.

Several states and local jurisdictions in which we operate or hold oil and natural gas interests have adopted or are considering adopting regulations that could restrict or prohibit hydraulic fracturing in certain circumstances, impose more stringent operating standards and/or require the disclosure of the composition of hydraulic fracturing fluids. For a more detailed discussion of state and local laws and initiatives concerning hydraulic fracturing, see

Business Regulation Regulation of Hydraulic Fracturing included in our most recent Annual Report on Form 10-K incorporated by reference herein. Also, on March 20, 2015, the U.S. Department of Interior released a final rule that requires companies operating on federal and Indian lands to (i) publicly disclose the chemicals used in the hydraulic fracturing process; (ii) confirm its wells meet certain construction and operational standards; and (iii) manage recovered fluids in above-ground storage tanks, with very limited exceptions that must be approved on a case-by-case basis. We plan to use hydraulic fracturing extensively in connection with the development and production of certain of our oil and natural gas properties and any increased federal, state, local, foreign or international regulation of hydraulic fracturing or offshore drilling, including legislation and regulation in the states in which we operate, could reduce the volumes of oil and natural gas that we can economically recover, which could materially and adversely affect our revenues and results of operations.

There has been increasing public controversy regarding hydraulic fracturing with regard to the use of fracturing fluids, impacts on drinking water supplies, use of water and the potential for impacts to surface water, groundwater and the environment generally. A number of lawsuits and enforcement actions have been initiated across the country implicating hydraulic fracturing practices. If new laws or regulations are adopted that significantly restrict hydraulic fracturing, such laws could make it more difficult or costly for us to perform fracturing to stimulate production from tight formations as well as make it easier for third parties opposing the hydraulic fracturing process to initiate legal proceedings based on allegations that specific chemicals used in the fracturing process could adversely affect groundwater. In addition, if hydraulic fracturing is further regulated at the federal, state or local level, our fracturing activities could become subject to additional permitting and financial assurance requirements, more stringent construction specifications, increased monitoring, reporting and recordkeeping obligations, plugging and abandonment requirements and also to attendant permitting delays and potential increases in costs. Such legislative

changes could cause us to incur substantial compliance costs, and compliance or the consequences of any failure to comply by us could have a material adverse effect on our

S-28

## **Table of Contents**

financial condition and results of operations. At this time, it is not possible to estimate the impact on our business of newly enacted or potential federal, state or local laws governing hydraulic fracturing.

### **Restrictions on drilling activities intended to protect certain species of wildlife may adversely affect our ability to conduct drilling activities in some of the areas where we operate.**

Oil and natural gas operations in our operating areas can be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife. Seasonal restrictions may limit our ability to operate in protected areas and can intensify competition for drilling rigs, oilfield equipment, services, supplies and qualified personnel, which may lead to periodic shortages when drilling is allowed. These constraints and the resulting shortages or high costs could delay our operations and materially increase our operating and capital costs. Permanent restrictions imposed to protect endangered species could prohibit drilling in certain areas or require the implementation of expensive mitigation measures. The designation of previously unprotected species in areas where we operate as threatened or endangered could cause us to incur increased costs arising from species protection measures or could result in limitations on our exploration and production activities that could have an adverse impact on our ability to develop and produce our reserves.

### **The adoption of climate change legislation by Congress could result in increased operating costs and reduced demand for the oil and natural gas we produce.**

In December 2009, the EPA issued an Endangerment Finding that determined that emissions of carbon dioxide, methane and other GHGs present an endangerment to public health and the environment because, according to the EPA, emissions of such gases contribute to warming of the earth's atmosphere and other climatic changes. These findings by the EPA allowed the agency to proceed with the adoption and implementation of regulations that would restrict emissions of GHGs under existing provisions of the federal Clean Air Act. Subsequently, the EPA adopted two sets of related rules, one of which purports to regulate emissions of GHGs from motor vehicles and the other of which regulates emissions of GHGs from certain large stationary sources of emissions such as power plants or industrial facilities. The EPA finalized the motor vehicle rule in April 2010 and it became effective in January 2011 and purports to limit emissions of GHGs from motor vehicles. The EPA adopted the stationary source rule, also known as the tailoring rule, in May 2010, and it also became effective in January 2011. The tailoring rule established new GHG emissions thresholds that determine when stationary sources must obtain permits under the PSD and Title V programs of the Clean Air Act. On June 23, 2014, in *UARG v. EPA* the Supreme Court held that stationary sources could not become subject to PSD or Title V permitting solely by reason of their GHG emissions. The Court ruled, however, that the EPA may require installation of best available control technology for GHG emissions at sources otherwise subject to the PSD and Title V programs. On December 19, 2014, the EPA issued two memoranda providing initial guidance on GHG permitting requirements in response to the Court's decision in *UARG v. EPA*. In its preliminary guidance, the EPA indicates it will undertake a rulemaking action no later than December 31, 2015 to rescind any PSD permits issued under the portions of the Tailoring Rule that were vacated by the Court. In the interim, the EPA issued a narrowly crafted no action assurance indicating it will exercise its enforcement discretion not to pursue enforcement of the terms and conditions relating to GHGs in an EPA-issued PSD permit, and for related terms and conditions in a Title V permit. Additionally, in September 2009, the EPA issued a final rule requiring the reporting of GHG emissions from specified large GHG emission sources in the U.S., including natural gas liquids fractionators and local natural gas/distribution companies, beginning in 2011 for emissions occurring in 2010.

In addition, in August 2012, the EPA established NSP standards for volatile organic compounds and sulfur dioxide and an air toxic standard for oil and natural gas production, transmission, and storage. The rules include the first federal air standards for natural gas wells that are hydraulically fractured, or refractured, as well as requirements for several other sources, such as storage tanks and other equipment, and limits methane emissions from these sources in

an effort to reduce GHG emissions.

S-29

---

**Table of Contents**

The EPA has continued to adopt GHG regulations of other industries, such as the September 2013 and June 2014 proposed GHG rules that, if finalized, would set NSP standards for new and existing coal-fired and natural gas-fired power plants, respectively, which could have an adverse effect on our financial condition, results of operation and cash available for distribution to the extent we acquire working interests in the future. The EPA is also considering additional regulation of greenhouse gases as air pollutants. As a result of this continued regulatory focus, future GHG regulations of the oil and gas industry remain a possibility. In addition, the U.S. Congress has from time to time considered adopting legislation to reduce emissions of greenhouse gases and almost one-half of the states have already taken legal measures to reduce emissions of greenhouse gases primarily through the planned development of greenhouse gas emission inventories and/or regional greenhouse gas cap and trade programs. The U.S. Congress has not adopted such legislation at this time, but it may do so in the future, and many states continue to pursue regulations to reduce greenhouse gas emissions. Although it is not possible at this time to predict how legislation or new regulations that may be adopted to address GHG emissions would impact our business, any such future laws and regulations imposing reporting obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur costs to reduce emissions of GHGs associated with our operations. In addition, substantial limitations on GHG emissions could adversely affect demand for the oil and natural gas we produce.

Restrictions on emissions of methane or carbon dioxide that may be imposed in various states could adversely affect the oil and natural gas industry, and state and local climate change initiatives and, at this time, it is not possible to accurately estimate how potential future laws or regulations addressing greenhouse gas emissions would impact our business.

In addition, there has been public discussion that climate change may be associated with extreme weather conditions such as more intense hurricanes, thunderstorms, tornadoes and snow or ice storms, as well as rising sea levels. Another possible consequence of climate change is increased volatility in seasonal temperatures. Some studies indicate that climate change could cause some areas to experience temperatures substantially colder than their historical averages. Extreme weather conditions can interfere with our production and increase our costs and damage resulting from extreme weather may not be fully insured. However, at this time, we are unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting our operations.

**A change in the jurisdictional characterization of some of our assets by federal, state or local regulatory agencies or a change in policy by those agencies may result in increased regulation of our assets, which may cause our revenues to decline and operating expenses to increase.**

Section 1(b) of the Natural Gas Act of 1938, or the NGA, exempts natural gas gathering facilities from regulation by the Federal Energy Regulatory Commission, or FERC. We believe that the natural gas pipelines in our gathering systems meet the traditional tests FERC has used to establish whether a pipeline performs a gathering function and therefore is exempt from FERC's jurisdiction under the NGA. However, the distinction between FERC-regulated transmission services and federally unregulated gathering services is a fact-based determination. The classification of facilities as unregulated gathering is the subject of ongoing litigation, so the classification and regulation of our gathering facilities are subject to change based on future determinations by FERC, the courts or Congress, which could cause our revenues to decline and operating expenses to increase and may materially adversely affect our business, financial condition or results of operations. In addition, FERC has adopted regulations that may subject certain of our otherwise non-FERC jurisdictional facilities to FERC annual reporting and daily scheduled flow and capacity posting requirements. Additional rules and legislation pertaining to those and other matters may be considered or adopted by FERC from time to time. Failure to comply with those regulations in the future could subject us to civil penalty liability, which could have a material adverse effect on our business, financial condition or results of operations.

S-30



## Table of Contents

### **Certain federal income tax deductions currently available with respect to natural gas and oil exploration and development may be eliminated, and additional state taxes on natural gas extraction may be imposed, as a result of future legislation.**

From time to time, legislative proposals are made that would, if enacted, make significant changes to U.S. tax laws. These proposed changes have included, but are not limited to, (i) eliminating the immediate deduction for intangible drilling and development costs, (ii) eliminating the deduction from income for domestic production activities relating to oil and natural gas exploration and development, (iii) the repeal of the percentage depletion allowance for oil and natural gas properties, (iv) an extension of the amortization period for certain geological and geophysical expenditures and (v) implementing certain international tax reforms.

These proposed changes in the U.S. tax law, if adopted, or other similar changes that reduce or eliminate deductions currently available with respect to natural gas and oil exploration and development, could adversely affect our business, financial condition, results of operations and cash flows.

In February 2015, the Governor of Ohio proposed a plan to enact new severance taxes on the oil and gas industry as part of the state budget proposal to finance a reduction in personal income taxes and other initiatives. The proposal would impose a 6.5% tax on oil and gas sold at the wellhead. The Budget will be considered and debated through the Spring and passed in some form by June 30, 2015.

### **We face extensive competition in our industry.**

The oil and natural gas industry is intensely competitive, and we compete with other companies that have greater resources. Many of these companies not only explore for and produce oil and natural gas, but also carry on midstream and refining operations and market petroleum and other products on a regional, national or worldwide basis. These competitors may be better positioned to take advantage of industry opportunities and to withstand changes affecting the industry, such as fluctuations in oil and natural gas prices and production, the availability of alternative energy sources and the application of government regulation.

### **We depend upon a limited number of customers for the sale of most of our oil and natural gas production. The loss of one or more of these purchasers could, among other factors, limit our access to suitable markets for the oil and natural gas we produce.**

The oil and natural gas we produce in Louisiana is sold to purchasers who service the areas where our wells are located. We sell the majority of our oil to Shell Trading Company, or Shell. Shell takes custody of the oil at the outlet from our oil storage barge. Our production from WCBB is being sold in accordance with the Shell posted price for West Texas/New Mexico Intermediate crude plus or minus Platt's trade month average P+ value, plus or minus the Platt's HLS/WTI differential less transportation charges. Shell is the purchaser of our Utica Shale oil and pays us WTI less a differential. MarkWest Utica currently markets our Utica Shale NGLs and remits to us a weighted average selling price less a marketing fee. We have NAESBs in place with various purchasers for our Utica Shale natural gas production. In 2014, our Utica Shale natural gas and natural gas liquids were sold under monthly, seasonal and long term contracts and, as needed, through daily trades. The majority of purchases are transacted at the tailgate of the plants with available pricing based on Platts Gas Daily Appalachian Dominion South Point (Dominion Eastern and Dominion Transmission) or Texas Eastern M2 Zone when sold in the Utica Basin. To maintain flow assurance and price stability, and as discussed in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference herein, under Business Transportation and Takeaway Capacity, we have entered into

agreements to transport a portion of our natural gas production out of the Utica Basin. These agreements have pricing based on the appropriate delivery point less transportation charges and fuel. During the year ended December 31, 2014, we sold approximately 99% of our oil production to Shell, 100% of our natural gas liquids production to MarkWest Utica, and 40%, 32% and 19% of our natural gas production to BP, DTE Energy Trading, Inc. and Hess, respectively. During the year ended December 31, 2013, we sold approximately 99% of our oil production to Shell, 100% of our natural gas liquids

S-31

---

**Table of Contents**

production to MarkWest Utica and 32%, 31% and 17% of our natural gas production to Sequent Energy Management, L.P., Hess and Interstate Gas Supply, Inc., respectively. During 2012, we sold approximately 92% and 8% of our oil production to Shell and Diamondback O&G, respectively, 91% of our natural gas liquids production to Diamondback O&G, and 41%, 18% and 16% of our natural gas production to Noble Americas Gas, Hess and Chevron, respectively.

**Our method of accounting for oil and natural gas properties may result in impairment of asset value.**

We use the full cost method of accounting for oil and natural gas operations. Accordingly, all costs, including nonproductive costs and certain general and administrative costs associated with acquisition, exploration and development of oil and natural gas properties, are capitalized. Net capitalized costs are limited to the estimated future net revenues, after income taxes, discounted at 10% per year, from proven oil and natural gas reserves and the cost of the properties not subject to amortization. Such capitalized costs, including the estimated future development costs and site remediation costs, if any, are depleted by an equivalent units-of-production method, converting natural gas to barrels at the ratio of six Mcf of natural gas to one barrel of oil.

Companies that use the full cost method of accounting for oil and gas properties are required to perform a ceiling test each quarter. The test determines a limit, or ceiling, on the book value of the oil and gas properties. Net capitalized costs are limited to the lower of unamortized cost net of deferred income taxes or the cost center ceiling. The cost center ceiling is defined as the sum of (a) estimated future net revenues, discounted at 10% per annum, from proved reserves, based on the 12-month unweighted arithmetic average of the first-day-of-the-month prices for 2014, 2013 and 2012 adjusted for any contract provisions or financial derivatives, if any, that hedge oil and natural gas revenue, excluding the estimated abandonment costs for properties with asset retirement obligations recorded on the balance sheet, (b) the cost of properties not being amortized, if any, and (c) the lower of cost or market value of unproved properties included in the cost being amortized, less income tax effects related to differences between the book and tax basis of the oil and natural gas properties. If the net book value reduced by the related net deferred income tax liability exceeds the ceiling, an impairment or noncash writedown is required. A ceiling test impairment can give us a significant loss for a particular period. Once incurred, a write down of oil and natural gas properties is not reversible at a later date, even if oil or gas prices increase. If prices of oil, natural gas and natural gas liquids decrease, we may be required to further write down the value of our oil and gas properties. Future non-cash asset impairments could negatively affect our results of operations.

**Our use of 2-D and 3-D seismic data is subject to interpretation and may not accurately identify the presence of oil and natural gas, which could adversely affect the results of our drilling operations.**

Even when properly used and interpreted, 2-D and 3-D seismic data and visualization techniques are only tools used to assist geoscientists in identifying subsurface structures and hydrocarbon indicators and do not enable the interpreter to know whether hydrocarbons are, in fact, present in those structures. In addition, the use of 3-D seismic and other advanced technologies requires greater predrilling expenditures than traditional drilling strategies, and we could incur losses as a result of such expenditures. As a result, our drilling activities may not be successful or economical.

**We are exposed to fluctuations in the price of natural gas and oil. Although we have hedged a portion of our estimated 2015 production, we may still be adversely affected by continuing and prolonged declines in the price of natural gas and oil.**

We use fixed price swaps to reduce price volatility associated with certain of our oil and natural gas sales, but these hedges may be inadequate to protect us from continuing and prolonged declines in the price of oil and natural gas. For the period from January 2015 through March 2015, we entered into fixed price swaps for 190,625 MMBtu per day at a weighted average price of \$4.12. For April 2015, we entered into fixed price swaps for 191,250 MMBtu per day at a

weighted average price of \$4.05. For the period from May 2015 through June 2015, we entered into fixed price swaps for 201,250 MMBtu per day at a weighted average price of \$4.05. For

S-32

---

**Table of Contents**

the period from July 2015 through August 2015, we entered into fixed price swaps for 216,875 MMBtu per day at a weighted average price of \$4.04. For September 2015, we entered into fixed price swaps for 246,875 MMBtu per day at a weighted average price of \$3.97. For the period from October 2015 through December 2015, we entered into fixed price swaps for 262,500 MMBtu per day at a weighted average price of \$3.96. For the period from January 2016 through March 2016, we entered into fixed price swaps for 252,500 MMBtu per day at a weighted average price of \$3.82. For April of 2016 we entered into fixed price swaps for 242,500 MMBtu per day at a weighted average price of \$3.81. For the period from May 2016 through December 2016, we entered into fixed price swaps for 172,500 MMBtu per day at a weighted average price of \$3.73. For the period from January 2017 through June 2017, we entered into fixed price swaps for 142,500 MMBtu per day at a weighted average price of \$3.67. For the period from July 2017 through December 2017, we entered into fixed price swaps for 80,000 MMBtu per day at a weighted average price of \$3.45. For the period from January 2018 through December 2018, we entered into fixed price swaps for 30,000 MMBtu per day at a weighted average price of \$3.40. For the period from March 2015 through June 2016, we entered into fixed price swaps for 1,000 barrels of oil per day at a weighted average price of \$62.25. For the period from March 2015 through December 2016, we entered into natural gas basis swap positions, which settle on the pricing index to basis differential of MichCon to the NYMEX Henry Hub natural gas price for 30,000 MMBtu per day at a hedge differential of \$.02 and for 10,000 MMBtu per day at a hedge differential of \$.01. Under the 2015 contracts, we have hedged approximately 47% to 52% of our estimated 2015 production. Such arrangements may expose us to risk of financial loss in certain circumstances, including instances where production is less than expected or oil and natural gas prices increase. Further, to the extent that the price of oil and natural gas remains at current levels or declines further, we will not be able to hedge future production at the same level as our current hedges, and our results of operations and financial condition would be negatively impacted.

**Our hedging transactions expose us to counterparty credit risk.**

Our hedging transactions expose us to risk of financial loss if a counterparty fails to perform under a derivative contract. Disruptions in the financial markets could lead to sudden decreases in a counterparty's liquidity, which could make them unable to perform under the terms of the derivative contract and we may not be able to realize the benefit of the derivative contract.

**The adoption of derivatives legislation by the U.S. Congress could have an adverse effect on our ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with our business.**

The adoption of derivatives legislation by the U.S. Congress could have an adverse effect on our ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with our business. The U.S. Congress adopted the Dodd-Frank Wall Street Reform and Consumer Protection Act (HR 4173), or the Dodd-Frank Act, which, among other provisions, establishes federal oversight and regulation of the over-the-counter derivatives market and entities that participate in that market. The legislation was signed into law by the President on July 21, 2010. In its rulemaking under the legislation, the Commodities Futures Trading Commission, or the CFTC, has issued a final rule on position limits for certain futures and option contracts in the major energy markets and for swaps that are their economic equivalents (with exemptions for certain bona fide hedging transactions). The CFTC's final rule was set aside by the U.S. District Court for the District of Columbia on September 28, 2012 and remanded to the CFTC to resolve ambiguity as to whether statutory requirements for such limits to be determined necessary and appropriate were satisfied. On November 5, 2013, the CFTC re-proposed for public comment a new rule on position limits. In order to provide interested parties an opportunity to comment on various developing issues with respect to the position limit rule, the CFTC reopened the public comment period for this proposed regulation a number of times. The most recent public comment period closed on March 30, 2015. It remains to be seen whether the CFTC will modify the proposed regulation in response to public comments. The

impact of such regulations upon our business is not yet clear. Certain of our hedging and trading activities and those of our counterparties may be subject to the position limits, which may reduce our ability to enter into hedging transactions.

S-33

## **Table of Contents**

In addition, the Dodd-Frank Act does not explicitly exempt end users (such as us) from the requirement to use cleared exchanges, rather than hedging over-the-counter, and the requirements to post margin in connection with hedging activities. While it is not possible at this time to predict when the CFTC will finalize certain other related rules and regulations, the Dodd-Frank Act and related regulations may require us to comply with margin requirements and with certain clearing and trade-execution requirements in connection with our derivative activities, although whether these requirements will apply to our business is uncertain at this time. If the regulations ultimately adopted require that we post margin for our hedging activities or require our counterparties to hold margin or maintain capital levels, the cost of which could be passed through to us, or impose other requirements that are more burdensome than current regulations, our hedging would become more expensive and we may decide to alter our hedging strategy.

The financial reform legislation may also require us to comply with margin requirements and with certain clearing and trade-execution requirements in connection with our existing or future derivative activities, although the application of those provisions to us is uncertain at this time. The financial reform legislation may also require the counterparties to our derivative instruments to spin off some of their derivatives activities to separate entities, which may not be as creditworthy as the current counterparties. The new legislation and any new regulations could significantly increase the cost of derivative contracts (including through requirements to post collateral which could adversely affect our available liquidity), materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure our derivative contracts in existence at that time, and increase our exposure to less creditworthy counterparties. If we reduce or change the way we use derivative instruments as a result of the legislation and regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Finally, the legislation was intended, in part, to reduce the volatility of oil and natural gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil and natural gas. Our revenues could therefore be adversely affected if a consequence of the legislation and regulations is to lower commodity prices. Any of these consequences could have a material adverse effect on our consolidated financial position, results of operations or cash flows.

### **A terrorist attack or armed conflict could harm our business.**

Terrorist activities, anti-terrorist efforts and other armed conflicts involving the United States or other countries may adversely affect the United States and global economies and could prevent us from meeting our financial and other obligations. If any of these events occur, the resulting political instability and societal disruption could reduce overall demand for oil and natural gas, potentially putting downward pressure on demand for our services and causing a reduction in our revenues. Oil and natural gas related facilities could be direct targets of terrorist attacks, and our operations could be adversely impacted if infrastructure integral to our customers' operations is destroyed or damaged. Costs for insurance and other security may increase as a result of these threats, and some insurance coverage may become more difficult to obtain, if available at all.

### **Conservation measures and technological advances could reduce demand for oil and natural gas.**

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices could reduce demand for oil and natural gas. The impact of the changing demand for oil and gas services and products may have a material adverse effect on our business, financial condition, results of operations and cash flows.

### **Loss of our information and computer systems could adversely affect our business.**

We are dependent on our information systems and computer based programs, including our well operations information, seismic data, electronic data processing and accounting data. If any of such programs or systems were to fail or create erroneous information in our hardware or software network infrastructure, possible consequences

S-34



**Table of Contents**

include our loss of communication links, inability to find, produce, process and sell oil and natural gas and inability to automatically process commercial transactions or engage in similar automated or computerized business activities. Any such consequence could have a material adverse effect on our business.

**Risks Relating to Our Indebtedness**

**Our substantial level of indebtedness could adversely affect our business, financial condition, results of operations and prospects.**

As of December 31, 2014, on an as adjusted basis after giving effect to the concurrent notes offering and the repayment of all borrowings outstanding under our secured revolving credit facility, we would have had total indebtedness of approximately \$966.5 million, including \$614.7 million attributable to our senior notes and \$350.0 million outstanding under the notes from our concurrent notes offering. As of December 31, 2014, on an historical basis, we had borrowing base availability of \$306.4 million under our secured revolving credit facility after giving effect to an aggregate of \$43.6 million of letters of credit and outstanding borrowings of \$100.0 million. In April 2015, our borrowing base was increased from \$450.0 million to \$575.0 million.

Our outstanding indebtedness could have important consequences to you, including the following:

our high level of indebtedness could make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations under any of our debt instruments, including restrictive covenants, could result in a default under our secured revolving credit facility or the senior note indenture;

the restrictions imposed on the operation of our business by the terms of our debt agreements may hinder our ability to take advantage of strategic opportunities to grow our business;

our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, restructuring, acquisitions or general corporate purposes may be impaired, which could be exacerbated by further volatility in the credit markets;

we must use a substantial portion of our cash flow from operations to pay interest on our outstanding senior notes and our other indebtedness, which will reduce the funds available to us for operations and other purposes;

our high level of indebtedness could place us at a competitive disadvantage compared to our competitors that may have proportionately less debt;

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

our high level of indebtedness makes us more vulnerable to economic downturns and adverse developments in our business; and

we may be vulnerable to interest rate increases, as our borrowings under our secured revolving credit facility are at variable interest rates.

Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, if we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, or interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest. More specifically,

S-35

## **Table of Contents**

the lenders under our secured revolving credit facility could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or litigation.

### **We may not have sufficient funds to repay borrowings under our secured revolving credit facility if required as a result of a borrowing base redetermination.**

Availability under our secured revolving credit facility is currently subject to a borrowing base of \$575.0 million. In the event of an issuance of debt securities, such as the senior notes proposed to be issued in the concurrent notes offering, the borrowing base under our secured revolving credit facility is reduced by an amount determined by lenders holding at least 66  $\frac{2}{3}$ % of the commitments under such facility. The Bank of Nova Scotia (an affiliate of Scotia Capital (USA) Inc.), as Administrative Agent and Lead Arranger under our secured revolving credit facility, will be recommending to the lenders under our secured revolving credit facility a \$0 reduction in the borrowing base upon the issuance of the notes contemplated by the concurrent notes offering, subject to approval of 66  $\frac{2}{3}$ % of the commitments under our secured revolving credit facility. While The Bank of Nova Scotia (12.2% of the borrowing base) and Credit Suisse AG, an affiliate of Credit Suisse Securities (USA) LLC (10.8% of the borrowing base) have already approved the recommendation for a \$0 reduction in the borrowing base upon the issuance of the notes contemplated by the concurrent notes offering, there can be no assurance the requisite approvals will be received. The borrowing base is also redetermined by the lenders on a semiannual basis. Additionally, the required lenders have the right to request one additional borrowing base redetermination in between scheduled redeterminations, and also have the right to redetermine the borrowing base upon the amendment, modification or termination of any swap contract. In addition, our borrowing base will be reduced in connection with certain asset dispositions.

We intend to repay all borrowings outstanding under our secured revolving credit facility (\$300.0 million as of the date of this prospectus supplement) with a portion of the proceeds from the concurrent notes offering, although we intend to reborrow under our secured revolving credit facility in the future. If the outstanding borrowings under our secured revolving credit facility were to exceed the borrowing base as a result of any redetermination due to continued decreases in commodity prices or otherwise, we would be required to eliminate this excess. If we are forced to repay a portion of our bank borrowings, we may not have sufficient funds to make such repayments. If we do not have sufficient funds and we are otherwise unable to negotiate renewals of our borrowings or arrange new financing, we may have to sell significant assets. Any such sale could have a material adverse effect on our business and financial results.

### **Servicing our indebtedness requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial indebtedness.**

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as reducing or delaying capital expenditures, selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. However, we cannot assure you that undertaking alternative financing plans, if necessary, would allow us to meet our debt obligations. In the absence of such cash flows, we could have substantial liquidity problems and might be required to sell material assets or operations to attempt to meet our debt service and other obligations.

Our existing debt agreements restrict our ability to use the proceeds from asset sales. We may not be able to consummate those asset sales to raise capital or sell assets at prices that we believe are fair, and proceeds that we do

receive may not be adequate to meet any debt service obligations then due. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at the time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations and have an adverse effect on our financial condition.

S-36

**Table of Contents**

**Despite our current leverage, we may still be able to incur substantially more indebtedness. This could further exacerbate the risks that we and our subsidiaries face.**

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of our existing debt agreements restrict, but in each case will not completely prohibit, us from doing so. In addition, our existing debt agreements allow us to issue additional senior notes under certain circumstances which would also be guaranteed by the guarantors of our outstanding senior notes. Our existing debt agreements also allow us to incur certain other additional secured debt and will allow our subsidiaries that do not guarantee our senior notes to incur additional debt. In addition, our existing debt agreements do not prevent us from incurring other liabilities that do not constitute indebtedness. If new debt or other liabilities are added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

**Restrictive covenants in our existing debt agreements and in future debt instruments may restrict our ability to pursue our business strategies.**

Our existing debt agreements limit, and the terms of any future indebtedness may limit, our ability, among other things, to:

incur or guarantee additional indebtedness;

make certain investments;

declare or pay dividends or make distributions on our capital stock;

prepay subordinated indebtedness;

sell assets including capital stock of restricted subsidiaries;

agree to payment restrictions affecting our restricted subsidiaries;

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;

enter into transactions with our affiliates;

incur liens;

engage in business other than the oil and gas business; and

designate certain of our subsidiaries as unrestricted subsidiaries.

The restrictions contained in these agreements could limit our ability to plan for, or react to, market conditions, meet capital needs, make acquisitions or otherwise restrict our activities or business plans.

A breach of any of these restrictive covenants could result in default under our revolving credit facility. If default occurs, the lenders under our revolving credit facility may elect to declare all borrowings outstanding, together with accrued interest and other fees, to be immediately due and payable, which would result in an event of default under the indenture governing our outstanding senior notes. The lenders will also have the right in these circumstances to terminate any commitments they have to provide further borrowings. If we are unable to repay outstanding borrowings when due, the lenders under our revolving credit facility will also have the right to proceed against the collateral granted to them to secure the indebtedness. If the indebtedness under our revolving credit facility and the senior notes were to be accelerated, we cannot assure you that our assets would be sufficient to repay in full that indebtedness.

**Our borrowings under our secured revolving credit facility expose us to interest rate risk.**

Our earnings are exposed to interest rate risk associated with borrowings under our secured revolving credit facility. Our secured revolving credit facility is structured under floating rate terms, as advances under this facility may be in the form of either base rate loans or eurodollar loans. As such, our interest expense is sensitive

## **Table of Contents**

to fluctuations in the prime rates in the U.S. or, if the eurodollar rates are elected, the eurodollar rates. At December 31, 2014, amounts borrowed under our secured revolving credit facility bore interest at the eurodollar rate of 1.91%. A 1.00% increase in interest rates would increase interest expense by approximately \$1.0 million per year, based on \$100.0 million outstanding under our secured revolving credit facility as of December 31, 2014. As of December 31, 2014, we did not hedge our interest rate risk. An increase in our interest rate at the time we have variable interest rate borrowings outstanding under our secured revolving credit facility will increase our costs, which may have a material adverse effect on our results of operations and financial condition.

### **Risks Related to Our Common Stock and this Offering**

**If our quarterly revenues and operating results fluctuate significantly, the price of our common stock may be volatile.**

Our revenues and operating results may in the future vary significantly from quarter to quarter. If our quarterly results fluctuate, it may cause our stock price to be volatile. We believe that a number of factors could cause these fluctuations, including:

changes in oil and natural gas prices;

changes in production levels;

changes in governmental regulations and taxes;

geopolitical developments;

the level of foreign imports of oil and natural gas; and

conditions in the oil and natural gas industry and the overall economic environment.

Because of the factors listed above, among others, we believe that our quarterly revenues, expenses and operating results may vary significantly in the future and that period-to-period comparisons of our operating results are not necessarily meaningful. You should not rely on the results of one quarter as an indication of our future performance. It is also possible that in some future quarters, our operating results will fall below our expectations or the expectations of market analysts and investors. If we do not meet these expectations, the price of our common stock may decline significantly.

**We do not currently pay dividends on our common stock and do not anticipate doing so in the future.**

We have paid no cash dividends on our common stock, and we may not pay cash dividends on our common stock in the future. We intend to retain any earnings to fund our operations. Therefore, we do not anticipate paying any cash dividends on our common stock in the foreseeable future. In addition, the terms of our credit agreement prohibit the payment of any dividends to the holders of our common stock.

**A change of control could limit our use of net operating losses.**

As of December 31, 2014, we had a net operating loss, or NOL, carry forward of approximately \$3.1 million for federal income tax purposes. Transfers of our stock in the future could result in an ownership change. In such a case, our ability to use the NOLs generated through the ownership change date could be limited. In general, the amount of NOLs we could use for any tax year after the date of the ownership change would be limited to the value of our stock (as of the ownership change date) multiplied by the long-term tax-exempt rate.

**This offering and future sales of our common stock may depress our stock price.**

We have registered our common stock under a registration statement filed with the SEC. Sales of these shares of our common stock in the public market, including the shares sold in this offering, or the perception that these sales may occur, could cause the market price of our common stock to decline. In addition, sales by certain



**Table of Contents**

of our stockholders of their shares could impair our ability to raise capital through the sale of common or preferred stock. As of February 20, 2015, there were 85,684,604 shares of our common stock issued and outstanding, excluding 358,079 shares of unvested restricted stock awarded under our 2013 Restated Stock Incentive Plan and 5,000 shares issuable upon exercise of outstanding options to purchase our common stock granted under our 2013 Restated Stock Incentive Plan.

**We could issue preferred stock which could be entitled to dividend, liquidation and other special rights and preferences not shared by holders of our common stock or which could have anti-takeover effects.**

We are authorized to issue up to 5,000,000 shares of preferred stock, par value \$0.01 per share. Shares of preferred stock may be issued from time to time in one or more series as our board of directors, by resolution or resolutions, may from time to time determine each such series to be distinctively designated. The voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions, if any, of each such series of preferred stock may differ from those of any and all other series of preferred stock at any time outstanding, and, subject to certain limitations of our certificate of incorporation and the Delaware General Corporation Law our board of directors may fix or alter, by resolution or resolutions, the designation, number, voting powers, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof, of each such series preferred stock. The issuance of any such preferred stock could materially adversely affect the rights of holders of our common stock and, therefore, could reduce the value of our common stock.

In addition, specific rights granted to future holders of preferred stock could be used to restrict our ability to merge with, or sell our assets to, a third party. The ability of our board of directors to issue preferred stock could discourage, delay or prevent a takeover of us, thereby preserving control of the company by the current stockholders.

The existence of some provisions in our organizational documents could delay or prevent a change in control of our company, even if that change would be beneficial to our stockholders. Our certificate of incorporation and bylaws contain provisions that may make acquiring control of our company difficult. See [Description of Our Capital Stock](#) [Anti-takeover Effects of Provisions of Our Certificate of Incorporation and Our Bylaws](#) contained in the accompanying prospectus.

**Table of Contents**

**USE OF PROCEEDS**

We estimate that our net proceeds from the sale of 9,500,000 shares of our common stock in this offering will be approximately \$436.4 million, after deducting the underwriting discounts and commissions and estimated offering expenses, or approximately \$501.9 million if the underwriters exercise the option granted by us in full. We intend to use our net proceeds from this offering, together with the net proceeds from our concurrent notes offering, (i) to fund our pending acquisition of Paloma described under the caption Prospectus Supplement Summary Recent Developments The Pending Acquisition, (ii) to repay the current outstanding borrowings under our secured revolving credit facility and (iii) for general corporate purposes, including the funding of a portion of our 2015 capital development plans.

Upon the completion of this offering and the repayment of the outstanding borrowings under our secured revolving credit facility, we expect to have approximately \$504.5 million of borrowing capacity under that facility to further fund our exploration and development activities and for general corporate purposes. All borrowings outstanding under our secured revolving credit facility, together with all accrued and unpaid interest and fees, will be due and payable on June 6, 2018. As of the date of this prospectus supplement, approximately \$300.0 million of borrowings and \$70.5 million of letters of credit were outstanding under our secured revolving credit facility. As of the date of this prospectus supplement, borrowings outstanding under our secured revolving credit facility bore interest at the rate of 2.18% per annum. The borrowings outstanding under our secured revolving credit facility were used to fund our exploration and development activities and for general corporate purposes, including the acquisition of oil and natural gas properties.

In connection with our repayment of the outstanding borrowings under our secured revolving credit facility, certain of the underwriters or their respective affiliates may receive a portion of the proceeds of this offering. See Underwriting (Conflicts of Interest) in this prospectus supplement.

S-40

**Table of Contents****CAPITALIZATION**

The following table sets forth our unaudited cash and cash equivalents and capitalization as of December 31, 2014, on:

an actual basis;

as adjusted to give effect to the sale of shares of our common stock in this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, and the use of a portion of the net proceeds thereof to fund the pending acquisition of Paloma. See Prospectus Supplement Summary Recent Developments The Pending Acquisition. The as adjusted column assumes no exercise of the underwriters' option to purchase 1,425,000 shares of our common stock; and

an as further adjusted basis to give further effect to our concurrent notes offering and the use of a portion of the net proceeds from that offering to repay \$100.0 million of borrowings outstanding under our secured revolving credit facility as of December 31, 2014. See Prospectus Supplement Summary Recent Developments Notes Offering.

You should read this table in conjunction with the information contained in Use of Proceeds, and the information contained in our audited consolidated financial statements and notes thereto, our unaudited consolidated financial statements and notes thereto and in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference herein.

	<b>As of December 31, 2014</b>		
	<b>Actual</b>	<b>As adjusted</b>	<b>As further adjusted</b>
	<b>(in thousands)</b>		
Cash and cash equivalents	\$ 142,340	\$ 277,418	\$ 521,043
Long-term debt (including current maturities):			
Secured revolving credit facility(1)	\$ 100,000	\$ 100,000	
7.750% Senior Notes due 2020	600,000	600,000	600,000
Unamortized original issue (discount) premium, net	14,658	14,658	14,658
Notes issued in concurrent notes offering			350,000
Building loans	1,826	1,826	1,826
Total	716,484	716,484	966,484

Preferred stock, \$.01 par value; 5,000,000 authorized, 30,000 authorized as redeemable 12% cumulative preferred stock, Series A; 0 issued and outstanding  
Stockholders' equity:

Edgar Filing: GULFPORT ENERGY CORP - Form 424B5

Common stock \$0.01 par value, 200,000,000 authorized, 85,655,438 issued and outstanding; 95,155,438 as adjusted and as further adjusted	856	951	951
Paid-in-capital	1,828,602	2,264,871	2,264,871
Accumulated other comprehensive loss	(26,675)	(26,675)	(26,675)
Retained earnings	493,513	493,513	493,513
Total stockholders' equity	2,296,296	2,732,660	2,732,660
Total capitalization	\$ 3,012,780	\$ 3,449,144	\$ 3,699,144

- (1) As of the date of this prospectus supplement, \$300.0 million of borrowings and \$70.5 million of letters of credit were outstanding under our secured revolving credit facility. Availability under our secured revolving credit facility is currently subject to a borrowing base of \$575.0 million. In the event of an issuance of debt securities, such as the senior notes we are proposing to issue in the concurrent notes offering, the borrowing

S-41

**Table of Contents**

base under our secured revolving credit facility is reduced by an amount determined by lenders holding at least  $66\frac{2}{3}\%$  of the commitments under such facility. The Bank of Nova Scotia (an affiliate of Scotia Capital (USA) Inc.), as Administrative Agent and Lead Arranger under our secured revolving credit facility, will be recommending to the lenders under our secured revolving credit facility a \$0 reduction in the borrowing base upon the issuance of the notes contemplated by the concurrent notes offering, subject to approval of  $66\frac{2}{3}\%$  of the commitments under our secured revolving credit facility. While The Bank of Nova Scotia (12.2% of the borrowing base) and Credit Suisse AG, an affiliate of Credit Suisse Securities (USA) LLC (10.8% of the borrowing base) have already approved the recommendation for a \$0 reduction in the borrowing base upon the issuance of the notes contemplated by the concurrent notes offering, there can be no assurance the requisite approvals will be received.

S-42

**Table of Contents****PRICE RANGE OF COMMON STOCK**

Our common stock is listed and traded on The NASDAQ Global Select Market under the symbol GPOR. The following table includes the high and low sales prices for our common stock as reported on The NASDAQ Global Select Market for the periods presented.

	<b>Price Range of Common Stock</b>	
	<b>High</b>	<b>Low</b>
<b>2013</b>		
First Quarter	\$ 47.19	\$ 35.24
Second Quarter	54.07	43.98
Third Quarter	64.73	46.85
Fourth Quarter	69.81	53.93
<b>2014</b>		
First Quarter	\$ 71.35	\$ 52.28
Second Quarter	75.75	58.90
Third Quarter	65.18	51.59
Fourth Quarter	56.72	36.56
<b>2015</b>		
First Quarter	\$ 48.60	\$ 35.00
Second Quarter (through April 15, 2015)	51.06	45.50

The closing price of our common stock on The NASDAQ Global Select Market on April 15, 2015 was \$50.09 per share.

We currently anticipate that we will retain all future earnings, if any, to finance the growth and development of our business. We do not intend to pay cash dividends in the foreseeable future. In addition, our existing credit facility and the senior note indenture limit our ability to pay dividends and make other distributions.

**Table of Contents**

**MATERIAL U.S. FEDERAL INCOME AND ESTATE TAX CONSIDERATIONS FOR NON-U.S. HOLDERS**

The following is a general discussion of material U.S. federal income and estate tax consequences of the ownership and disposition of our common stock by a non-U.S. holder. This discussion deals only with common stock purchased in this offering that is held as a capital asset by a non-U.S. holder. Except as modified for estate tax purposes, the term non-U.S. holder means a beneficial owner of our common stock that is not, for U.S. federal income and estate tax purposes:

an individual who is a citizen or resident of the United States;

a corporation (including any entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate whose income is subject to U.S. federal income taxation regardless of its source; or

a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined under the Internal Revenue Code of 1986, as amended, or the Code) have authority to control all substantial decisions of the trust, or if it has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

An individual may generally be treated as a resident of the United States in any calendar year for U.S. federal income tax purposes, by, among other ways, being present in the United States for at least 31 days in that calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. For purposes of the 183-day calculation, all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year are counted. Residents are taxed for U.S. federal income tax purposes as if they were U.S. citizens.

This discussion is based upon provisions of the Code, and U.S. Treasury Regulations, administrative rulings and judicial decisions, all as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income and estate tax consequences different from those discussed below. This discussion does not address all aspects of U.S. federal income and estate taxation and does not deal with other U.S. federal tax laws (such as gift tax laws) or foreign, state, local or other tax considerations that may be relevant to non-U.S. holders in light of their personal circumstances. In addition, this discussion does not address tax considerations applicable to investors that may be subject to special treatment under the U.S. federal income tax laws, such as (without limitation):

certain former U.S. citizens or residents;

shareholders that hold our common stock as part of a straddle, constructive sale transaction, synthetic security, hedge, conversion transaction or other integrated investment or risk reduction transaction;

shareholders that acquired our common stock through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan;

shareholders that are partnerships or entities treated as partnerships for U.S. federal income tax purposes or other pass-through entities or owners thereof;

Controlled Foreign Corporations;

Passive Foreign Investment Companies;

financial institutions;

insurance companies;

tax-exempt entities;

S-44



## **Table of Contents**

dealers in securities or foreign currencies; and

traders in securities that use a mark-to-market method of accounting for U.S. federal income tax purposes. If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holding our common stock, you should consult your tax advisor.

**Investors considering the purchase of our common stock should consult their own tax advisors regarding the application of the U.S. federal income and estate and gift tax laws to their particular situation as well as the applicability and effect of any state, local or foreign tax laws or tax treaties.**

### **Distributions on Common Stock**

We do not expect to pay any cash distributions on our common stock in the foreseeable future. However, in the event we do make such cash distributions, these distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If any such distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a non-taxable return of capital to the extent of the non-U.S. holder's tax basis in our common stock and thereafter as capital gain from the sale or exchange of such common stock. See **Gain on Disposition of Common Stock**. Dividends paid to a non-U.S. holder of our common stock that are not effectively connected with the non-U.S. holder's conduct of a trade or business within the United States will be subject to U.S. withholding tax at a 30% rate, or if an income tax treaty applies, a lower rate specified by the treaty. In order to receive a reduced treaty rate, a non-U.S. holder must provide to the withholding agent Internal Revenue Service, or IRS, Form W-8BEN (or applicable substitute or successor form) properly certifying eligibility for the reduced rate.

Dividends that are effectively connected with a non-U.S. holder's conduct of a trade or business in the United States and, if an income tax treaty so requires, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States, are taxed on a net income basis at the regular graduated rates and in the manner applicable to United States persons (as defined under the Code). In that case, we will not have to withhold U.S. federal withholding tax if the non-U.S. holder complies with applicable certification and disclosure requirements (which may generally be met by providing an IRS Form W-8ECI). In addition, a branch profits tax may be imposed at a 30% rate (or a lower rate specified under an applicable income tax treaty) on dividends received by a foreign corporation that are effectively connected with its conduct of a trade or business in the United States.

### **Gain on Disposition of Common Stock**

A non-U.S. holder generally will not be subject to U.S. federal income tax on gain recognized on a disposition of our common stock unless:

the gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the United States and, if an income tax treaty applies and so requires, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States, in which case, the gain will be taxed on a net income basis at the rates and in the manner applicable to United States persons (as defined under the Code), and if the non-U.S. holder is a foreign corporation, the branch profits tax described above may also apply;

the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and meets other requirements, in which case, the non-U.S. holder will be subject to a flat 30% tax on the gain derived from the disposition, which may be offset by U.S. source capital losses; or

S-45

---

**Table of Contents**

we are or have been a United States real property holding corporation, or USRPHC, for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition or the period that the non-U.S. holder held our common stock.

Generally, a corporation is a USRPHC if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We have not determined whether we are currently a USRPHC for United States federal income tax purposes, but we believe we currently may be a USRPHC. If we are or become a USRPHC, a non-U.S. holder nonetheless will not be subject to U.S. federal income tax or withholding in respect of any gain realized on a sale or other disposition of our common stock so long as (i) our common stock continues to be regularly traded on an established securities market for U.S. federal income tax purposes (as it currently is) and (ii) such non-U.S. holder does not actually or constructively own, at any time during the applicable period described in the third bullet point, above, more than 5% of our outstanding common stock. Accordingly, a non-U.S. holder who actually or constructively owns more than 5% of our common stock would be subject to U.S. federal income tax and withholding in respect of any gain realized on any sale or other disposition of common stock (taxed in the same manner as gain that is effectively connected income, except that the branch profits tax would not apply). Non-U.S. holders should consult their own advisor about the consequences that could result if we are, or become, a USRPHC.

**Information Reporting and Backup Withholding Tax**

Dividends paid to you will generally be subject to information reporting and may be subject to U.S. backup withholding. You will be exempt from backup withholding if you properly provide a Form W-8BEN certifying under penalties of perjury that you are a non-U.S. holder or otherwise meet documentary evidence requirements for establishing that you are a non-U.S. holder, or you otherwise establish an exemption. Copies of the information returns reporting such dividends and the tax withheld with respect to such dividends also may be made available to the tax authorities in the country in which you reside.

The gross proceeds from the disposition of our common stock may be subject to information reporting and backup withholding. If you receive payments of the proceeds of a disposition of our common stock to or through a U.S. office of a broker, the payment will be subject to both U.S. backup withholding and information reporting unless you properly provide an IRS Form W-8BEN certifying under penalties of perjury that you are a non-U.S. person (and the payor does not have actual knowledge or reason to know that you are a United States person, as defined under the Code) or you otherwise establish an exemption. If you sell your common stock outside the United States through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States, then the U.S. backup withholding and information reporting requirements generally will not apply to that payment. However, U.S. information reporting, but not backup withholding, will generally apply to a payment of sales proceeds, even if that payment is made outside the United States, if you sell your common stock through a non-U.S. office of a broker that has certain relationships with the United States unless the broker has documentary evidence in its files that you are a non-U.S. person and certain other conditions are met, or you otherwise establish an exemption.

Backup withholding is not an additional tax. You may obtain a refund or credit of any amounts withheld under the backup withholding rules that exceed your U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

**Additional Withholding Requirements**

Sections 1471 through 1474 of the Code (provisions which are commonly referred to as FATCA) and the regulations and administrative guidance thereunder may require withholding at a rate of 30% of dividends paid on or after July 1, 2014 and the gross proceeds from the sale of our common stock paid on or after January 1, 2017 to (i) a foreign

financial institution (whether such foreign financial institution is the beneficial owner or an

S-46

**Table of Contents**

intermediary) unless such institution agrees to report and disclose, on an annual basis, information with respect to its U.S. account holders and meets certain other specified requirements or (ii) a non-financial foreign entity (whether such non-financial foreign entity is the beneficial owner or an intermediary) unless such entity certifies that it does not have any substantial United States owners or provides the name, address, and taxpayer identification number regarding the entity's substantial United States owners and such entity meets certain other specified requirements. Accordingly, the entity through which our common stock is held will affect the determination of whether such withholding is required. You should consult your own tax advisors regarding FATCA and whether it may be relevant to your purchase, ownership, and disposition of our common stock.

**Federal Estate Tax**

Our common stock that is owned (or treated as owned) by an individual who is not a citizen or resident of the United States (as specially defined for United States federal estate tax purposes) at the time of death will be included in such individual's gross estate for United States federal estate tax purposes, unless an applicable tax treaty provides otherwise, and, therefore, may be subject to United States federal estate tax.

**THE FOREGOING DISCUSSION IS FOR GENERAL INFORMATION ONLY AND SHOULD NOT BE VIEWED AS TAX ADVICE. INVESTORS CONSIDERING THE PURCHASE OF OUR COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME AND ESTATE AND GIFT TAX LAWS TO THEIR PARTICULAR SITUATION AS WELL AS THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS OR TAX TREATIES.**

**Table of Contents****UNDERWRITING (CONFLICTS OF INTEREST)**

Under the terms and subject to the conditions contained in an underwriting agreement dated April 16, 2015, we have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC and Scotia Capital (USA) Inc. are acting as representatives, the following respective numbers of shares of common stock:

<b>Underwriter</b>	<b>Number of Shares</b>
Credit Suisse Securities (USA) LLC	3,562,495
Scotia Capital (USA) Inc.	1,900,000
Wells Fargo Securities, LLC	380,000
Barclays Capital Inc.	285,000
Capital One Securities, Inc.	285,000
Johnson Rice & Company L.L.C.	285,000
KeyBanc Capital Markets Inc.	285,000
Simmons & Company International	285,000
Sterne, Agee & Leach, Inc.	285,000
SunTrust Robinson Humphrey, Inc.	285,000
Tudor, Pickering, Holt & Co. Securities, Inc.	237,500
Wunderlich Securities Inc.	237,500
Canaccord Genuity Inc.	131,945
GMP Securities LLC	131,945
Heikkinen Energy Securities, LLC	131,945
IBERIA Capital Partners L.L.C.	131,945
Morgan Stanley & Co. LLC	131,945
Seaport Global Securities LLC	131,945
Stifel, Nicolaus & Company, Incorporated	131,945
Tuohy Brothers Investment Research, Inc.	131,945
USCA Securities LLC	131,945
<b>Total</b>	<b>9,500,000</b>

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the option described below.

We have granted to the underwriters a 30-day option to purchase on a pro rata basis up to 1,425,000 additional shares at the initial public offering price less the underwriting discounts and commissions.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus supplement and to selling group members at that price less a selling concession of \$1.074375 per share. After the initial public offering, the underwriters may change the public offering price and concession and discount to broker/dealers.

The following table summarizes the compensation and estimated expenses we will pay:

	<b>Per Share</b>		<b>Without Option</b>	<b>Total With Option</b>
	<b>Without Option</b>	<b>With Option</b>		
Underwriting Discounts and Commissions	\$1.79	\$1.79	\$17,005,000	\$19,555,750
We estimate that our out of pocket expenses for this offering will be approximately \$250,000.				

S-48

**Table of Contents**

We have agreed that, subject to certain exceptions, we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of Credit Suisse Securities (USA) LLC for a period of 60 days after the date of this prospectus supplement.

Our executive officers and directors have agreed that, subject to certain exceptions, including, among others, the right of our executive officers and directors to sell up to an aggregate of 500,000 shares of common stock, as allocated by us, they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse Securities (USA) LLC for a period of 60 days after the date of this prospectus supplement.

Credit Suisse Securities (USA) LLC, in its sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time. When determining whether or not to release the common stock and other securities from lock-up agreements, Credit Suisse Securities (USA) LLC will consider, among other factors, our or the holder's reasons for requesting the release and the number of shares of common stock or other securities for which the release is being requested.

We have agreed to indemnify the underwriters against liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

Our common stock is listed on The NASDAQ Global Select Market under the symbol GPOR.

In connection with the offering, the underwriters may engage in stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option. If the underwriters sell more shares than could be covered by the option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.



Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The NASDAQ Global Select Market or otherwise and, if commenced, may be discontinued at any time.

S-49

**Table of Contents**

A prospectus in electronic format may be made available on the web sites maintained by the underwriters, or selling group members, if any, participating in this offering and the underwriters may distribute prospectuses electronically. The underwriters may agree to allocate a number of shares to selling group members for sale to their online brokerage account holders. Internet distributions will be allocated to selling group members that will make internet distributions on the same basis as other allocations.

Certain of the underwriters and their affiliates have performed investment and commercial banking and advisory services for us and our affiliates from time to time for which they have received customary fees and expenses. In particular, an affiliate of Scotia Capital (USA) Inc. acts as administrative agent, letter of credit issuer and sole lead manager and affiliates of each of Credit Suisse Securities (USA) LLC, Scotia Capital (USA) Inc., Wells Fargo Securities, LLC, Barclays Capital Inc., LLC, KeyBanc Capital Markets Inc. and IBERIA Capital Partners L.L.C. act as lenders under our secured revolving credit facility and will receive a portion of the net proceeds of this offering. The decision to underwrite shares of the common stock of the Company was made independently of the other entities with which the underwriters are affiliated, which entities had no involvement in determining whether and when to underwrite this offering or the terms of this offering. The underwriters and their affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business. In the ordinary course of their various business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and such investment and securities activities may involve our securities and/or instruments. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

An affiliate of Scotia Capital (USA) Inc. and Credit Suisse Securities (USA) LLC acted as our financial advisors in connection with our pending acquisition of Paloma.

Scotia Capital (USA) Inc. and Credit Suisse (USA) LLC in their capacities as underwriters, are deemed to have a conflict of interest under the applicable provisions of Rule 5121 of FINRA because affiliates of Scotia Capital (USA) Inc. and Credit Suisse Securities (USA) LLC will receive more than five percent of the net proceeds from this offering as a result of the repayment of the current outstanding borrowings under our secured revolving credit facility. Because this offering is being conducted in accordance with Rule 5121, the appointment of a qualified independent underwriter is not required.

**Table of Contents**

**INFORMATION INCORPORATED BY REFERENCE**

The SEC allows us to incorporate by reference into this prospectus supplement and the accompanying prospectus the information we provide in other documents filed by us with the SEC. The information incorporated by reference is an important part of this prospectus supplement. Any statement contained in a document that is incorporated by reference in this prospectus supplement is automatically updated and superseded if information contained in this prospectus supplement, or information that we later file with the SEC, modifies and replaces this information. We incorporate by reference the following documents that we have filed with the SEC:

Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on February 27, 2015;

The information specifically incorporated by reference into the Annual Report on Form 10-K for the fiscal year ended December 31, 2013 from our definitive proxy statement on Schedule 14A, filed with the SEC on April 30, 2014; and

The following Current Reports on Form 8-K filed by us with the SEC since December 31, 2014:

- (1) Current Report on Form 8-K, filed with the SEC on March 19, 2015;
- (2) Current Report on Form 8-K, filed with the SEC on April 15, 2015; and
- (3) Current Report on Form 8-K, filed with the SEC on April 16, 2015.

In addition, we incorporate by reference the financial statements of Diamondback Energy, Inc., or Diamondback, that have been included on pages F-1 to F-54 in Diamondback's Annual Report on Form 10-K (File No. 001-35700) filed with the SEC on February 20, 2015.

In addition, all documents filed by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than those furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K, unless otherwise stated therein) after the date of this prospectus supplement and prior to the filing of a post-effective amendment that indicates that all securities offered hereby have been sold or that deregisters all securities remaining unsold, will be considered to be incorporated by reference into this prospectus supplement and to be a part of this prospectus supplement from the dates of the filing of such documents. Pursuant to General Instruction B of Form 8-K, any information submitted under Item 2.02, Results of Operations and Financial Condition, or Item 7.01, Regulation FD Disclosure, of Form 8-K is not deemed to be filed for the purpose of Section 18 of the Exchange Act, and we are not subject to the liabilities of Section 18 of the Exchange Act with respect to information submitted under Item 2.02 or Item 7.01 of Form 8-K. We are not incorporating by reference any information submitted under Item 2.02 or Item 7.01 of Form 8-K into any filing under the Securities Act or the Exchange Act or into this prospectus supplement, unless otherwise indicated on such Form 8-K.

Edgar Filing: GULFPORT ENERGY CORP - Form 424B5

You may get copies of this prospectus supplement or any of the incorporated documents (excluding exhibits, unless the exhibits are specifically incorporated) at no charge to you by writing to Gulfport Energy Corporation, Attention: Investor Relations, at 14313 North May Avenue, Suite 100, Oklahoma City, Oklahoma 73134, or calling (405) 242-4888.

S-51

**Table of Contents**

**LEGAL MATTERS**

Certain legal matters will be passed upon for us by Akin, Gump, Strauss, Hauer & Feld, L.L.P. The underwriters have been represented in connection with this offering by Cravath, Swaine & Moore LLP.

**EXPERTS**

The audited consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting incorporated by reference in this prospectus supplement and elsewhere in the registration statement have been so incorporated by reference in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

Information incorporated by reference into this prospectus supplement and the accompanying prospectus regarding estimates of our proved oil and natural gas reserves and the discounted present value of estimated future net revenue before income tax of our estimated proved reserves is based on reports included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, prepared by Netherland, Sewell & Associates, Inc., with respect to our WCBB, Hackberry and Niobrara fields, and by Ryder Scott Company L.P., with respect to our Utica Shale acreage. All of such information has been incorporated by reference herein in reliance upon the authority of such firms as experts in such matters.

**Table of Contents**

**Prospectus**

**Common Stock**

**Senior Debt Securities**

**Subordinated Debt Securities**

**Guarantees of Debt Securities**

By this prospectus, we may offer and sell, from time to time in one or more offerings, our common stock and senior and subordinated debt securities, and one or more of our existing and future subsidiaries, including Jaguar Resources LLC, Puma Resources, Inc., Gator Marine, Inc., Gator Marine Ivanhoe, Inc. and Westhawk Minerals LLC, may fully and unconditionally guarantee the principal of, and premium (if any) and interest on, such debt securities. This prospectus may also be used by the selling security holders that will be identified in an applicable prospectus supplement in connection with resales, from time to time in one or more offerings, of our common stock they hold as described in the applicable prospectus supplement. We refer to our common stock and debt securities that may be offered by us and/or selling security holders pursuant to this prospectus and any applicable prospectus supplement collectively as the securities.

This prospectus provides you with a general description of the securities and the general manner in which we or selling security holders will offer the securities. Each time we or selling security holders sell securities, to the extent required, we will provide a supplement to this prospectus that contains specific information about the offering. The supplement may also add, update or change information contained in this prospectus. You should carefully read this prospectus, all prospectus supplements and all other documents incorporated by reference in this prospectus before you invest in our securities.

**Investing in our securities involves risks. See Risk Factors beginning on page 1.**

Our common stock is listed on The NASDAQ Global Select Market under the symbol GPOR.

**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 November 6, 2013.**

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>About This Prospectus</u>	ii
<u>Cautionary Note Regarding Forward-Looking Statements</u>	ii
<u>Our Company</u>	1
<u>About Subsidiary Guarantors</u>	1
<u>Risk Factors</u>	1
<u>Use of Proceeds</u>	1
<u>Ratio of Earnings (Deficit) to Fixed Charges</u>	2
<u>Description of Debt Securities and Guarantees</u>	3
<u>Description of Capital Stock</u>	21
<u>Plan of Distribution</u>	23
<u>Where You Can Find More Information</u>	26
<u>Information Incorporated By Reference</u>	26
<u>Legal Matters</u>	28
<u>Experts</u>	28

**Table of Contents**

**ABOUT THIS PROSPECTUS**

This prospectus is part of a shelf registration statement that we filed with the Securities and Exchange Commission, or SEC, as a well-known seasoned issuer (as defined in Rule 405 of the Securities Act of 1933, as amended, or the Securities Act) using a shelf registration process. Under this shelf registration process, we may, from time to time, offer and/or sell any combination of the securities described in this prospectus, and the selling security holders to be identified in an applicable prospectus supplement, may, from time to time, resell our common stock they hold as described in the applicable prospectus supplement, in each case in one or more offerings. This prospectus provides you with a general description of the securities we and/or selling security holders may offer. This prospectus does not contain all the information set forth in the registration statement as permitted by the rules of the SEC. Each time we or selling security holders sell securities, to the extent required, we will provide a supplement to this prospectus that will contain specific information about the terms of that offering. That prospectus supplement may also add, update or change information contained in this prospectus. Before purchasing any securities, you should carefully read both this prospectus and any applicable prospectus supplement, together with the additional information described in this prospectus under the headings **Where You Can Find More Information** and **Information Incorporated by Reference**.

You should rely only on the information contained in this prospectus and in any applicable prospectus supplement, including any information incorporated by reference. Neither we nor the selling security holders have authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information appearing in this prospectus, any prospectus supplement or any document incorporated by reference is accurate at any date other than as of the date of each such document. Our business, financial condition, results of operations and prospects may have changed since the date indicated on the cover page of such documents.

The distribution of this prospectus may be restricted by law in certain jurisdictions. You should inform yourself about and observe any of these restrictions. This prospectus does not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which the offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make the offer or solicitation.

When used in this prospectus or in any supplement to this prospectus, the terms **Gulfport**, **the Company**, **we**, **our** and **us** refer to Gulfport Energy Corporation and its subsidiaries, unless otherwise indicated or the context otherwise requires.

**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated by reference into this prospectus may include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements by terms such as **may**, **will**, **should**, **could**, **would**, **expects**, **plans**, **and** **intends**, **believes**, **estimates**, **projects**, **predicts**, **potential** and similar expressions intended to identify forward-looking statements. All statements, other than statements of historical facts, included in this prospectus and the documents incorporated by reference into this prospectus that address activities, events or developments that we expect or anticipate will or may occur in the future, including such things as estimated future net revenues from oil and gas reserves, future capital expenditures (including the amount and nature thereof), drilling activity, production, expenses, business strategy and measures to implement strategy, competitive strengths, goals, expansion and growth of our



business and operations, plans, references to future success, references to intentions as to future matters and other such matters

**Table of Contents**

are forward-looking statements. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform with our expectations and predictions is subject to a number of risks and uncertainties, including those discussed under the heading "Risk Factors" in this prospectus and in any prospectus supplement and those discussed in the documents incorporated by reference into this prospectus. Consequently, all of the forward-looking statements made in this prospectus, and the documents incorporated by reference into this prospectus and any prospectus supplement, are qualified by these cautionary statements and we cannot assure you that the actual results or developments anticipated by us will be realized or, even if realized, that they will have the expected consequences to or effects on us, our business or operations. We have no intention, and disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise.

**Table of Contents**

**OUR COMPANY**

We are an independent oil and natural gas exploration and production company with our principal producing properties located in the Utica Shale in Eastern Ohio and along the Louisiana Gulf Coast in the West Cote Blanche Bay and Hackberry fields. We also hold a significant acreage position in the Alberta oil sands in Canada through our interest in Grizzly Oil Sands ULC, or Grizzly, an equity interest in Diamondback Energy, Inc., a NASDAQ Global Select Market listed company, and have interests in entities that operate in Southeast Asia, including the Phu Horm gas field in Thailand. We seek to achieve reserve growth and increase our cash flow through our annual drilling programs

Our principal executive offices are located at 14313 North May Avenue, Suite 100, Oklahoma City, Oklahoma 73134, and our telephone number is (405) 848-8807. Our website address is [www.gulfportenergy.com](http://www.gulfportenergy.com). Information contained on our website does not constitute a part of this prospectus or any prospectus supplement.

**ABOUT THE SUBSIDIARY GUARANTORS**

One or more of our existing and any future subsidiaries may jointly and severally, fully and unconditionally guarantee our payment obligations under any series of debt securities offered by this prospectus. Financial information concerning our guarantor subsidiaries and non-guarantor subsidiaries, if any, is included in our consolidated financial statements filed as a part of our periodic reports filed pursuant to the Exchange Act to the extent required by the rules and regulations of the SEC. Additional information concerning our subsidiaries and us is, or will be, as the case may be, included in the reports and other documents incorporated by reference in this prospectus or any applicable prospectus supplement. See [Where You Can Find More Information](#).

**RISK FACTORS**

Investment in our securities involves certain risks. You should carefully consider the factors contained in our annual report on Form 10-K for the fiscal year ended December 31, 2012 under the headings [Risk Factors](#) and [Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Estimates](#) and in any other filings we made with the SEC prior to the filing of this prospectus under the heading [Risk Factors](#) before investing in our securities. You should also consider similar information contained in any annual report on Form 10-K or other document filed by us with the SEC after the date of this prospectus before deciding to invest in our securities. We will also include in any prospectus supplement a description of any other risk factors applicable to an offering contemplated by such prospectus supplement. Additional risks and uncertainties not known to us or that we view as immaterial may also impair our business operations. Any of these risks could materially and adversely affect our business, financial condition, results of operations and cash flows and could result in a loss of all or part of your investment.

**USE OF PROCEEDS**

Unless the applicable prospectus supplement indicates otherwise, we intend to use the net proceeds from the sale of the securities for general corporate purposes, including without limitation repaying or refinancing all or a portion of our existing short-term and long-term debt, making acquisitions of assets, businesses or securities, capital expenditures and for working capital. The precise amount and timing of the application of such proceeds will depend upon our funding requirements and the availability and cost of other capital. Pending any specific application of the net proceeds, we intend to invest our net proceeds in short-term, investment-grade securities, interest-bearing securities or guaranteed obligations of the United States or its agencies.

Unless the applicable prospectus supplement indicates otherwise, we will not receive any proceeds from the sale of securities by selling security holders.

**Table of Contents****RATIO OF EARNINGS (DEFICIT) TO FIXED CHARGES**

The following table sets forth our ratios of earnings (deficit) to fixed charges for the periods indicated. We have calculated the ratio of earnings (deficit) to fixed charges by dividing the sum of income from continuing operations plus fixed charges by fixed charges. Fixed charges consist of interest expense. You should read these ratios in connection with our consolidated financial statements incorporated by reference into this prospectus. The financial measures used in this table may not be comparable to similarly titled financial measures used in our various agreements, including our secured revolving credit facility and the indenture that governs our outstanding senior notes.

	<b>Nine Months Ended September 30,</b>		<b>Year Ended December 31,</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Ratio of earnings (deficit) to fixed charges	14.8	10.6	78.4	18.2	11.2	NM*

\* Not meaningful

**Table of Contents**

**DESCRIPTION OF DEBT SECURITIES AND GUARANTEES**

**General**

We may issue debt securities in one or more series. When used in this Description of Debt Securities and Guarantees section, unless we state otherwise or the context clearly indicates otherwise, references to the Company, Gulfport, we, us and our refer only to Gulfport Energy Corporation.

We may issue senior or subordinated debt securities. Neither the senior debt securities nor the subordinated debt securities will be secured by any of our property or assets. Thus, by owning a debt security, you will be one of our unsecured creditors.

The senior debt securities will constitute part of our senior debt, will be issued under our senior debt indenture described below and will rank equally with all of our other unsecured and unsubordinated debt.

The subordinated debt securities will constitute part of our subordinated debt, will be issued under our subordinated debt indenture described below and will be subordinate in right of payment to all of our senior debt, as defined in the indenture with respect to such subordinated debt securities. The prospectus supplement for any series of subordinated debt securities or the information incorporated in this prospectus by reference will indicate the approximate amount of senior debt outstanding as of the end of the then most recent fiscal quarter. Neither indenture limits our ability to incur additional senior debt or other indebtedness.

When we refer to debt securities in this prospectus, we mean both the senior debt securities and the subordinated debt securities.

The debt securities may have the benefit of guarantees (each, a guarantee) by one or more of our existing or future subsidiaries, including Jaguar Resources LLC, Puma Resources, Inc., Gator Marine, Inc., Gator Marine Ivanhoe, Inc. and Westhawk Minerals LLC, specified as a guarantor (each, a guarantor) in the prospectus supplement for the series of such debt securities. If a guarantor issues guarantees, the guarantees will be unsecured and, if guaranteeing senior debt securities, unsubordinated or, if guaranteeing subordinated debt securities, subordinated obligations of the respective guarantors. Unless otherwise expressly stated or the context otherwise requires, as used in this section, the term guaranteed debt securities means debt securities that, as described in the prospectus supplement relating thereto, are guaranteed by one or more guarantors pursuant to the applicable indenture.

The debt indentures and their associated documents, including your debt security, contain the full legal text of the matters described in this section and your prospectus supplement. We have filed forms of the indentures with the SEC as exhibits to our registration statement, of which this prospectus is a part. See [Where You Can Find More Information](#) in this prospectus for information on how to obtain copies of them.

This section and your prospectus supplement summarize material terms of the indentures and your debt security. They do not, however, describe every aspect of the indentures and your debt security. For example, in this section and your prospectus supplement, we use terms that have been given special meaning in the indentures, but we describe the meaning for only the more important of those terms. Your prospectus supplement will have a more detailed description of the specific terms of your debt security and any applicable guarantees.

**Indentures**

The senior debt securities and subordinated debt securities are each governed by a document called an indenture. Each indenture is a contract between us and a trustee to be named prior to the issuance of debt securities thereunder. The indentures are substantially identical, except for certain provisions including those relating to subordination, which are included only in the indenture related to subordinated debt securities.

## **Table of Contents**

The trustee under each indenture has two main roles:

First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, which we describe later under **Default, Remedies and Waiver of Default**.

Second, the trustee performs administrative duties for us, such as sending you interest payments and notices. When we refer to the indenture or the trustee with respect to any debt securities, we mean the indenture under which those debt securities are issued and the trustee under that indenture.

## **Series of Debt Securities**

We may issue as many distinct debt securities or series of debt securities under either indenture as we wish. This section summarizes terms of the securities that apply generally to all debt securities and series of debt securities. The provisions of each indenture allow us not only to issue debt securities with terms different from those of debt securities previously issued under that indenture, but also to reopen a previously issued series of debt securities and issue additional debt securities of that series. We will describe most of the financial and other specific terms of your series, whether it is a series of the senior debt securities or the subordinated debt securities, in the prospectus supplement for that series. Those terms may vary from the terms described here.

As you read this section, please remember that the specific terms of your debt security as described in your prospectus supplement will supplement and, if applicable, modify or replace the general terms described in this section. If there are any differences between your prospectus supplement and this prospectus with respect to your debt security, your prospectus supplement will control. Thus, the statements we make in this section may not apply to your debt security.

When we refer to debt securities or a series of debt securities, we mean, respectively, debt securities or a series of debt securities issued under the applicable indenture. When we refer to your prospectus supplement, we mean the prospectus supplement describing the specific terms of the debt security you purchase. The terms used in your prospectus supplement will have the meanings described in this prospectus, unless otherwise specified.

## **Amounts of Issuances**

Neither indenture limits the aggregate amount of debt securities that we may issue or the number of series or the aggregate amount of any particular series. We may issue debt securities and other securities at any time without your consent and without notifying you.

The indentures and the debt securities do not limit our ability to incur other indebtedness or to issue other securities. Also, unless otherwise specified below or in your prospectus supplement, we are not subject to financial or similar restrictions by the terms of the debt securities.

## **Principal Amount, Stated Maturity and Maturity**

Unless otherwise stated, the principal amount of a debt security means the principal amount payable at its stated maturity, unless that amount is not determinable, in which case the principal amount of a debt security is its face amount.



The term "stated maturity" with respect to any debt security means the day on which the principal amount of your debt security is scheduled to become due. The principal may become due sooner, by reason of redemption, acceleration after a default or otherwise in accordance with the terms of the debt security. The day on which the principal actually becomes due, whether at the stated maturity or earlier, is called the "maturity" of the principal.

## **Table of Contents**

We also use the terms `stated maturity` and `maturity` to refer to the days when other payments become due. For example, we may refer to a regular interest payment date when an installment of interest is scheduled to become due as the `stated maturity` of that installment. When we refer to the `stated maturity` or the `maturity` of a debt security without specifying a particular payment, we mean the `stated maturity` or `maturity`, as the case may be, of the principal.

## **Specific Terms of Debt Securities**

Your prospectus supplement will describe the specific terms of your debt security, which will include some or all of the following:

the title of the series of your debt security and whether it is a senior debt security or a subordinated debt security;

any limit on the total principal amount of the debt securities of the same series;

the stated maturity;

the currency or currencies for principal and interest, if not U.S. dollars;

the price at which we originally issue your debt security, expressed as a percentage of the principal amount, and the original issue date;

whether your debt security is a fixed rate debt security, a floating rate debt security or an indexed debt security;

if your debt security is a fixed rate debt security, the yearly rate at which your debt security will bear interest, if any, and the interest payment dates;

if your debt security is a floating rate debt security, the interest rate basis; any applicable index currency or index maturity, spread or spread multiplier or initial base rate, maximum rate or minimum rate; the interest reset, determination, calculation and payment dates; the day count convention used to calculate interest payments for any period; the business day convention; and the calculation agent;

if your debt security is an indexed debt security, the principal amount, if any, we will pay you at maturity, interest payment dates, the amount of interest, if any, we will pay you on an interest payment date or the formula we will use to calculate these amounts, if any, and the terms on which your debt security will be exchangeable for or payable in cash, securities or other property;

if your debt security may be converted into or exercised or exchanged for common or preferred stock or other securities of the Company or debt or equity securities of one or more third parties, the terms on which conversion, exercise or exchange may occur, including whether conversion, exercise or exchange is mandatory, at the option of the holder or at our option, the period during which conversion, exercise or exchange may occur, the initial conversion, exercise or exchange price or rate and the circumstances or manner in which the amount of common or preferred stock or other securities issuable upon conversion, exercise or exchange may be adjusted;

if your debt security is also an original issue discount debt security, the yield to maturity;

if applicable, the circumstances under which your debt security may be redeemed at our option or repaid at the holder's option before the stated maturity, including any redemption commencement date, repayment date(s), redemption price(s) and redemption period(s);

the authorized denominations, if other than \$2,000 and integral multiples of \$1,000;

the depository for your debt security, if other than The Depository Trust Company ( DTC ), and any circumstances under which the holder may request securities in non-global form, if we choose not to issue your debt security in book-entry form only;

if applicable, the circumstances under which we will pay additional amounts on any debt securities held by a person who is not a United States person for tax purposes and under which we can redeem the debt securities if we have to pay additional amounts;

## **Table of Contents**

whether your debt security will be guaranteed by any guarantors and, if so, the identity of the guarantors and, to the extent the terms thereof differ from those described in this prospectus, a description of the terms of the guarantees;

the names and duties of any co-trustees, depositaries, authenticating agents, paying agents, transfer agents or registrars for your debt security, as applicable; and

any other terms of your debt security and any guarantees of your debt security, which could be different from those described in this prospectus.

## **Governing Law**

The indentures and the debt securities (and any guarantees thereof) will be governed by New York law.

## **Form of Debt Securities**

We will issue each debt security only in registered form, without coupons, unless we specify otherwise in the applicable prospectus supplement. In addition, we will issue each debt security in global i.e., book-entry form only, unless we specify otherwise in the applicable prospectus supplement. Debt securities in book-entry form will be represented by a global security registered in the name of a depositary, which will be the holder of all the debt securities represented by the global security. Those who own beneficial interests in a global debt security will do so through participants in the depositary's securities clearance system, and the rights of these indirect owners will be governed solely by the applicable procedures of the depositary and its participants. References to holders in this section mean those who own debt securities registered in their own names, on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in debt securities registered in street name or in debt securities issued in book-entry form through one or more depositaries.

Unless otherwise indicated in the prospectus supplement, the following is a summary of the depositary arrangements applicable to debt securities issued in global form and for which DTC acts as depositary.

Each global debt security will be deposited with, or on behalf of, DTC, as depositary, or its nominee, and registered in the name of a nominee of DTC. Except under the limited circumstances described below, global debt securities are not exchangeable for definitive certificated debt securities.

Ownership of beneficial interests in a global debt security is limited to institutions that have accounts with DTC or its nominee, or persons that may hold interests through those participants. In addition, ownership of beneficial interests by participants in a global debt security will be evidenced only by, and the transfer of that ownership interest will be effected only through, records maintained by DTC or its nominee for a global debt security. Ownership of beneficial interests in a global debt security by persons that hold those interests through participants will be evidenced only by, and the transfer of that ownership interest within that participant will be effected only through, records maintained by that participant. DTC has no knowledge of the actual beneficial owners of the debt securities. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the participants through which the beneficial owners entered the transaction. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities they purchase in definitive form. These laws may impair your ability to transfer beneficial interests in a global debt security.

We will make payment of principal of, and interest on, debt securities represented by a global debt security registered in the name of or held by DTC or its nominee to DTC or its nominee, as the case may be, as the registered owner and holder of the global debt security representing those debt securities. DTC has advised us that upon receipt of any payment of principal of, or interest on, a global debt security, DTC immediately will credit accounts of participants on its book-entry registration and transfer system with payments in amounts

**Table of Contents**

proportionate to their respective interests in the principal amount of that global debt security, as shown in the records of DTC. Payments by participants to owners of beneficial interests in a global debt security held through those participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the sole responsibility of those participants, subject to any statutory or regulatory requirements that may be in effect from time to time.

Neither we, any trustee nor any of our respective agents will be responsible for any aspect of the records of DTC, any nominee or any participant relating to, or payments made on account of, beneficial interests in a permanent global debt security or for maintaining, supervising or reviewing any of the records of DTC, any nominee or any participant relating to such beneficial interests.

A global debt security is exchangeable for definitive debt securities registered in the name of, and a transfer of a global debt security may be registered to, any person other than DTC or its nominee, only if:

DTC notifies us that it is unwilling or unable to continue as depository for that global security or has ceased to be a registered clearing agency and we do not appoint another institution to act as depository within 90 days; or

we notify the trustee that we wish to terminate that global security.

Any global debt security that is exchangeable pursuant to the preceding sentence will be exchangeable in whole for definitive debt securities in registered form, of like tenor and of an equal aggregate principal amount as the global debt security, in denominations specified in the applicable prospectus supplement, if other than \$2,000 and multiples of \$1,000. The definitive debt securities will be registered by the registrar in the name or names instructed by DTC. We expect that these instructions may be based upon directions received by DTC from its participants with respect to ownership of beneficial interests in the global debt security.

Except as provided above, owners of the beneficial interests in a global debt security will not be entitled to receive physical delivery of debt securities in definitive form and will not be considered the holders of debt securities for any purpose under the indentures. No global debt security shall be exchangeable except for another global debt security of like denomination and tenor to be registered in the name of DTC or its nominee. Accordingly, each person owning a beneficial interest in a global debt security must rely on the procedures of DTC and, if that person is not a participant, on the procedures of the participant through which that person owns its interest, to exercise any rights of a holder under the global debt security or the indentures.

We understand that, under existing industry practices, in the event that we request any action of holders, or an owner of a beneficial interest in a global debt security desires to give or take any action that a holder is entitled to give or take under the debt securities or the indentures, DTC would authorize the participants holding the relevant beneficial interests to give or take that action. Additionally, those participants would authorize beneficial owners owning through those participants to give or take that action or would otherwise act upon the instructions of beneficial owners owning through them.

DTC has advised us that it is a limited-purpose trust company organized under the laws of the State of New York, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered under the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance

and settlement of transactions among its participants in securities through electronic book-entry changes in accounts of the participants. By doing so, DTC eliminates the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its participants and by the New York Stock Exchange, Inc. and NYSE Amex Equities. Access to DTC's book-entry system is also available to others,

---

**Table of Contents**

such as banks, brokers, dealers, and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Investors may hold interests in the debt securities outside the U.S. through the Euroclear System ( Euroclear ) or Clearstream Banking ( Clearstream ) if they are participants in those systems, or indirectly through organizations which are participants in those systems. Euroclear and Clearstream will hold interests on behalf of their participants through customers' securities accounts in Euroclear's and Clearstream's names on the books of their respective depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on the books of DTC.

Euroclear advises that it was created in 1968 to hold securities for participants of Euroclear ( Euroclear Participants ) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by the Euroclear S.A./N.V. (the Euroclear Operator ), under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the Cooperative ). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include any agents. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear, the related Operating Procedures of the Euroclear System, and applicable Belgian law (collectively, the Terms and Conditions ). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants and has no record of or relationship with persons holding through Euroclear Participants.

Distributions with respect to debt securities held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by the U.S. depository for Euroclear.

Clearstream advises that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations ( Clearstream Participants ) and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream Participants are recognized financial institutions around the world, including agents, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include any agents. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly.



Distributions with respect to debt securities held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream.

## **Table of Contents**

We have provided the descriptions herein of the operations and procedures of DTC, Euroclear and Clearstream solely as a matter of convenience. These operations and procedures are solely within the control of DTC, Euroclear and Clearstream and are subject to change by them from time to time. We believe that the sources from which the information in this section and elsewhere in this prospectus concerning DTC, Euroclear, the Euroclear Operator, the Cooperative, Euroclear's system, Clearstream and Clearstream's system has been obtained are reliable, but neither we, any underwriters nor the trustee takes any responsibility for the accuracy of the information.

Initial settlement for the securities will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds. Secondary market trading between Euroclear Participants and/or Clearstream Participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Euroclear and Clearstream, as applicable, and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Euroclear Participants or Clearstream Participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering or receiving securities 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 their respective U.S. depositories.

Because of time-zone differences, credits of securities received in Euroclear or Clearstream as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Credits or any transactions in securities settled during this processing will be reported to the relevant Euroclear or Clearstream Participants on that following business day. Cash received in Euroclear or Clearstream as a result of sales of debt securities by or through a Euroclear Participant or a Clearstream Participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account only as of the business day following settlement in DTC.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of securities among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued at any time.

## **Redemption or Repayment**

If there are any provisions regarding redemption or repayment applicable to your debt security, we will describe them in your prospectus supplement.

We or our affiliates may purchase debt securities from investors who are willing to sell from time to time, either in the open market at prevailing prices or in private transactions at negotiated prices. Debt securities that we or they purchase may, at our discretion, be held, resold or canceled.

## **Mergers and Similar Transactions**

We are generally permitted under the indentures to merge or consolidate with another corporation or other entity. We are also permitted under the indentures to sell all or substantially all of our assets to another corporation

## **Table of Contents**

or other entity. With regard to any series of debt securities, however, we may not take any of these actions unless all the following conditions, among other things, are met:

If the successor entity in the transaction is not the Company, the successor entity must be organized as a corporation, limited liability company, partnership or trust and must expressly assume our obligations under the debt securities of that series and the indenture with respect to that series. The successor entity may be organized under the laws of the United States, any state thereof or the District of Columbia.

Immediately after the transaction, no default under the debt securities of that series has occurred and is continuing. For this purpose, default under the debt securities of that series means an event of default with respect to that series or any event that would be an event of default with respect to that series if the requirements for giving us default notice and for our default having to continue for a specific period of time were disregarded. We describe these matters below under Default, Remedies and Waiver of Default.

If the conditions described above are satisfied with respect to the debt securities of any series, we will not need to obtain the approval of the holders of those debt securities in order to merge or consolidate or to sell all or substantially all our assets. Also, these conditions will apply only if we wish to merge or consolidate with another entity or sell all or substantially all of our assets to another entity. We will not need to satisfy these conditions if we enter into other types of transactions, including any transaction in which we acquire the stock or assets of another entity, any transaction that involves a change of control of the Company but in which we do not merge or consolidate and any transaction in which we sell less than substantially all our assets.

The successor entity will be substituted for the Company with respect to the debt securities of any series and under the indenture with the same effect as if it had been an original party to the indenture, and, except in the case of a lease, the Company will be relieved from any further obligations and covenants under the indenture.

## **Subordination Provisions**

Holders of subordinated debt securities should recognize that contractual provisions in the subordinated debt indenture may prohibit us from making payments on those securities. Subordinated debt securities are subordinate and junior in right of payment, to the extent and in the manner stated in the subordinated debt indenture, to all of our senior debt, as defined in the subordinated debt indenture, including all debt securities we have issued and will issue under the senior debt indenture.

The subordinated debt indenture defines senior debt as:

our indebtedness under or in respect of our credit agreement, whether for principal, interest (including interest accruing after the filing of a petition initiating any proceeding pursuant to any bankruptcy law, whether or not the claim for such interest is allowed as a claim in such proceeding), reimbursement obligations, fees, commissions, expenses, indemnities or other amounts; and

any other indebtedness permitted under the terms of that indenture, unless the instrument under which such indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to

the subordinated debt securities.

Notwithstanding the foregoing, senior debt will not include: (i) equity interests; (ii) any liability for taxes; (iii) any indebtedness to any of our subsidiaries or affiliates; (iv) any trade payables; or (v) any indebtedness incurred in violation of the subordinated debt indenture.

We may modify the subordination provisions, including the definition of senior debt, with respect to one or more series of subordinated debt securities. Such modifications will be set forth in the applicable prospectus supplement.

## **Table of Contents**

The subordinated debt indenture provides that, unless all principal of and any premium or interest on the senior debt has been paid in full, no payment or other distribution may be made in respect of any subordinated debt securities in the following circumstances:

in the event of any insolvency or bankruptcy proceedings, or any receivership, liquidation, reorganization, assignment for creditors or other similar proceedings or events involving us or our assets;

(a) in the event and during the continuation of any default in the payment of principal of and any premium and interest on any senior debt beyond any applicable grace period or (b) in the event that any event of default with respect to any senior debt has occurred and is continuing, permitting the holders of that senior debt (or a trustee) to accelerate the maturity of that senior debt, whether or not the maturity is in fact accelerated (unless, in the case of (a) or (b), the payment default or event of default has been cured or waived or ceased to exist and any related acceleration has been rescinded) or (c) in the event that any judicial proceeding is pending with respect to a payment default or event of default described in (a) or (b); or

in the event that any subordinated debt securities have been declared due and payable before their stated maturity.

If the trustee under the subordinated debt indenture or any holders of the subordinated debt securities receive any payment or distribution that is prohibited under the subordination provisions, then the trustee or the holders will have to repay that money to the holders of the senior debt.

Even if the subordination provisions prevent us from making any payment when due on the subordinated debt securities of any series, we will be in default on our obligations under that series if we do not make the payment when due. This means that the trustee under the subordinated debt indenture and the holders of that series can take action against us, but they will not receive any money until the claims of the holders of senior debt have been fully satisfied.

The subordinated debt indenture allows the holders of senior debt to obtain a court order requiring us and any holder of subordinated debt securities to comply with the subordination provisions.

## **Defeasance, Covenant Defeasance and Satisfaction and Discharge**

When we use the term defeasance, we mean discharge from some or all of our obligations under the indenture. If we deposit with the trustee funds or government securities, or if so provided in your prospectus supplement, obligations other than government securities, sufficient to make payments on any series of debt securities on the dates those payments are due and payable and other specified conditions are satisfied, then, at our option, either of the following will occur:

we will be discharged from our obligations with respect to the debt securities of such series and all obligations of any guarantors of such debt securities will also be discharged with respect to the guarantees of such debt securities ( legal defeasance ); or

we will be discharged from any covenants we make in the applicable indenture for the benefit of such series and the related events of default will no longer apply to us ( covenant defeasance ).

If we defease any series of debt securities, the holders of such securities will not be entitled to the benefits of the indenture, except for our obligations to register the transfer or exchange of such securities, replace stolen, lost or mutilated securities or maintain paying agencies and hold moneys for payment in trust. In case of covenant defeasance, our obligation to pay principal of and any premium and interest on the applicable series of debt securities will also survive.

We will be required to deliver to the trustee an opinion of counsel that the deposit and related defeasance would not cause the holders of the applicable series of debt securities to recognize gain or loss for federal income

## **Table of Contents**

tax purposes. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the United States Internal Revenue Service or a change in law to that effect.

Upon the effectiveness of defeasance with respect to any series of guaranteed debt securities, each guarantor of the debt securities of such series shall be automatically and unconditionally released and discharged from all of its obligations under its guarantee of the debt securities of such series and all of its other obligations under the applicable indenture in respect of the debt securities of that series, without any action by us, any guarantor or the trustee and without the consent of the holders of any debt securities.

In addition, we may satisfy and discharge all our obligations under the indenture with respect to debt securities of any series, other than our obligation to register the transfer of and exchange debt securities of that series, provided that we either:

deliver all outstanding debt securities of that series to the trustee for cancellation; or

all such debt securities not so delivered for cancellation have either become due and payable or will become due and payable at their stated maturity within one year or are to be called for redemption within one year, and in the case of this bullet point, we have deposited with the trustee in trust an amount of cash sufficient to pay the entire indebtedness of such debt securities, including interest to the stated maturity or applicable redemption date.

### **No Personal Liability**

No past, present or future director, officer, employee, incorporator, member, manager, partner (whether general or limited), unitholder or stockholder of the Company or any guarantor, as such, will have any liability for any obligations of us or any guarantor, respectively, under the debt securities or the indentures or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of debt securities by accepting a debt security waives and releases all such liability. The waiver and release are part of the consideration for issuance of the debt securities and any guarantees. The waiver may not be effective to waive liabilities under the federal securities laws.

### **Default, Remedies and Waiver of Default**

You will have special rights if an event of default with respect to your series of debt securities occurs and is continuing, as described in this subsection.

#### **Events of Default**

Unless your prospectus supplement says otherwise, when we refer to an event of default with respect to any series of debt securities, we mean any of the following:

we do not pay the principal of and any premium on any debt security of that series on the due date;



we do not pay interest on any debt security of that series within 30 days after the due date;

we do not deposit a sinking fund payment with regard to any debt security of that series within 60 days after the due date, but only if the payment is required under provisions described in the applicable prospectus supplement;

we remain in breach of our covenants regarding mergers or sales of substantially all of our assets or any other covenant we make in the indenture for the benefit of the relevant series, for 90 days after we receive a notice of default stating that we are in breach and requiring us to remedy the breach, which notice must be sent by the trustee or the holders of at least 25% in principal amount of the relevant series of debt securities;

we file for bankruptcy or other events of bankruptcy, insolvency or reorganization relating to the Company occur;

## **Table of Contents**

if the debt securities of that series are guaranteed debt securities, the guarantee of the debt securities of that series by any guarantor shall for any reason cease to be, or shall for any reason be asserted in writing by such guarantor or the Company, not to be, in full force and effect and enforceable in accordance with its terms, except to the extent contemplated or permitted by the indenture or the debt securities of that series; or

if the applicable prospectus supplement states that any additional event of default applies to the series, that event of default occurs.

We may change, eliminate, or add to the events of default with respect to any particular series or any particular debt security or debt securities within a series, as indicated in the applicable prospectus supplement.

### **Remedies if an Event of Default Occurs**

If you are the holder of a subordinated debt security, all the remedies available upon the occurrence of an event of default under the subordinated debt indenture will be subject to the restrictions on the subordinated debt securities described above under Subordination Provisions.

Except as otherwise specified in the applicable prospectus supplement, if an event of default has occurred with respect to any series of debt securities and has not been cured or waived, the trustee or the holders of not less than 25% in principal amount of all debt securities of that series then outstanding may declare the entire principal amount of the debt securities of that series to be due immediately. Except as otherwise specified in the applicable prospectus supplement, if the event of default occurs because of events in bankruptcy, insolvency or reorganization relating to the Company, the entire principal amount of the debt securities of that series will be automatically accelerated, without any action by the trustee or any holder.

Each of the situations described above is called an acceleration of the stated maturity of the affected series of debt securities. Except as otherwise specified in the applicable prospectus supplement, if the stated maturity of any series is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in principal amount of the debt securities of that series may cancel the acceleration for the entire series.

If an event of default occurs, the trustee will have special duties. In that situation, the trustee will be obligated to use those of its rights and powers under the relevant indenture, and to use the same degree of care and skill in doing so, that a prudent person would use in that situation in conducting his or her own affairs.

Except as described in the prior paragraph, the trustee is not required to take any action under the relevant indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This is called an indemnity. If the trustee is provided with an indemnity reasonably satisfactory to it, the holders of a majority in principal amount of all debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee with respect to that series. These majority holders may also direct the trustee in performing any other action under the relevant indenture with respect to the debt securities of that series.

Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to any debt security, all of the following must occur:

the holder of your debt security must give the trustee written notice that an event of default has occurred with respect to the debt securities of your series, and the event of default must not have been cured or waived;

the holders of not less than 25% in principal amount of all debt securities of your series must make a written request that the trustee take action because of the default, and they or other holders must offer to the trustee indemnity reasonably satisfactory to the trustee against the cost and other liabilities of taking that action;

## **Table of Contents**

the trustee must not have taken action for 60 days after the above steps have been taken; and

during those 60 days, the holders of a majority in principal amount of the debt securities of your series must not have given the trustee directions that are inconsistent with the written request of the holders of not less than 25% in principal amount of the debt securities of your series.

You are entitled at any time, however, to bring a lawsuit for the payment of money due on your debt security on or after its stated maturity (or, if your debt security is redeemable, on or after its redemption date).

Book-entry and other indirect owners should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of the maturity.

## **Waiver of Default**

The holders of not less than a majority in principal amount of the debt securities of any series may waive a default for all debt securities of that series. If this happens, the default will be treated as if it has not occurred. No one can waive a payment default on any debt security, however, without the approval of the particular holder of that debt security.

## **Annual Information about Defaults to the Trustee**

We will furnish each trustee every year a written statement of two of our officers certifying that to their knowledge we are in compliance with the applicable indenture and the debt securities issued under it, or else specifying any default under the applicable indenture.

## **Modifications and Waivers**

There are four types of changes we can make to either indenture and the debt securities or series of debt securities or any guarantees thereof issued under that indenture.

## **Changes Requiring Each Holder's Approval**

First, there are changes that cannot be made without the approval of each holder of a debt security affected by the change under the applicable debt indenture, including, among others:

changing the stated maturity for any principal or interest payment on a debt security;

reducing the principal amount, the amount payable on acceleration of the maturity after a default, the interest rate or the redemption price for a debt security;

permitting redemption of a debt security if not previously permitted;

impairing any right a holder may have to require purchase of its debt security;

impairing any right that a holder of a convertible debt security may have to convert the debt security;

changing the currency of any payment on a debt security;

changing the place of payment on a debt security;

impairing a holder's right to sue for payment of any amount due on its debt security;

releasing any guarantor of a debt security from any of its obligations under its guarantee thereof, except in accordance with the terms of the indenture;

reducing the percentage in principal amount of the debt securities of any one or more affected series, taken separately or together, as applicable, and whether comprising the same or different series or less

## **Table of Contents**

than all of the debt securities of a series, the approval of whose holders is needed to change the indenture or those debt securities or waive our compliance with the applicable indenture or to waive defaults; and

changing the provisions of the applicable indenture dealing with modification and waiver in any other respect, except to increase any required percentage referred to above or to add to the provisions that cannot be changed or waived without approval of the holder of each affected debt security.

### **Changes Not Requiring Approval**

The second type of change does not require any approval by holders of the debt securities affected. These changes are limited to clarifications and changes that would not adversely affect any debt securities of any series in any material respect. Nor do we need any approval to make changes that affect only debt securities to be issued under the applicable indenture after the changes take effect. We may also make changes or obtain waivers that do not adversely affect a particular debt security, even if they affect other debt securities. In those cases, we do not need to obtain the approval of the holder of the unaffected debt security; we need only obtain any required approvals from the holders of the affected debt securities. We may also make changes to reflect the addition of, succession to or release of any guarantor of guaranteed debt securities otherwise permitted under the indenture. We may also make changes to conform the text of the applicable indenture or any debt securities or guarantees to any provision of the Description of Debt Securities and Guarantees in this prospectus or the comparable section in your prospectus supplement, to the extent such provision was intended to be a verbatim recitation of a provision of such indenture or debt securities or guarantees.

### **Modification of Subordination Provisions**

We may not amend the indenture related to subordinated debt securities to alter the subordination of any outstanding subordinated debt securities without the written consent of each holder of senior debt then outstanding who would be adversely affected (or the group or representative thereof authorized or required to consent thereto pursuant to the instrument creating or evidencing, or pursuant to which there is outstanding, such senior debt). In addition, we may not modify the subordination provisions of the indenture related to subordinated debt securities in a manner that would adversely affect the subordinated debt securities of any one or more series then outstanding in any material respect, without the consent of the holders of a majority in aggregate principal amount of all affected series then outstanding, voting together as one class (and also of any affected series that by its terms is entitled to vote separately as a series, as described below).

### **Changes Requiring Majority Approval**

Any other change to a particular indenture and the debt securities issued under that indenture would require the following approval:

If the change affects only particular debt securities within a series issued under the applicable indenture, it must be approved by the holders of a majority in principal amount of such particular debt securities; or

If the change affects debt securities of more than one series issued under the applicable indenture, it must be approved by the holders of a majority in principal amount of all debt securities of all such series affected by the change, with all such affected debt securities voting together as one class for this purpose and such

affected debt securities of any series potentially comprising fewer than all debt securities of such series, in each case, except as may otherwise be provided pursuant to such indenture for all or any particular debt securities of any series. This means that modification of terms with respect to certain securities of a series could be effectuated without obtaining the consent of the holders of a majority in principal amount of other securities of such series that are not affected by such modification.

The same majority approval would be required for us to obtain a waiver of any of our covenants in either indenture. Our covenants include the promises we make about merging or selling substantially all of our assets,

## **Table of Contents**

which we describe above under Mergers and Similar Transactions. If the holders approve a waiver of a covenant, we will not have to comply with it. The holders, however, cannot approve a waiver of any provision in a particular debt security, or in the applicable indenture as it affects that debt security, that we cannot change without the approval of the holder of that debt security as described above in Changes Requiring Each Holder's Approval, unless that holder approves the waiver.

We may issue particular debt securities or a particular series of debt securities, as applicable, that are entitled, by their terms, to separately approve matters (for example, modification or waiver of provisions in the applicable indenture) that would also, or otherwise, require approval of holders of a majority in principal amount of all affected debt securities of all affected series issued under such indenture voting together as a single class. Any such affected debt securities or series of debt securities would be entitled to approve such matters (a) pursuant to such special rights by consent of holders of a majority in principal amount of such affected debt securities or series of debt securities voting separately as a class and (b) in addition, as described above, except as may otherwise be provided pursuant to the applicable indenture for such debt securities or series of debt securities, by consent of holders of a majority in principal amount of such affected debt securities or series of debt securities and all other affected debt securities of all series issued under such indenture voting together as one class for this purpose. We may issue series or debt securities of a series having these or other special voting rights without obtaining the consent of or giving notice to holders of outstanding debt securities or series.

Book-entry and other indirect owners should consult their banks or brokers for information on how approval may be granted or denied if we seek to change an indenture or any debt securities or request a waiver.

## **Special Rules for Action by Holders**

Only holders of outstanding debt securities of the applicable series will be eligible to take any action under the applicable indenture, such as giving a notice of default, declaring an acceleration, approving any change or waiver or giving the trustee an instruction with respect to debt securities of that series. Also, we will count only outstanding debt securities in determining whether the various percentage requirements for taking action have been met. Any debt securities owned by us or any of our affiliates or surrendered for cancellation or for payment or redemption, for which money has been set aside in trust, are not deemed to be outstanding. Any required approval or waiver must be given by written consent.

In some situations, we may follow special rules in calculating the principal amount of debt securities that are to be treated as outstanding for the purposes described above. This may happen, for example, if the principal amount is payable in a non-U.S. dollar currency, increases over time or is not to be fixed until maturity.

We will generally be entitled to set any day as a record date for the purpose of determining the holders that are entitled to take action under either indenture. In certain limited circumstances, only the trustee will be entitled to set a record date for action by holders. If we or the trustee sets a record date for an approval or other action to be taken by holders, that vote or action may be taken only by persons or entities who are holders on the record date and must be taken during the period that we specify for this purpose, or that the trustee specifies if it sets the record date. We or the trustee, as applicable, may shorten or lengthen this period from time to time. This period, however, may not extend beyond the 180th day after the record date for the action. In addition, record dates for any global debt security may be set in accordance with procedures established by the depositary from time to time. Accordingly, record dates for global debt securities may differ from those for other debt securities.

## **Form, Exchange and Transfer**



If any debt securities cease to be issued in registered global form, they will be issued:

only in fully registered form;

without interest coupons; and

unless we indicate otherwise in your prospectus supplement, in denominations of \$2,000 and integral multiples of \$1,000.

## **Table of Contents**

Holders may exchange their debt securities for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed. You may not exchange your debt securities for securities of a different series or having different terms, unless your prospectus supplement and the supplemental indenture with respect to your debt securities provide for such exchange.

Holders may exchange or transfer their debt securities at the office of the trustee. They may also replace lost, stolen, destroyed or mutilated debt securities at that office. We have appointed the trustee to act as our agent for registering debt securities in the names of holders and transferring and replacing debt securities. We may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their debt securities, but they may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange, and any replacement, will be made only if our transfer agent is satisfied with the holder's proof of legal ownership. The transfer agent may require an indemnity before replacing any debt securities.

If we have designated additional transfer agents for your debt security, they will be named in your prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If the debt securities of any series are redeemable and we redeem less than all those debt securities, we may block the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers of or exchange any debt security selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security being partially redeemed.

If a debt security is issued as a global debt security, only DTC or other depositary will be entitled to transfer and exchange the debt security as described in this subsection because the depositary will be the sole holder of the debt security.

The rules for exchange described above apply to exchange of debt securities for other debt securities of the same series and kind. If a debt security is convertible, exercisable or exchangeable into or for a different kind of security, such as one that we have not yet issued, or for other property, the rules governing that type of conversion, exercise or exchange will be described in the applicable prospectus supplement.

## **Payments**

We will pay interest, principal and other amounts payable with respect to the debt securities of any series to the holders of record of those debt securities as of the record dates and otherwise in the manner specified below or in the prospectus supplement for that series.

We will make payments on a global debt security in accordance with the applicable policies of the depositary as in effect from time to time. Under those policies, we will pay directly to the depositary, or its nominee, and not to any indirect owners who own beneficial interests in the global debt security. An indirect owner's right to receive those payments will be governed by the rules and practices of the depositary and its participants.

We will make payments on a debt security in non-global, registered form as follows. We will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date. We will make all other payments by check at

the paying agent described below, against surrender of the debt security. All

## **Table of Contents**

payments by check will be made in next-day funds i.e., funds that become available on the day after the check is cashed.

Alternatively, if a non-global debt security has a face amount of at least \$1,000,000 and the holder asks us to do so, we will pay any amount that becomes due on the debt security by wire transfer of immediately available funds to an account at a bank in New York City, on the due date. To request wire payment, the holder must give the paying agent appropriate wire transfer instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person or entity who is the holder on the relevant regular record date. In the case of any other payment, payment will be made only after the debt security is surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive payments on their debt securities.

Regardless of who acts as paying agent, all money paid by us to a paying agent that remains unclaimed at the end of two years after the amount is due to a holder will be repaid to us. After that two-year period, the holder may look only to us for payment and not to the trustee, any other paying agent or anyone else.

## **Guarantees**

The debt securities of any series may be guaranteed by one or more of our existing and future subsidiaries, including Jaguar Resources LLC, Puma Resources, Inc., Gator Marine, Inc., Gator Marine Ivanhoe, Inc. and Westhawk Minerals LLC. However, the applicable indenture governing the debt securities will not require that any of our subsidiaries be a guarantor of any series of debt securities and will permit the guarantors of any series of guaranteed debt securities to differ from the guarantors of any other series of guaranteed debt securities. If the Company issues a series of guaranteed debt securities, the identity of the specific guarantors of the debt securities of that series will be identified in the applicable prospectus supplement.

If we issue a series of guaranteed debt securities, a description of some of the terms of guarantees of those debt securities will be set forth in the applicable prospectus supplement. Unless otherwise provided in the prospectus supplement relating to a series of guaranteed debt securities, each guarantor of the debt securities of such series will fully and unconditionally guarantee, on a joint and several basis with each other guarantor, the due and punctual payment of the principal of, and premium, if any, and interest on each debt security of such series, all in accordance with the terms of such debt securities and the applicable indenture.

Notwithstanding the foregoing, unless otherwise provided in the prospectus supplement relating to a series of guaranteed debt securities, the applicable indenture will contain provisions to the effect that the obligations of each guarantor under its guarantees and such indenture shall be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such guarantor, result in the obligations of such guarantor under such guarantees and such indenture not constituting a fraudulent conveyance or fraudulent transfer under applicable law. However, there can be no assurance that, notwithstanding such limitation, a court would not determine that a guarantee constituted a fraudulent conveyance or fraudulent transfer under applicable law. If that were to occur, the court could void the applicable guarantor's obligations under that guarantee, subordinate that guarantee to other debt and other liabilities of that guarantor or take other action detrimental to holders of the debt securities of the applicable series, including directing the holders to return any payments received from the applicable guarantor.

Unless otherwise provided in the prospectus supplement relating to a series of guaranteed debt securities, the applicable indenture will (i) provide that, upon the sale or disposition (by merger or otherwise) of any

## **Table of Contents**

guarantor, (x) if the transferee is not an affiliate of the Company, such guarantor will automatically be released from all obligations under its guarantee of such debt securities or (y) otherwise, the transferee (if other than the Company or another guarantor) will assume the guarantor's obligations under its guarantee of such debt securities and (ii) permit us to cause the guarantee of any guarantor of such debt securities to be released at any time if we satisfy such conditions, if any, as are specified in the prospectus supplement for such debt securities.

The applicable prospectus supplement relating to any series of guaranteed debt securities will specify other terms of the applicable guarantees.

If the applicable prospectus supplement relating to a series of our senior debt securities provides that those senior debt securities will have the benefit of a guarantee by any or all of our subsidiaries, unless otherwise provided in the applicable prospectus supplement, each such guarantee will be the unsubordinated and unsecured obligation of the applicable guarantor and will rank equally in right of payment with all of the unsecured and unsubordinated indebtedness of such guarantor.

Any guarantee of any debt securities will be effectively subordinated to all existing and future secured indebtedness of the applicable guarantor, including any secured guarantees of other Company debt, to the extent of the value of the collateral securing that indebtedness. Consequently, in the event of a bankruptcy, or similar proceeding with respect to any guarantor that has provided a guarantee of any debt securities, the holders of that guarantor's secured indebtedness will be entitled to proceed directly against the collateral that secures that secured indebtedness and such collateral will not be available for satisfaction of any amount owed by such guarantor under its unsecured indebtedness, including its guarantees of any debt securities, until that secured debt is satisfied in full. Unless otherwise provided in the applicable prospectus supplement, the indenture will not limit the ability of any guarantor to incur secured indebtedness.

If the applicable prospectus supplement relating to a series of our subordinated debt securities provides that those subordinated debt securities will have the benefit of a guarantee by any or all of our subsidiaries, unless otherwise provided in the applicable prospectus supplement, each such guarantee will be the subordinated and unsecured obligation of the applicable guarantor and, in addition to being effectively subordinated to secured debt of such guarantor, will be subordinated in right of payment to all of such guarantor's existing and future senior indebtedness, including any guarantee of the senior debt securities, to the same extent and in the same manner as the subordinated debt securities are subordinated to our senior debt. See "Subordination Provisions" above.

## **Paying Agents**

We may appoint one or more financial institutions to act as our paying agents, at whose designated offices debt securities in non-global entry form may be surrendered for payment at their maturity. We call each of those offices a paying agent. We may add, replace or terminate paying agents from time to time. We may also choose to act as our own paying agent. We will specify in the prospectus supplement for your debt security the initial location of each paying agent for that debt security. We must notify the trustee of changes in the paying agents.

## **Notices**

Notices to be given to holders of a global debt security will be given only to the depositary, in accordance with its applicable policies as in effect from time to time. Notices to be given to holders of debt securities not in global form will be sent by mail to the respective addresses of the holders as they appear in the trustee's records, and will be deemed given when mailed. Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive notices.

**Table of Contents**

**Our Relationship with the Trustee**

The prospectus supplement for your debt security will describe any material relationships we may have with the trustee with respect to that debt security.

The same financial institution may initially serve as the trustee for our senior debt securities and subordinated debt securities. Consequently, if an actual or potential event of default occurs with respect to any of these securities, the trustee may be considered to have a conflicting interest for purposes of the Trust Indenture Act of 1939. In that case, the trustee may be required to resign under one or more of the indentures, and we would be required to appoint a successor trustee. For this purpose, a potential event of default means an event that would be an event of default if the requirements for giving us default notice or for the default having to exist for a specific period of time were disregarded.



**Table of Contents**

**DESCRIPTION OF CAPITAL STOCK**

The following summary description of our capital stock is qualified in its entirety by reference to our certificate of incorporation and bylaws, each of which is incorporated by reference in this prospectus.

**Common Stock**

We are currently authorized to issue up to 200,000,000 shares of common stock, par value \$0.01 per share, of which there were 77,584,405 shares outstanding as of November 1, 2013, excluding 327,312 shares of unvested restricted stock awarded under our 2013 Restated Stock Incentive Plan. Holders of our common stock are entitled to cast one vote for each share held of record on each matter submitted to a vote of stockholders. There is no cumulative voting for election of directors. Subject to the prior rights of any series of preferred stock which may from time to time be outstanding, if any, holders of our common stock are entitled to receive ratably dividends when, as and if declared by the board of directors out of funds legally available for such purpose and, upon the liquidation, dissolution or winding up of the company, are entitled to share ratably in all assets remaining after payment of liabilities and payment of accrued dividends and liquidation preferences on the preferred stock, if any. There are no redemption or sinking fund provisions that are applicable to our common stock. Subject only to the requirements of the DGCL, the board of directors may issue shares of our common stock without stockholder approval, at any time and from time to time, to such persons and for such consideration as the board of directors deems appropriate. Holders of our common stock have no preemptive rights and have no rights to convert their common stock into any other securities. The outstanding common stock is validly authorized and issued, fully paid and nonassessable.

**Preferred Stock**

We are authorized to issue up to 5,000,000 shares of preferred stock, par value \$0.01 per share. Shares of preferred stock may be issued from time to time in one or more series as the board of directors may from time to time determine, each of said series to be distinctively designated. The voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, if any, of each such series of preferred stock may differ from those of any and all other series of preferred stock at any time outstanding, and, subject to certain limitations of our certificate of incorporation and the DGCL, the board of directors may fix or alter, by resolution or resolutions, the designation, number, voting powers, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof, of each such series of preferred stock.

The issuance of any such preferred stock could adversely affect the rights of the holders of our common stock and therefore, reduce the value of the common stock. The ability of the board of directors to issue preferred stock could discourage, delay, or prevent a takeover of us. See Risk Factors.

**Anti-takeover Effects of Provisions of Our Certificate of Incorporation and Our Bylaws**

Some provisions of our certificate of incorporation and our bylaws contain provisions that could make it more difficult to acquire us by means of a merger, tender offer, proxy contest or otherwise, or to remove our incumbent officers and directors. These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging such proposals because negotiation of such proposals could result in an improvement of their terms.

*Preferred stock.* Our certificate of incorporation permits our board of directors to authorize and issue one or more series of preferred stock, which may render more difficult or discourage an attempt to change control of us

## **Table of Contents**

by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations, the board of directors were to determine that a takeover proposal is not in our best interest, the board of directors could cause shares of preferred stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer or insurgent stockholder or stockholder group.

*Stockholder meetings.* Our bylaws provide that a special meeting of stockholders may be called only by the Chairman of the Board, the Chief Executive Officer or by a resolution adopted by a majority of the total number of directors the board of directors would have if there were no vacancies.

*Requirements for advance notification of stockholder nominations and proposals.* Our bylaws and certificate of incorporation establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors.

*Stockholder Action By Written Consent.* Our bylaws provide that, except as may otherwise be provided with respect to the rights of the holders of preferred stock, no action that is required or permitted to be taken by our stockholders at any annual or special meeting may be effected by written consent of stockholders in lieu of a meeting of stockholders, unless the action to be effected by written consent of stockholders and the taking of such action by such written consent have expressly been approved in advance by our board of directors. This provision, which may not be amended by our stockholders except by the affirmative vote of holders of at least 66-2/3% of the voting power of all then outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class, makes it difficult for stockholders to initiate or effect an action by written consent that is opposed by our board of directors.

*Amendment of the bylaws.* Under Delaware law, the power to adopt, amend, alter or repeal bylaws is conferred upon the stockholders. A corporation may, however, in its certificate of incorporation also confer upon the board of directors the power to adopt, amend or repeal its bylaws. Our certificate of incorporation and bylaws grant our board of directors the power to adopt, amend, alter or repeal our bylaws at any regular or special meeting of the board of director on the affirmative vote of a majority of the total number of directors the board of directors would have if there were no vacancies. Our stockholders may adopt, amend, alter or repeal our bylaws but only at any regular or special meeting of stockholders by an affirmative vote of holders of at least 66-2/3% of the voting power of all then outstanding shares of capital stock entitled to vote generally in the election of directors, voting together as a single class.

The provisions of our certificate of incorporation and bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions which stockholders may otherwise deem to be in their best interests.

## **Transfer Agent and Registrar**

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

**Table of Contents**

**PLAN OF DISTRIBUTION**

**Initial Offering and Sale of Securities**

We may, from time to time, sell, transfer or otherwise dispose of the securities offered by this prospectus or any applicable prospectus supplement on any stock exchange, market or trading facility on which such securities are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale or at negotiated prices.

We may use any one or more of the following methods when disposing of the offered securities:

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

block trades in which the broker-dealer will attempt to sell the securities as agent, but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

an exchange distribution in accordance with the rules of the applicable exchange;

privately negotiated transactions;

short sales effected after the date of this prospectus;

through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;

broker-dealers may agree to sell a specified number of such common stock at a stipulated price per share;

a combination of any such methods of sale; and

any other method permitted pursuant to applicable law.

If underwriters are used to sell the securities, we will enter into an underwriting agreement or similar agreement with them at the time of the sale to them. In that event, underwriters may receive compensation from us in the form of underwriting discounts or commissions and may also receive commissions from purchasers of the securities for whom they may act as agent.

To the extent required by applicable law, a prospectus supplement relating to the securities will set forth:

the offering terms, including the name or names of any underwriters, dealers or agents;

the number or amount of the securities involved, the purchase price of such securities and the proceeds to us from such sale;

any underwriting discounts, concessions, commissions and other items constituting compensation to underwriters, dealers or agents;

any initial public offering price;

any discounts or concessions allowed or reallocated or paid by underwriters or dealers to other dealers; and

any securities exchanges on which the securities may be listed.

The securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more of such firms. Unless otherwise set forth in an applicable prospectus supplement, the obligations of underwriters or dealers to purchase the securities will be subject to certain conditions precedent and the underwriters or dealers will be obligated to purchase all the securities if any

## **Table of Contents**

are purchased. Any public offering price and any discounts or concessions allowed or reallocated or paid by underwriters or dealers to other dealers may be changed from time to time.

In order to comply with the securities laws of some states, the shares sold in those jurisdictions may only be sold through registered or licensed brokers or dealers. In addition, in some states, the shares may not be sold unless the shares have been registered or qualified for sale in that state or an exemption from registration or qualification is available and is complied with.

The securities may be sold directly by us or through agents designated by us from time to time. Any agent involved in the offer or sale of the securities in respect of which this prospectus and a prospectus supplement is delivered will be named, and any commissions payable by us to such agent will be set forth, in any required prospectus supplement. Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment.

If so indicated in the prospectus supplement, we will authorize underwriters, dealers or agents to solicit offers from certain specified institutions to purchase securities from us at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on a specified date in the future. Such contracts will be subject to any conditions set forth in the prospectus supplement and the prospectus supplement will set forth the commissions payable for solicitation of such contracts. The underwriters and other persons soliciting such contracts will have no responsibility for the validity or performance of any such contracts.

Underwriters, dealers and agents may be entitled under agreements entered into with us to be indemnified by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution by us to payments which they may be required to make. The terms and conditions of such indemnification will be described in an applicable prospectus supplement. Underwriters, dealers and agents may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

Any underwriters to whom securities are sold by us for public offering and sale may make a market in such securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for any securities.

Certain persons participating in any offering of securities may engage in transactions that stabilize, maintain or otherwise affect the price of the securities offered. In connection with any such offering, the underwriters, dealers or agents, as the case may be, may purchase and sell securities in the open market. These transactions may include overallotment and stabilizing transactions and purchases to cover syndicate short positions created in connection with the offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the securities and syndicate short positions involve the sale by the underwriters, dealers or agents, as the case may be, of a greater number of securities than they are required to purchase from us in the offering. The underwriters may also impose a penalty bid, whereby selling concessions allowed to syndicate members or other broker-dealers for the securities sold for their account may be reclaimed by the syndicate if such securities are repurchased by the syndicate in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the securities, which may be higher than the price that might otherwise prevail in the open market, and if commenced, may be discontinued at any time. These transactions may be effected on The NASDAQ Global Select Market, in the over-the-counter market or otherwise. These activities will be described in more detail in the sections entitled **Plan of Distribution** or **Underwriting** in the applicable prospectus supplement.

## **Sales by Selling Security Holders**

Selling security holders may use this prospectus in connection with resales of common stock they hold as described in the applicable prospectus supplement. The applicable prospectus supplement will identify the selling

**Table of Contents**

security holders, the terms of offering of the common stock and any material relationships we have with the selling security holders. The selling security holders may include certain of our affiliates. Selling security holders may be deemed to be underwriters under the Securities Act in connection with the common stock they resell and any profits on the sales may be deemed to be underwriting discounts and commissions under the Securities Act. Unless otherwise provided in a prospectus supplement, the selling security holders will receive all the proceeds from the sale of their shares of common stock. We may pay all expenses incurred with respect to the registration of the common stock owned by the selling security holders, other than underwriting fees, discounts or commissions, which will be borne by the selling security holders.



**Table of Contents**

**WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the SEC a registration statement on Form S-3 under the Securities Act covering the securities offered by this prospectus. This prospectus does not contain all of the information that you can find in that registration statement and its exhibits. Certain items are omitted from this prospectus in accordance with the rules and regulations of the SEC. For further information with respect to us and the securities offered by this prospectus, reference is made to the registration statement and the exhibits filed with the registration statement. Statements contained in this prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance such statement is qualified by reference to each such contract or document filed with or incorporated by reference as part of the registration statement. We file reports, proxy and information statements and other information with the SEC. You may read any materials we have filed with the SEC free of charge at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of all or any part of these documents may be obtained from such office upon the payment of the fees prescribed by the SEC. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the site is <http://www.sec.gov>. The registration statement, including all exhibits thereto and amendments thereof, has been filed electronically with the SEC.

You can also find our SEC filings on our website at [www.gulfportenergy.com](http://www.gulfportenergy.com). The information contained on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

**INFORMATION INCORPORATED BY REFERENCE**

The SEC allows us to incorporate by reference into this prospectus the information we provide in other documents filed by us with the SEC. The information incorporated by reference is an important part of this prospectus and any prospectus supplement. Any statement contained in a document that is incorporated by reference in this prospectus is automatically updated and superseded if information contained in this prospectus and any prospectus supplement, or information that we later file with the SEC, modifies and replaces this information. We incorporate by reference the following documents that we have filed with the SEC:

Annual Report on Form 10-K for the fiscal year ended December 31, 2012, filed on March 1, 2013;

The information specifically incorporated by reference into the Annual Report on Form 10-K for the fiscal year ended December 31, 2012 from our definitive proxy statement on Schedule 14A, filed on April 30, 2013, as supplemented on June 7, 2013, June 13, 2013 and June 27, 2013;

Quarterly Reports on Form 10-Q for the three months ended March 31, 2013, June 30, 2013 and September 30, 2013, filed on May 9, 2013, August 8, 2013 and November 5, 2013, respectively; and

our Current Reports on Form 8-K, filed with the SEC on February 15, 2013 (except for Item 7.01), April 19, 2013, June 12, 2013, June 19, 2013, July 17, 2013 (as amended by our Current Report on Form 8-K/A, filed on September 3, 2013), July 23, 2013 and August 12, 2013.

In addition, all documents filed by us with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than those furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K, unless otherwise stated therein) after the date of this prospectus will be considered to be incorporated by reference into this prospectus and to be a part of this prospectus from the dates of the filing of such documents. Pursuant to General Instruction B of Form 8-K, any information submitted under Item 2.02, Results of Operations and Financial Condition, or Item 7.01, Regulation FD Disclosure, of Form 8-K is not deemed to be filed for the purpose of Section 18 of the Exchange Act, and we are not subject to the liabilities of Section 18 with respect to information submitted under Item 2.02 or Item 7.01 of Form 8-K. We are not incorporating by reference any information submitted

**Table of Contents**

under Item 2.02 or Item 7.01 of Form 8-K into any filing under the Securities Act or the Exchange Act or into this prospectus, unless otherwise indicated on such Form 8-K.

You may request a copy of this prospectus or any of the incorporated documents (excluding exhibits, unless the exhibits are specifically incorporated) at no charge to you by writing to Gulfport Energy Corporation, Attention: Investor Relations, at 14313 North May Avenue, Suite 100, Oklahoma City, Oklahoma 73134, or calling (405) 242-4888.

**Table of Contents**

**LEGAL MATTERS**

Unless otherwise indicated in the applicable prospectus supplement, the validity of the securities to be offered hereby offered by us and/or any selling security holders will be passed upon by Akin, Gump, Strauss, Hauer & Feld, L.L.P. If legal matters in connection with offerings made by this prospectus are passed on by counsel for the underwriters, dealers or agents, if any, that counsel will be named in the applicable prospectus supplement.

**EXPERTS**

The audited consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting incorporated by reference in this prospectus and elsewhere in the registration statement have been so incorporated by reference in reliance upon the reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

Information incorporated by reference into this prospectus regarding estimates of our proved oil and natural gas reserves and the discounted present value of estimated future net revenue before income tax of our estimated proved reserves is based on reports prepared by Netherland, Sewell & Associates, Inc. with respect to our WCBB, Hackberry and Niobrara fields at December 31, 2012 and 2011 and, with respect to our WCBB and Niobrara fields, at December 31, 2010, by Ryder Scott Company L.P. with respect to our Utica Shale acreage at December 31, 2012 and with respect to the assets in the Permian Basin in West Texas at December 31, 2011 and by Pinnacle Energy Services, LLC with respect to the assets in the Permian Basin in West Texas at December 31, 2010, each an independent petroleum engineering firm. All of such information has been incorporated by reference herein in reliance upon the authority of such firms as experts in such matters.

**Table of Contents**