

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 4)*

GASTAR EXPLORATION INC.

(Name of Issuer)

Common Stock, \$0.001 par value

(Title of Class of Securities)

36729W202

(CUSIP Number)

**Monica J. Shilling
Proskauer Rose LLP
2049 Century Park East, Suite 3200
Los Angeles, California 90067
Tel: (310) 557-2900
Fax: (310) 557-2193**

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

July 20, 2018

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1. Names of Reporting Persons
AF V Energy I AIV B1, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)
OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization
Delaware

7. Sole Voting Power
0

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

8. Shared Voting Power
45,623,125 (See Items 3, 4, 5 and 6)

9. Sole Dispositive Power
0

10. Shared Dispositive Power
45,623,125 (See Items 3, 4, 5 and 6)

11. Aggregate Amount Beneficially Owned by Each Reporting Person
45,623,125 (See Items 3, 4, 5 and 6)

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)
18.6% (See Item 3, 4, 5 and 6)

14. Type of Reporting Person (See Instructions)
PN

1. Names of Reporting Persons
ACOF Investment Management LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)
OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization
Delaware

7. Sole Voting Power
0

Number of
Shares
Beneficially
Owned by
Each
Reporting
Person With

8. Shared Voting Power
130,348,267 (See Item 3, 4, 5 and 6)

9. Sole Dispositive Power
0

10. Shared Dispositive Power
130,348,267 (See Item 3, 4, 5 and 6)

11. Aggregate Amount Beneficially Owned by Each Reporting Person
130,348,267 (See Item 3, 4, 5 and 6)

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)
44.4% (See Item 3, 4, 5 and 6)

14. Type of Reporting Person (See Instructions)
OO

1. Names of Reporting Persons
Ares Management LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)
OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization
Delaware

7. Sole Voting Power
0

Number of
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Person With

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130,348,267 (See Item 3, 4, 5 and 6)

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13. Percent of Class Represented by Amount in Row (11)
44.4% (See Item 3, 4, 5 and 6)

14. Type of Reporting Person (See Instructions)
OO

1. Names of Reporting Persons
Ares Management Holdings L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)
OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization
Delaware

7. Sole Voting Power
0

Number of
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8. Shared Voting Power
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13. Percent of Class Represented by Amount in Row (11)
44.4% (See Item 3, 4, 5 and 6)

14. Type of Reporting Person (See Instructions)
PN

1. Names of Reporting Persons
Ares Holdco LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)
OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

6. Citizenship or Place of Organization
Delaware

7. Sole Voting Power
0

Number of
Shares
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Owned by
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Reporting
Person With

8. Shared Voting Power
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13. Percent of Class Represented by Amount in Row (11)
44.4% (See Item 3, 4, 5 and 6)

14. Type of Reporting Person (See Instructions)
OO

1. Names of Reporting Persons
Ares Holdings Inc.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)
OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

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Delaware

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13. Percent of Class Represented by Amount in Row (11)
44.4% (See Item 3, 4, 5 and 6)

14. Type of Reporting Person (See Instructions)
CO

1. Names of Reporting Persons
Ares Management, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)
OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

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13. Percent of Class Represented by Amount in Row (11)
44.4% (See Item 3, 4, 5 and 6)

14. Type of Reporting Person (See Instructions)
PN

1. Names of Reporting Persons
Ares Management GP LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)
OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

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Delaware

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130,348,267 (See Item 3, 4, 5 and 6)

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44.4% (See Item 3, 4, 5 and 6)

14. Type of Reporting Person (See Instructions)
OO

1. Names of Reporting Persons
Ares Partners Holdco LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions)
OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

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Delaware

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44.4% (See Item 3, 4, 5 and 6)

14. Type of Reporting Person (See Instructions)
OO

Explanatory Note

This Amendment No. 4 (this "Amendment No. 4") to the statement on Schedule 13D amends and supplements the statement on Schedule 13D filed by the Reporting Persons on March 8, 2017 (as amended by Amendment No. 1 filed by the Reporting Persons on March 23, 2017, Amendment No. 2 filed by the Reporting Persons on May 4, 2017 and Amendment No. 3 filed by the Reporting Persons on May 25, 2017, the "Original Schedule 13D"), and together with this Amendment No. 4, the "Schedule 13D"). Capitalized terms used but not defined in this Amendment No. 4 have the meanings given to them in the Original Schedule 13D.

Item 2. Identity and Background

Item 2 of the Original Schedule 13D is hereby amended and restated in its entirety as follows:

(a) This statement is being filed jointly by (i) AF V Energy I AIV B1, L.P., (ii) ACOF Investment Management LLC ("ACOF"), (iii) Ares Management LLC, (iv) Ares Management Holdings L.P. ("Ares Management Holdings"), (v) Ares Holdco LLC ("Ares Holdco"), (vi) Ares Holdings Inc. ("Ares Holdings"), (vii) Ares Management, L.P. ("Ares Management"), (viii) Ares Management GP LLC ("Ares Management GP"), and (ix) Ares Partners Holdco LLC ("Ares Partners") (collectively, the "Reporting Persons"). The Reporting Persons have entered into a joint filing agreement, dated as of March 8, 2017, a copy of which has been filed as Exhibit 99.1.

(b) The address of the principal office of each of the Reporting Persons and the Board Members (as defined below) is c/o Ares Management LLC, 2000 Avenue of the Stars, 12th Floor, Los Angeles, California 90067.

(c) The Reporting Persons are either holding companies without operations, or are principally engaged in the business of investment management and investing in securities. The manager of the Purchasers (as defined in Item 5 of the Original Schedule 13D) is ACOF. The sole member of ACOF is Ares Management LLC. The sole member of Ares Management LLC is Ares Management Holdings and the general partner of Ares Management Holdings is Ares Holdco. The sole member of Ares Holdco is Ares Holdings, whose sole stockholder is Ares Management. The general partner of Ares Management is Ares Management GP, and the sole member of Ares Management GP is Ares Partners. Ares Partners is managed by a board of managers, which is composed of Michael Arougheti, Ryan Berry, R. Kipp deVeer, David Kaplan, Michael McFerran, Antony Ressler and Bennett Rosenthal (collectively, the "Board Members"). Mr. Ressler generally has veto authority over Board decisions. The present principal occupation of each of the Board Members is as follows: Michael Arougheti, Director, Chief Executive Officer and President of Ares Management GP and Co-Founder of Ares Management; Ryan Berry, Partner, Chief Marketing and Strategy Officer of Ares Management GP; R. Kipp deVeer, Director and Partner of Ares Management GP; David Kaplan, Director and Partner of Ares Management GP and Co-Founder of Ares Management; Michael McFerran, Partner, Chief Operating Officer and Chief Financial Officer of Ares Management GP; Antony Ressler, Chairman of Ares Management GP and Co-Founder of Ares Management; Bennett Rosenthal, Director and Partner of Ares Management GP and Co-Founder of Ares Management.

Each of the Reporting Persons (other than AF V Energy I AIV B1, L.P., with respect to the shares held directly by it), the Board Members and the other directors, officers, partners, stockholders, members and managers of the Reporting Persons expressly disclaims beneficial ownership of the shares of Common Stock, as defined in Rule 13d-3.

(d) During the last five years, none of the Reporting Persons or the Board Members have been convicted in any criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of the Reporting Persons or the Board Members have been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which proceeding he or she was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Each of the Reporting Persons is organized in the State of Delaware. Each of the Board Members is a citizen of the United States.

Item 4. Purpose of Transaction

Item 4 of the Original Schedule 13D is hereby amended and restated in its entirety as follows:

The Issuer, certain subsidiary guarantors of the Issuer, AF V Energy I Holdings, L.P., an investment vehicle managed by Ares Management LLC (“Holdings”), and Wilmington Trust, National Association, as the administrative agent under the Term Loan (as defined in the Original Schedule 13D), entered into Amendment No. 4 and Limited Waiver to Credit Agreement (the “Waiver”) on June 29, 2018. The Issuer filed the Waiver with the Securities and Exchange Commission on Form 8-K on July 6, 2018. Pursuant to the Waiver, the Issuer, among other things, agreed to, and to cause its advisors to, negotiate in good faith (the “Negotiation Commitment”) with Holdings and its advisors with respect to the repayment or other satisfaction of the Issuer’s indebtedness under the Convertible Notes (as defined in the Original Schedule 13D) and the Term Loan. The Reporting Persons and their affiliates hold all of the indebtedness outstanding under the Convertible Notes and the Term Loan. In connection with the Negotiation Commitment, the Reporting Persons intend to engage in discussions with management and the Issuer’s board of directors (the “Board”) concerning a potential material strategic transaction involving the Issuer which would, if consummated, have one or more of the results specified in clauses (a) through (j) of Item 4.

On July 20, 2018, the Reporting Persons delivered a non-binding preliminary term sheet (the “Term Sheet”) to the Issuer contemplating several options with respect to a potential restructuring transaction (the “Restructuring Transaction”) involving the Issuer. The Reporting Persons currently are engaged in discussions with the Issuer’s management, the Board and/or other stakeholders and persons with respect to the Term Sheet and/or other strategic transactions that, if consummated, would have one or more of the results specified in clauses (a) through (j) of Item 4. As the Reporting Persons delivered the Term Sheet for discussion and exploratory purposes only and, accordingly, no response to it has yet been received, there can be no assurance that any Restructuring Transaction will occur, or that the structure or terms of any such Restructuring Transaction, if it occurs, will not change materially from the structure and terms contemplated in the Term Sheet and summarized below. The transactions contemplated by the Term Sheet are subject to a number of contingencies and uncertainties including, without limitation, the completion of due diligence by the Reporting Persons, negotiation of terms satisfactory to the Reporting Persons, and the execution of definitive documentation. Further, certain of the transactions contemplated by the Term Sheet would involve consensual transactions with third-parties and/or be subject to the receipt of approvals (which approvals may or may not be obtained), and could be further contingent on the satisfaction of certain conditions (including various third-party consents) and various other matters outside of the control of the Reporting Persons and the Issuer. The Reporting Persons reserve the right to change their intention with respect to any and all matters referred to in this Item 4 at any time, including, without limitation, as set forth in the Term Sheet.

The Term Sheet contemplates that the Restructuring Transaction would be effected through either: (i) A sale (a “Sale”) of the Issuer’s business pursuant to (A) an out-of-court marketing and sale process or (B) a court-approved sale (an “In-Court Sale”) following the commencement of cases under chapter 11 of title 11 of the United States Bankruptcy Code (“Chapter 11 Cases”), followed by a plan of liquidation providing for the distribution of excess proceeds of the In-Court Sale and the distribution of any and all remaining assets not sold in such In-Court Sale. The Term Sheet provides a set of proposed milestones for the implementation of the Sale, which, if not timely satisfied, would potentially trigger the implementation of the Traditional Plan (as defined below). (ii) If (A) any of the milestones contemplated in connection with the Sale are not timely satisfied, (B) it is not reasonably likely that the Sale will be satisfactorily implemented or (C) certain other events occur, the Term Sheet contemplates that the Issuer would, if not already commenced in connection with an In-Court Sale, commence Chapter 11 Cases and the Restructuring Transaction would be implemented through a balance sheet restructuring of the Issuer (the “Traditional Plan”).

The Term Sheet provides that proceeds from any Sale or any related subsequent liquidation of assets will be used to pay all claims of creditors of the Issuer (including, without limitation, the Reporting Persons’ claims pursuant to the Convertible Notes and the Term Loan) prior to any distribution to the holders of Common Stock or the preferred stock issued by the Issuer. In addition, if a Sale is not consummated and instead the Traditional Plan is pursued (including, among other possible reasons, because the Sale is not reasonably expected to yield net proceeds sufficient to satisfy the Reporting Persons’ claims pursuant to the Convertible Notes and the Term Loan and, as a result, the Reporting Persons elect to cause the Issuer not to pursue a Sale), the Term Sheet contemplates that the holders of Convertible Notes would be exchanged for 100% of the new common stock of the reorganized business of the Issuer and that all existing Common Stock and preferred stock issued by the Issuer would be cancelled and extinguished. In addition, the Term Sheet contains certain other customary terms and conditions for transactions of the type contemplated by the Term Sheet.

If the Issuer commences Chapter 11 Cases, the Purchasers (as defined in the Original Schedule 13D), who are affiliates of the Reporting Persons, anticipate that the Issuer will obtain superpriority debtor-in-possession financing (the “DIP Facility”). The Purchasers have indicated that they could provide a DIP Facility that would refinance all obligations under the Term Loan and otherwise contain provisions (including prepayments, covenants and events of default) customary for superpriority debtor-in-possession financings.

The foregoing summary of the Term Sheet does not purport to be complete and is qualified in its entirety by reference to the text of the Term Sheet, which is attached hereto as Exhibit 10 and incorporated in this Item 4 by reference.

Under the terms of the Securities Purchase Agreement entered into on February 16, 2017 among the Issuer and the Purchasers, the Purchasers are entitled to appoint two members of the Board. On May 2, 2017, the Purchasers appointed Mr. Nathan W. Walton and Mr. Ronald D. Scott to serve as directors on the Board. Effective July 20, 2018, Mr. Walton and Mr. Scott resigned from the Board. The Purchasers intend to appoint two independent members of the Board to fill the vacancies resulting from these resignations.

In addition to the foregoing, the Reporting Persons review on a continuing basis their investment in the Issuer. Based on such review, one or more of the Reporting Persons, individually or in the aggregate, from time to time, may acquire, or cause to be acquired, through open market purchases, privately negotiated agreements or otherwise, additional securities or assets of the Issuer or its subsidiaries, dispose of, or cause to be disposed, securities of the Issuer or its subsidiaries, enter into or unwind hedging or other derivative transactions with respect to securities of the Issuer or its subsidiaries, form joint ventures with the Issuer or its subsidiaries, pledge their interest in securities of the Issuer or its subsidiaries as a means of obtaining liquidity or as credit support for loans for any purpose, or formulate other purposes, plans or proposals regarding the Issuer, its subsidiaries or any of their respective securities or assets, in light of the Reporting Persons' investment mandates and the general investment and trading policies of the Reporting Persons, the Issuer's business and prospects, financial condition and operating results, general market and industry conditions or other factors. Notwithstanding anything contained in this Schedule 13D, the Reporting Persons specifically reserve the right to change their intention with respect to any or all of such matters. In addition, the Reporting Persons and their representatives and advisers may communicate with the Board and management of the Issuer or its subsidiaries concerning the types of transactions disclosed in this paragraph or elsewhere in this Item 4, including but not limited to the acquisition of equity securities of, or assets from, the Issuer or its subsidiaries or a restructuring transaction involving the Issuer. In addition, the Reporting Persons may exercise any and all of their rights in a manner consistent with their direct and indirect equity interests, contractual rights and restrictions and other duties, if any. If the Reporting Persons were to acquire additional equity of the Issuer or convert the Convertible Notes into Common Stock, the Reporting Persons' ability to influence the management, the Board or the policies of the Issuer may increase. Furthermore, from time to time the Reporting Persons and their representatives and advisers may communicate with each other, the Board and with other security holders, industry participants and other interested parties concerning the Issuer and/or any of the other matters set forth in this Item 4. These potential actions, purchases and/or communications could involve one or more of the events referred to in paragraphs (a) through (j) of Item 4 of Schedule 13D. While there is no guarantee that any such actions, purchases and/or communications will develop or occur, if the Reporting Persons were to acquire additional equity of the Issuer or convert the Convertible Notes into Common Stock, the Reporting Persons' ability to influence the management, the Board or the policies of the Issuer may increase. In addition, because the Purchasers hold the right to designate two directors to the Board, the Reporting Persons may have influence over the Issuer's corporate activities, which may relate, without limitation, to the Issuer's capitalization and the transactions described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Except as set forth in this Schedule 13D, none of the Reporting Persons presently has any additional plans or proposals that relate to or would result in any of the transactions described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

The information set forth in Item 6 of the Original Schedule 13D is incorporated by reference in its entirety into this Item 4.

Item 5. Interest in Securities of the Issuer

Item 5 of the Original Schedule 13D is hereby amended to add the following:

The beneficial ownership disclosed on the cover pages of this Schedule 13D includes shares of Common Stock that may be issued upon the conversion of the Convertible Notes, and reflects 115,410 shares held by Mr. Walton, which represents shares granted to Mr. Walton in his capacity as a director of the Issuer. Pursuant to the policies of the Reporting Persons, Mr. Walton holds these securities as a nominee on behalf of, and for the sole benefit of, the Reporting Persons and has assigned to Ares Management LLC all economic, pecuniary and voting rights in respect of such securities. The ownership percentages reported in this Schedule 13D are based on an aggregate of 220,105,332 shares of Common Stock outstanding as of May 7, 2018 as reported in the Issuer's Quarterly Report on Form 10-Q filed on May 10, 2018.

Item 7. Material to be Filed as Exhibits

Item 7 of the Original Schedule 13D is hereby amended to add the following exhibits:

Exhibit 10 Preliminary Term Sheet, dated as of July 20, 2018

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: July 20, 2018

AF V ENERGY I AIV B1, L.P.

By: ACOF Investment Management LLC,
Its Manager

/s/ Naseem Sagati Aghili

By: Naseem Sagati Aghili
Its: Authorized Signatory

ACOF INVESTMENT MANAGEMENT LLC

/s/ Naseem Sagati Aghili

By: Naseem Sagati Aghili
Its: Authorized Signatory

ARES MANAGEMENT LLC

/s/ Naseem Sagati Aghili

By: Naseem Sagati Aghili
Its: Authorized Signatory

ARES MANAGEMENT HOLDINGS L.P.

By: ARES HOLDCO LLC
Its General Partner

/s/ Naseem Sagati Aghili

By: Naseem Sagati Aghili
Its: Authorized Signatory

ARES HOLDCO LLC

/s/ Naseem Sagati Aghili

By: Naseem Sagati Aghili
Its: Authorized Signatory

ARES HOLDINGS INC.

/s/ Naseem Sagati Aghili

By: Naseem Sagati Aghili
Its: Authorized Signatory

ARES MANAGEMENT, L.P.

By: ARES MANAGEMENT GP LLC
Its General Partner

/s/ Naseem Sagati Aghili

By: Naseem Sagati Aghili
Its: Authorized Signatory

ARES MANAGEMENT GP LLC

/s/ Naseem Sagati Aghili

By: Naseem Sagati Aghili
Its: Authorized Signatory

ARES PARTNERS HOLDCO LLC

/s/ Naseem Sagati Aghili

By: Naseem Sagati Aghili
Its: Authorized Signatory

EXHIBIT INDEX

Exhibit 1*	Securities Purchase Agreement by and among the Issuer and the Purchasers, dated as of February 16, 2017 (incorporated by reference to Exhibit 10.1 to the current report on Form 8—K of the Issuer filed on February 7, 2017).
Exhibit 2*	Amendment No. 1 to Securities Purchase Agreement by and among the Issuer and the Purchasers, dated as of March 3, 2017 (incorporated by reference to Exhibit 10.2 to the current report on Form 8—K of the Issuer filed on March 7, 2017).
Exhibit 3*	Registration Rights Agreement by and among the Issuer and the Purchasers, dated as of March 3, 2017 (incorporated by reference to Exhibit 4.3 to the current report on Form 8—K of the Issuer filed on March 7, 2017).
Exhibit 4*	Form of Lock-Up Agreement (incorporated by reference to Exhibit 10.1 to the current report on Form 8—K of the Issuer filed on February 7, 2017).
Exhibit 5*	Indenture, dated as of March 3, 2017, among the Issuer and Wilmington Trust, National Association, as Trustee and Collateral Agent (incorporated by reference to Exhibit 4.1 to the current report on Form 8—K of the Issuer filed on February 7, 2017).
Exhibit 6*	First Supplemental Indenture, dated as of March 21, 2017, among the Issuer and Wilmington Trust, National Association, as Trustee and Collateral Agent (incorporated by reference to Exhibit 4.2 to the current report on Form 8-K of the Issuer filed on March 22, 2017)
Exhibit 7*	Securities Purchase Agreement by and among the Issuer and the Purchasers, dated as of March 20, 2017 (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K of the Issuer filed on March 22, 2017).
Exhibit 8*	Amendment to Registration Rights Agreement by and among the Issuer and the Purchasers, dated as of March 21, 2017 (incorporated by reference to Exhibit 4.4 to the current report on Form 8—K of the Issuer filed on March 22, 2017).
Exhibit 9*	Certificate of Designation of the Special Voting Preferred Stock of the Issuer, dated as of March 21, 2017 (incorporated by reference to Exhibit 3.1 to the current report on Form 8—K of the Issuer filed on March 22, 2017).
Exhibit 10	Preliminary Term Sheet, dated as of July 20, 2018
Exhibit 99.1*	Joint Filing Agreement, dated as of March 7, 2017, by and among the Reporting Persons.

* Previously filed

**Summary of Potential Restructuring
Terms and Conditions for Gastar Exploration Inc.**

This preliminary term sheet (the "Restructuring Term Sheet") summarizes the material terms and conditions of certain transactions in connection with a potential restructuring (the "Restructuring Transaction") of the capital structure and financial obligations of Gastar Exploration Inc., a Delaware corporation ("Gastar"), and its various direct and indirect subsidiaries. The regulatory, tax, accounting, and other legal and financial matters and effects related to the Restructuring Transaction have not been fully evaluated, and any such evaluation may affect the terms and structure of any Restructuring Transaction. This Restructuring Term Sheet is attached to and made a part of the Restructuring Support Agreement (as amended, modified or supplemented from time to time, the "RSA"), dated as of [•], 2018, by and among the Company, the Consenting Parties and [•] (as each such term is defined below).

THIS RESTRUCTURING TERM SHEET DOES NOT CONSTITUTE (NOR SHALL IT BE CONSTRUED AS) AN OFFER OR PROPOSAL WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OR REJECTIONS AS TO ANY CHAPTER 11 PLAN, IT BEING UNDERSTOOD THAT SUCH AN OFFER, PROPOSAL OR SOLICITATION, IF ANY, WILL BE MADE ONLY IN COMPLIANCE WITH APPLICABLE PROVISIONS OF ALL APPLICABLE LAW. THIS RESTRUCTURING TERM SHEET DOES NOT ADDRESS ALL TERMS THAT WOULD BE REQUIRED IN CONNECTION WITH ANY POTENTIAL RESTRUCTURING. THE ENTRY INTO OR THE CREATION OF ANY BINDING AGREEMENT AND THE TRANSACTIONS CONTEMPLATED IN THIS RESTRUCTURING TERM SHEET ARE SUBJECT IN ALL RESPECTS TO THE NEGOTIATION, EXECUTION AND DELIVERY OF DEFINITIVE DOCUMENTATION IN FORM AND SUBSTANCE CONSISTENT WITH THIS RESTRUCTURING TERM SHEET AND OTHERWISE ACCEPTABLE TO THE COMPANY AND THE CONSENTING PARTIES AND SATISFACTORY COMPLETION OF DUE DILIGENCE BY THE CONSENTING PARTIES IN THEIR SOLE DISCRETION. THIS RESTRUCTURING TERM SHEET HAS BEEN PRODUCED FOR DISCUSSION AND SETTLEMENT PURPOSES ONLY. ACCORDINGLY, THIS TERM SHEET IS SUBJECT TO THE PROVISIONS OF RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND OTHER SIMILAR APPLICABLE STATE AND FEDERAL RULES PROTECTING THE USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION AND INFORMATION EXCHANGED IN THE CONTEXT OF SETTLEMENT DISCUSSIONS. THIS RESTRUCTURING TERM SHEET AND THE INFORMATION CONTAINED IN THIS RESTRUCTURING TERM SHEET ARE STRICTLY CONFIDENTIAL AND SHALL NOT BE SHARED WITH ANY OTHER PARTY ABSENT THE PRIOR WRITTEN CONSENT OF THE CONSENTING PARTIES OR THEIR COUNSEL.

OVERVIEW

Parties to the Restructuring **Company:** Gastar; Northwest Properties Ventures, LLC; and any other current or future subsidiaries of Gastar (collectively, the "Company").

Term Lender: AF V Energy I Holdings, L.P., as a lender (the “Consenting Term Lender”) under the Third Amended and Restated Credit Agreement, dated March 3, 2017 (as amended, restated, modified or supplemented from time to time, the “Term Credit Agreement”), by and among Gastar, as Borrower, the Guarantors specified in the Term Credit Agreement or in related transaction documentation, the Lenders from time to time party thereto and Wilmington Trust, National Association, as administrative agent (the “Term Agent”).

Second Lien Noteholders: The entities identified on Annex 1 attached hereto, in their capacities as holders of the notes (the “Second Lien Notes”) (in such capacities, the “Consenting Second Lien Noteholders”) issued pursuant to the Indenture dated March 3, 2017 (as amended, restated, modified or supplemented from time to time, the “Second Lien Indenture”), by and among Gastar, as issuer, the Guarantors specified in the Second Lien Indenture or in related transaction documentation, and Wilmington Trust, National Association, as trustee and collateral agent (the “Second Lien Trustee”).

Ares Equity Holders: The entities identified on Annex 1 attached hereto, in their capacities as holders of Gastar’s outstanding common shares (such common shares, together with any and all outstanding and unexercised or unvested warrants, options or rights to acquire Gastar’s currently outstanding equity, the “Existing Common Equity”) (in such capacities, the “Ares Equity Holders”; together with the Consenting Term Lender and the Consenting Second Lien Noteholders, the “Consenting Parties”).

The Company and each of the Consenting Parties is referred to in this Restructuring Term Sheet as a “Party”, and they are collectively referred to in this Restructuring Term Sheet as the “Parties”.

Restructuring Transaction Overview

The Restructuring Transaction will be implemented through one of the following two options, each as further set forth in this Restructuring Term Sheet:

- i. **Option 1 (Sale Transaction):** Under Option 1, the Restructuring Transaction would be implemented through a sale (“Sale”) of all or substantially all of the Company’s assets (the “Assets”) and be consummated either through:
 - (a) an out-of-court marketing process and sale (an “Out-of-Court Sale”); or

- (b) a court-approved sale pursuant to Bankruptcy Code(1) section 363 (an “In-Court Sale”) following the commencement of cases (the “Chapter 11 Cases”) under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”), followed by a plan of liquidation (the “Liquidating Plan”) that provides for (i) the distribution of the net proceeds of the In-Court Sale remaining after the payment of all proceeds of Collateral (as defined in the Intercreditor Agreement(2)) to the Term Lenders and the Second Lien Noteholders as set forth in this Restructuring Term Sheet and (ii)(x) the liquidation, and the distribution of the proceeds of, any and all remaining other assets not sold in such In-Court Sale, including, but not limited to, claims, causes of action and avoidance actions (other than those avoidance actions expressly released as set forth in this Restructuring Term Sheet), net of any costs of liquidation or distribution (the “Remaining Assets”), and (y) the funding of such wind-down efforts.

If any of the milestones applicable to an Out-of-Court Sale set forth below under the caption entitled “Milestones” (the “Out-of-Court Sale Milestones”) are not timely satisfied, the Company shall commence the Chapter 11 Cases and file a bankruptcy plan (the “Plan”) that includes a toggle feature providing for (i) the implementation of the In-Court Sale and the Liquidating Plan and, (ii) if any of the milestones applicable to an In-Court Sale set forth below under the caption entitled “Milestones” (the “In-Court Sale Milestones,” and together with the Out-of-Court Sale Milestones, the “Sale Milestones”) are not timely satisfied, the implementation instead of a stand-alone restructuring (the “Traditional Plan”) pursuant to Option 2 on the terms set forth in this Restructuring Term Sheet.

Notwithstanding the foregoing or anything to the contrary herein, (i) an Out-of-Court Sale can also be effected pursuant to a tender offer, merger or other similar transaction structure that results in the sale of the Company’s business and (ii) an In-Court Sale can also be effected pursuant to a plan of reorganization, in each case, so long as the economic effect of any such transaction is consistent

(1) “Bankruptcy Code” means title 11 of the United States Code, as amended.

(2) “Intercreditor Agreement” dated as of March 3, 2017, by and between the Term Agent and the Second Lien Trustee, as amended, modified or supplemented from time to time.

with the terms applicable to a Sale as provided herein, including, without limitation, under the caption “Economic Terms of the Restructuring Transaction” below.

- ii. Option 2 (Traditional Plan): If any of the In-Court Sale Milestones are not timely satisfied, the Restructuring Transaction will be implemented through the Traditional Plan, which shall provide for a balance sheet restructuring on the Economic Terms (as defined below). The Traditional Plan will be subject to certain milestones (together with the Sale Milestones, the “Milestones”) set forth in this Restructuring Term Sheet.

Notwithstanding the foregoing or any of the Sale Milestones, if the Consenting Parties determine in their reasonable discretion in light of the circumstances that (i) an Out-of-Court Sale cannot, or is not reasonably likely to, be consummated on terms satisfactory to the Consenting Parties or at all, then the Company shall, upon receipt of notice from the Consenting Parties (an “In-Court Sale Notice”), discontinue its pursuit of an Out-of-Court Sale pursuant to Option 1 and instead pursue an In-Court Sale pursuant to Option 1 and (ii) a Sale (whether pursuant to an Out-of-Court Sale or an In-Court Sale) cannot, or is not reasonably likely to, be consummated on terms satisfactory to the Consenting Parties or at all, then the Company shall, upon receipt of notice from the Consenting Parties (an “Option 2 Notice”), discontinue its pursuit of Option 1 and instead pursue Option 2.

Each of the Milestones shall be subject to extension or waiver in the sole discretion of the Consenting Parties.

Economic Terms of the Restructuring Transaction

Except as otherwise set forth in this Restructuring Term Sheet, the principal economic terms (the “Economic Terms”) of the Restructuring Transaction shall consist of the following:

- i. Term Credit Agreement:

Option 1: Subject to the terms of the Intercreditor Agreement, pursuant to Option 1, all obligations under or in respect of the Term Credit Agreement (the “Term Obligations”) will be repaid in cash to the extent of the proceeds of the sale or liquidation of any assets that constitute Collateral. Such payment shall be made immediately upon the consummation of any such sale or liquidation of such Collateral. Notwithstanding the foregoing, on behalf of the Term Lenders, the Term Agent shall have the right, exercisable solely upon direction from the Required Lenders (as defined below) in their sole discretion, to credit bid all or any portion of the Term Obligations in connection with any In-Court Sale. For the avoidance of doubt, Term Obligations includes any

Applicable Premium (as defined in the Term Credit Agreement).

Any Term Obligations that remain outstanding after the application of all proceeds of Collateral to the repayment of the Term Obligations shall be an unsecured deficiency claim (the "Term Deficiency Claim") that will share pro rata in the treatment of General Unsecured Claims (as defined below) under Option 1.

Option 2: Pursuant to Option 2, the Traditional Plan shall provide that any outstanding Term Obligations shall: (a) be unimpaired; (b) be reinstated (i.e., the Term Obligations and Term Credit Agreement will remain outstanding under their existing terms and conditions (e.g., same interest rate, same maturity, etc.)); or (c) receive such other treatment as is acceptable to the Consenting Parties in their sole discretion. The specific treatment of the Term Obligations pursuant to the Traditional Plan shall be subject to the consent of the Consenting Parties in their sole discretion. It is contemplated that the full amount of the Term Obligations will be refinanced and paid in full in cash from the proceeds of the DIP Facility (as defined below).

ii. Second Lien Indenture:

Option 1: Subject to the terms of the Intercreditor Agreement, pursuant to Option 1, all obligations under or in respect of the Second Lien Indenture (the "Second Lien Obligations") will be repaid in cash to the extent of any remaining proceeds of the sale or liquidation of assets that constitute Collateral after the payment in full of all Term Obligations. Such payment shall be made immediately upon the consummation of any such sale or liquidation of such Collateral. Notwithstanding the foregoing, on behalf of the Second Lien Noteholders, the Second Lien Trustee shall have the right, exercisable solely upon direction from the Required Lenders in their sole discretion, to credit bid all or any portion of the Second Lien Obligations in connection with any In-Court Sale.

Any Second Lien Obligations that remain outstanding after the application of all proceeds of Collateral to the repayment of the Term Obligations and the Second Lien Obligations shall be an unsecured deficiency claim (the "Second Lien Deficiency Claim") that will share pro rata in the treatment of General Unsecured Claims under Option 2.

Option 2: Pursuant to Option 2, the Traditional Plan shall provide that the full amount of the Second Lien Obligations

shall be exchanged for 100% of the new common stock of the reorganized business of the Company.

- iii. Administrative Claims: If the Company has commenced the Chapter 11 Cases, the Plan shall provide that any claims incurred for a cost or expense of administration of the Chapter 11 Cases entitled to priority under sections 503(b), 507(a)(2), or 507(b) of the Bankruptcy Code ("Administrative Claims") shall receive payment in full in cash in full and final satisfaction of such claims.
- iv. DIP Claims: If the Company has commenced the Chapter 11 Cases, any and all obligations under the DIP Facility shall receive the following treatment:
 - (a) if the Company consummates an In-Court Sale, the DIP Obligations shall be paid in full in cash from the net sale proceeds immediately upon the consummation of such sale; or
 - (b) if the Company consummates the Traditional Plan, the DIP Obligations shall (i) be paid in full in cash on the effective date of the Traditional Plan or (ii) receive such other treatment under the Traditional Plan that is acceptable to the lenders under the DIP Facility in their sole discretion.
- v. Other Secured Claims: If the Company has commenced the Chapter 11 Cases, the Plan shall provide that Other Secured Claims (as defined below) shall receive, in full and final satisfaction of such claims, either (a) payment in full in cash, (b) delivery of the collateral securing any such claim and payment of any interest required under section 506(b) of the Bankruptcy Code, (c) reinstatement of such claim under section 1124 of the Bankruptcy Code, (d) other treatment rendering such claim unimpaired or (e) the indubitable equivalent of such claim. "Other Secured Claims" means any claim against the Company (other than the Term Obligations and the Second Lien Obligations) that is: (a) secured by a lien on property in which the Company has an interest, which lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor's interest in the Company's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code; or (b) allowed pursuant to the Plan, or separate order of the Bankruptcy Court, as a secured claim.

- vi. Priority Tax Claims: If the Company has commenced the Chapter 11 Cases, the Plan shall provide that any claim of governmental units of the type described in section 507(a)(8) of the Bankruptcy Code ("Priority Tax Claims") shall be paid in full in cash or otherwise receive treatment consistent with the provisions of section 1129(a)(9) of the Bankruptcy Code.
- vii. Other Priority Claims: If the Company has commenced the Chapter 11 Cases, the Plan shall provide that any claims, other than Administrative Claims or Priority Tax Claims, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code (the "Other Priority Claims") shall be paid in full in cash on the effective date of the Plan in full and final satisfaction of such claims.
- viii. Trade Claims: Pursuant to Option 1, all ordinary course trade claims (the "Trade Claims") shall be assumed by the purchaser (if and to the extent such Trade Claims have not been paid in connection with any "critical vendor" or "first day" orders of the Bankruptcy Court in the event that the Company has commenced the Chapter 11 Cases).

Pursuant to Option 2, the Traditional Plan shall provide that the holders of Trade Claims (if and to the extent such Trade Claims have not been paid in connection with any "critical vendor" or "first day" orders of the Bankruptcy Court) shall be paid [•]% in the aggregate of their allowed claims in four (4) equal quarterly installments over the course of the one-year period following the effective date of the Traditional Plan.

- ix. General Unsecured Claims: Pursuant to Option 1, if the Company consummates an Out-of-Court Sale, holders of any general unsecured claims against the Company (the "General Unsecured Claims") that are not assumed by the purchaser shall receive their pro rata share of: (a) Excess Collateral Proceeds,(3) if any; (b) any proceeds of such sale in respect of unencumbered assets; and (c) any net proceeds from the liquidation of any Remaining Assets.

If the Company pursues an In-Court Sale, the Plan shall provide that holders of General Unsecured Claims shall receive, in full and final satisfaction of their respective claims, their pro rata share of: (a) Excess Collateral Proceeds, if any; (b) any proceeds of such sale in respect of unencumbered assets; (c) any net proceeds from the

(3) "Excess Collateral Proceeds" means the net sale proceeds received in respect of Collateral in excess of the amount necessary to repay in full in cash all of the Term Obligations and all of the Second Lien Obligations.

liquidation of Remaining Assets in connection with the Liquidating Plan or other disposition; and (d) the proceeds of any customary avoidance actions (but excluding any avoidance action claims against the Consenting Parties, which shall be released pursuant to the orders relating to the DIP Facility and the Plan).

Pursuant to Option 2, the Traditional Plan shall provide that: (x) if General Unsecured Claims approve the Plan as a class, each holder of such claims shall receive a cash payment equal to [•]% of such holder's allowed claim; and (y) if General Unsecured Claims reject the Plan as a class, each holder of such claims will receive a five-year note accruing interest at a rate to be determined by the Bankruptcy Court in the amount of such holder's allowed claims.

For the avoidance of doubt, "General Unsecured Claims" shall: (i) include any Term Deficiency Claim or Second Lien Deficiency Claim, if such deficiency claims come into existence; (ii) exclude any Trade Claims; and (iii) if the Company is pursuing an In-Court Sale or the Traditional Plan, exclude any Administrative Claims, Priority Tax Claims or Other Priority Claims.

- x. Existing Preferred Equity: Pursuant to Option 1, after satisfaction in full in cash of all claims against the Company, including, but not limited to, the Term Obligations, the Second Lien Obligations, any DIP Obligations, and any General Unsecured Claims that are not assumed by the purchaser, any remaining proceeds from any Sale or any liquidation of the Remaining Assets shall be paid to holders of Gastar's current outstanding preferred equity shares ("Existing Preferred Equity") in an amount equal to the liquidation preference amount of such Existing Preferred Equity plus any outstanding dividends due thereon (the "Existing Preferred Equity Payoff") in full and final satisfaction of the Existing Preferred Equity.

Pursuant to Option 2, the Plan shall provide that all of the Existing Preferred Equity shall be cancelled and extinguished.

- xi. Existing Common Shares: Pursuant to Option 1, after satisfaction in full in cash of (i) all claims against the Company, including, but not limited to, the Term Obligations, the Second Lien Obligations, any DIP Obligations, and any General Unsecured Claims that are not assumed by the purchaser and (ii) the Existing Preferred Equity Payoff, any remaining net proceeds yielded by a Sale of the Assets or any liquidation of Remaining Assets shall

be paid to holders of Gastar's outstanding common shares in full and final satisfaction of the Existing Common Equity.

Pursuant to Option 2, the Plan shall provide that all of Gastar's Existing Common Equity shall be cancelled and extinguished.

- xii. Management Incentive Plan: Upon the consummation of the Restructuring Transaction, all existing management incentive and equity-based compensation plans shall be subject to treatment to be determined. The Company shall implement a management incentive plan (the "Management Incentive Plan") pursuant to which certain officers and employees of the Company shall be entitled to receive, in the aggregate, an amount to be determined. The allocation of individual awards under the Management Incentive Plan shall be subject to the approval of the new Board of Directors (the "Board") of the reorganized business of the Company following the consummation of the Restructuring Transaction.

Notwithstanding the foregoing, in any Chapter 11 Cases, in no event shall any claim or interest that is not an allowed claim or interest pursuant to the Bankruptcy Code be entitled to any consideration whatsoever on account of such claim. Additionally, if the holder of any claim or interest has agreed with the Company to less favorable treatment on account of such claim as is set forth above, the holder of such claim or interest will receive such less favorable treatment.

Restructuring Support Agreement

The Company and the Consenting Parties shall execute the RSA. The RSA shall contain customary terms and conditions for an agreement of its type, including, without limitation, terms evidencing the obligation of the parties to such agreement to support the consummation of the Restructuring Transaction.

Milestones

The Out-of-Court Sale, the In-Court Sale and the Plan, respectively, as well as the Consenting Parties' support for the Restructuring Transactions, shall be subject to the timely satisfaction of the following Milestones, in each case, as applicable to the alternative (i.e., the Out-of-Court Sale, the In-Court Sale or the Plan) then being pursued:

- i. **Out-of-Court Sale Milestones:** The following Out-of-Court Sale Milestones shall be applicable immediately after the execution of the RSA:
- Within two (2) days following the execution of the RSA, the Company's advisors shall have distributed a sale process letter to a list of first-round prospective bidders for submission of first-

round, non-binding indications of interest with respect to the purchase of the Assets.

- Within five (5) days following the deadline for submission of first-round, non-binding indications of interest, the Company's advisors shall have distributed a process letter to a list of second-round prospective bidders for submission of second-round final, binding bids with respect to the purchase of the Assets. Such process letter shall include a form definitive purchase and sale agreement (the "Purchase Agreement") and instruct each second-round prospective bidder to submit a marked version of such Purchase Agreement, together with a clean version of such Purchase Agreement executed by such bidder, in connection with any final bid submitted by such bidder.
 - Within ten (10) days following the deadline to submit final, binding bids with respect to the purchase of the Assets, the relevant parties shall have executed a definitive Purchase Agreement together with customary related ancillary documentation in respect of the purchase and sale of the Assets.
 - Within thirty (30) days following the execution of the Purchase Agreement, the Out-of-Court Sale shall have been consummated in accordance with the terms of the Purchase Agreement.
 - On the date of the closing of the Out-of-Court Sale pursuant to the Purchase Agreement, the proceeds from such Sale shall have been distributed in accordance with the terms set forth in this Restructuring Term Sheet.
- ii. **Dual-Track Milestones:** If (x) any Out-of-Court Sale Milestone is not timely satisfied, (y) the Consenting Parties deliver an In-Court Sale Notice, or (z) the Consenting Parties deliver an Option 2 Notice (any such event, a "Bankruptcy Trigger Event"), then the Company shall (1) commence the Chapter 11 Cases and pursue the In-Court Sale and the Plan on a dual-track basis and (2) timely attain each of the following Milestones:

- By no later than fifteen (15) days following the Bankruptcy Trigger Event, the Company shall have commenced the Chapter 11 Cases.⁽⁴⁾
 - Within one (1) business day following the Petition Date, the Company shall have filed (i) the Plan, (ii) an accompanying disclosure statement (the “Disclosure Statement”), and (iii) a motion for approval of the Disclosure Statement and solicitation procedures and to set a hearing to consider confirmation of the Plan.
 - Within three (3) business days following the Petition Date, the Bankruptcy Court shall have entered the interim order approving the DIP Facility (the “Interim Order”).
 - Within twenty-five (25) days following the date of entry of the Interim Order, the Bankruptcy Court shall have entered the final order approving the DIP Facility.
 - Within thirty-five (35) days following the filing of the Plan and Disclosure Statement, the Bankruptcy Court shall have entered an order approving the Disclosure Statement.
 - Within seventy-five (75) days following the Petition Date, the Bankruptcy Court shall have entered an order confirming the Plan.
 - Within ninety (90) days following the Petition Date, the Liquidating Plan (if the Company has consummated the In-Court Sale) or the Traditional Plan shall have been consummated.
- iii. **In-Court Sale Milestones:** In connection with the pursuit of Option 1, if any of the following In-Court Sale Milestones are not timely attained after the commencement of the Chapter 11 Cases, then the Company shall pursue the confirmation of the Traditional Plan in accordance with Option 2:
- Within one (1) business day following the Petition Date, the Company shall have filed a motion

(4) The date of commencement of the Chapter 11 Cases is referred to in this Restructuring Term Sheet as the “Petition Date.”

seeking approval of the In-Court Sale of the Assets and related bid procedures (the “Bid Procedures”).

- Within fifteen (15) days following the Petition Date, the Bankruptcy Court shall have entered an order approving the Bid Procedures.
- Within fifty (50) days following the Petition Date, the Bankruptcy Court shall have entered an order approving the In-Court Sale.
- Within seventy-five (75) days following the Petition Date, the In-Court Sale shall have been consummated pursuant to the Bid Procedures.

The Company shall use its best efforts to cause each of the Milestones to be timely attained. However, in the event that any Milestone is not timely attained, the use by the Company of such best efforts shall in no event relieve it of its obligation hereunder to have caused such Milestone to be timely attained.

Credit Bidding

In connection with any In-Court Sale, the administrative agent under the DIP Facility (the “DIP Agent”), the Term Agent and the Second Lien Trustee or their respective designees shall have the right (upon the direction of the DIP Lenders, the Term Lenders and the Second Lien Noteholders, as applicable, in their sole discretion) to credit bid all or a portion of the amounts outstanding under the DIP Facility (as defined below), the Term Credit Agreement or the Second Lien Indenture, respectively, in accordance with section 363(k) of the Bankruptcy Code.

New Liquidity / Debtor-in-Possession Financing

The Company will obtain new financing (the “New Financing”) to the extent necessary to fund the Company through to the consummation of the Restructuring Transaction. If the Company commences Chapter 11 Cases, the New Financing will take the form of a superpriority debtor-in-possession financing (the “DIP Facility”) on customary terms and conditions acceptable to the Consenting Parties. The Company will promptly obtain court approval of the DIP Facility.

Release

Except as expressly set forth in this Restructuring Term Sheet or the definitive documentation for the Restructuring Transaction (the “Definitive Documentation”), the Definitive Documentation shall include full customary mutual releases from liability, with standard carve-outs for fraud and willful misconduct, in favor of the Company, each of the DIP Lenders, the DIP Agent, the Consenting Parties, the Term Agent, the Second Lien Trustee, and each of their respective directors, officers, funds, affiliates, members, employees, partners, managers, investment advisors, agents,

representatives, principals, consultants, attorneys, professional advisors, heirs, executors, successors and assigns (each in their capacity as such) from any claims and causes of action related to or in connection with the Company, the Company's out-of-court restructuring efforts, the RSA, the Plan, the Restructuring Transaction or the obligations under the DIP Facility, the Term Credit Agreement, the Second Lien Indenture, the Existing Preferred Equity or the Existing Common Equity. For the avoidance of doubt, any claims in respect of avoidance actions against the Consenting Parties shall be released. Nothing in the foregoing shall result in any members of the Board waiving any indemnification claims against the Company or any of its insurance carriers or any rights as beneficiaries of any insurance policies.

Board of Directors	If the Parties consummate the Restructuring Transaction pursuant to Option 2, the Board of the reorganized business of the Company shall consist of five (5) members. All of the directors for the initial term following the consummation of the Restructuring Transaction shall be selected by the Consenting Parties. In subsequent terms, the directors shall be selected by the holders of a majority of the voting power of the Company.
Senior Officers	Upon the consummation of the Restructuring Transaction, the Company's existing senior officers shall continue to serve in their current capacities at the pleasure of the new Board.
Employment Agreements	TBD
Amended Articles & Bylaws	Any existing organizational and corporate governance documents of Company entities constituting a part of the reorganized business of the Company after giving effect to the Restructuring Transaction shall be subject to amendments and modifications customary in connection with transactions similar to the Restructuring Transaction.
Public / Private Status of Company	<p>If the Parties consummate the Restructuring Transaction pursuant to Option 1, whether the purchasing entity is a public company with SEC-registered securities or is privately held shall be determined by the purchaser.</p> <p>If the Parties consummate the Restructuring Transaction pursuant to Option 2, the reorganized Company shall become a privately held company unless otherwise required by applicable law.</p>
Registration Rights	<p>If the Parties consummate the Restructuring Transaction pursuant to Option 1, whether the purchasing entity enters into a registration rights agreement shall be determined by the purchaser.</p> <p>If the Parties consummate the Restructuring Transaction pursuant to Option 2, the Company and the Consenting Second Lien Noteholders shall negotiate in good faith a registration rights</p>

agreement providing for (1) the right of shareholders holding registration rights to require the Company to register with the SEC the reorganized Company's new common equity issued to them pursuant to the Restructuring Transaction, and (2) "piggy-back" registration rights with customary cutbacks for such shareholders.

**Fees & Expenses / Expense
Reimbursement**

The Company shall promptly (and, in any case, no less frequently than once per month) pay all reasonable fees and expenses of the Consenting Parties as they are incurred, including but not limited to, the fees and expenses of their advisors.

Alternative Transactions

Notwithstanding anything to the contrary in this Restructuring Term Sheet, the Company shall not be entitled to solicit, encourage, and initiate any offer or proposal from, enter into any agreement with, or engage in any discussions or negotiations with, any person or entity concerning any actual or proposed transaction involving any or all of (i) another financial and/or corporate restructuring of any member of the Company, (ii) the issuance, sale, or other disposition of any equity or debt interests, or any material assets, of any member of the Company, or (iii) a merger, consolidation, business combination, liquidation, recapitalization, refinancing, or similar transaction involving any member of the Company (each, an "Alternative Transaction"). Notwithstanding the foregoing, the Company may respond to any proposal or offer for an Alternative Transaction to the extent that the Board determines in good faith, and consistent with its fiduciary duties, that such a response is necessary. In such a situation, the Company shall promptly provide copies of all such documentation and materials received by the Company concerning such an Alternative Transaction to counsel to the Consenting Parties.

Further, if the Board receives a bona fide written proposal with respect to an Alternative Transaction that the Board determines in good faith, on the advice of external counsel, would be more favorable to the Company's stakeholders than the Restructuring Transaction (a "Superior Proposal"), the Board may terminate the RSA and enter into a definitive agreement with respect to such Superior Proposal if it determines in good faith, on the advice of external counsel, that failure to do so would violate the Board's fiduciary duties. However, prior to such termination, the Company must provide the Consenting Parties with reasonable advance written notice (and, in any event, such notice shall be provided to the Consenting Parties not less than five (5) business days in advance) of the Company's intent to so terminate the RSA. The Company shall then provide the Consenting Parties with the right to match or better the terms of any such Superior Proposal prior to its termination of the RSA to enter into a definitive agreement with respect to such Superior Proposal. If the Consenting Parties match or better the terms of such Superior Proposal, the Company shall (i) proceed to consummate the transaction with the Consenting

Parties on such matching or better terms and (ii) immediately cease the Company's pursuit of the Superior Proposal or any other Alternative Transaction with the third party.

Tax, Securities, and Corporate Matters

The transactions discussed in this Restructuring Term Sheet are subject to ongoing tax diligence, securities compliance, and other corporate review.

Definitive Documentation

The Definitive Documentation and other material agreements relating to the Restructuring Transaction, any Plan or accompanying Disclosure Statement, any purchase agreement, merger agreement or ancillary documentation in connection with a Sale (including the Purchase Agreement), any of the documents or materials identified in the "Milestones" section of this Restructuring Term Sheet, and any forms of orders submitted to the Bankruptcy Court, shall each be in form and substance satisfactory to the Consenting Parties in their sole discretion, and shall contain such other terms and conditions as are customary for transactions of this type.

Required Lenders / Required Noteholders

For the purposes of this Restructuring Term Sheet, any consent, waiver or exercise of discretion of the Consenting Parties will be effective only upon the consent of the Required Lenders, the Required Noteholders and the Ares Equity Holders.

"Required Lenders" means, as of any date of determination, Term Lenders holding a majority of the outstanding principal amount of the Term Obligations held by the Term Lenders in the aggregate.

"Required Noteholders" means, as of any date of determination, Second Lien Noteholders holding a majority of the outstanding principal amount of the Second Lien Obligations held by the Second Lien Noteholders in the aggregate.

Annex 1

**Consenting Second Lien Noteholders
and Ares Equity Holders**

Consenting Second Lien Noteholders

AF V ENERGY I AIV A1, L.P.
AF V ENERGY I AIV A2, L.P.
AF V ENERGY I AIV A3, L.P.
AF V ENERGY I AIV A4, L.P.
AF V ENERGY I AIV A5, L.P.
AF V ENERGY I AIV A6, L.P.
AF V ENERGY I AIV A7, L.P.
AF V ENERGY I AIV A8, L.P.
AF V ENERGY I AIV A9, L.P.
AF V ENERGY I AIV A10, L.P.
AF V ENERGY I AIV A11, L.P.
AF V ENERGY I AIV A12, L.P.
AF V ENERGY I AIV A13, L.P.
AF V ENERGY I AIV B1, L.P.

Ares Equity Holders

AF V ENERGY I AIV A1, L.P.
AF V ENERGY I AIV A2, L.P.
AF V ENERGY I AIV A3, L.P.
AF V ENERGY I AIV A4, L.P.
AF V ENERGY I AIV A5, L.P.
AF V ENERGY I AIV A6, L.P.
AF V ENERGY I AIV A7, L.P.
AF V ENERGY I AIV A8, L.P.
AF V ENERGY I AIV A9, L.P.
AF V ENERGY I AIV A10, L.P.
AF V ENERGY I AIV A11, L.P.
AF V ENERGY I AIV A12, L.P.
AF V ENERGY I AIV A13, L.P.
AF V ENERGY I AIV B1, L.P.
