

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

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **March 31, 2021**

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 1-31398

NATURAL GAS SERVICES GROUP, INC.

(Exact name of registrant as specified in its charter)

Colorado

(State or other jurisdiction of incorporation or organization)

75-2811855

(I.R.S. Employer Identification No.)

404 Veterans Airpark Ln., Ste 300

Midland, Texas 79705

(Address of principal executive offices)

(432) 262-2700

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, Par Value \$0.01	NGS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒

No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒

No ☐

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒

Smaller reporting company ☒

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐

No ☒

As of May 10, 2021, there were 13,610,993 shares of the Registrant's common stock, \$0.01 par value, outstanding.

Part I - FINANCIAL INFORMATION

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

NATURAL GAS SERVICES GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)
(unaudited)

	March 31, 2021	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 30,683	\$ 28,925
Trade accounts receivable, net of allowance for doubtful accounts of \$1,155 and \$1,161, respectively	12,724	11,884
Inventory	19,982	19,926
Federal income tax receivable	11,538	11,538
Prepaid income taxes	62	66
Prepaid expenses and other	81	379
Total current assets	75,070	72,718
Long-term inventory, net of allowance for obsolescence of \$37 and \$221, respectively	1,105	1,065
Rental equipment, net of accumulated depreciation of \$181,385 and \$175,802, respectively	206,436	207,585
Property and equipment, net of accumulated depreciation of \$14,521 and \$13,916, respectively	21,601	21,749
Right of use assets - operating leases, net of accumulated amortization of \$410 and \$356, respectively	429	483
Intangibles, net of accumulated amortization of \$2,040 and \$2,008, respectively	1,119	1,151
Other assets	2,158	2,050
Total assets	\$ 307,918	\$ 306,801
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,181	\$ 2,373
Accrued liabilities	10,483	6,770
Line of credit	—	417
Current operating leases	169	198
Deferred income	34	1,103
Total current liabilities	11,867	10,861
Deferred income tax liability	42,013	41,890
Long-term operating leases	260	285
Other long-term liabilities	2,378	2,221
Total liabilities	56,518	55,257
Commitments and contingencies (Notes 6 and 9)		
Stockholders' Equity:		
Preferred stock, 5,000 shares authorized, no shares issued or outstanding	—	—
Common stock, 30,000 shares authorized, par value \$0.01; 13,358 and 13,296 shares issued, respectively	134	133
Additional paid-in capital	112,864	112,615
Retained earnings	138,892	139,286
Treasury Shares, at cost, 38 shares	(490)	(490)
Total stockholders' equity	251,400	251,544
Total liabilities and stockholders' equity	\$ 307,918	\$ 306,801

See accompanying notes to these unaudited condensed consolidated financial statements.

NATURAL GAS SERVICES GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except earnings per share)
(unaudited)

	Three months ended March 31,	
	2021	2020
Revenue:		
Rental income	\$ 15,341	\$ 16,100
Sales	2,711	1,450
Service and maintenance income	345	340
Total revenue	<u>18,397</u>	<u>17,890</u>
Operating costs and expenses:		
Cost of rentals, exclusive of depreciation stated separately below	7,156	7,897
Cost of sales, exclusive of depreciation stated separately below	2,616	1,739
Cost of service and maintenance, exclusive of depreciation stated separately below	48	125
Selling, general and administrative expenses	2,649	2,162
Depreciation and amortization	6,297	6,240
Total operating costs and expenses	<u>18,766</u>	<u>18,163</u>
Operating loss	(369)	(273)
Other income (expense):		
Interest expense	(1)	(3)
Other income (expense), net	101	(185)
Total other income (expense), net	<u>100</u>	<u>(188)</u>
Loss before provision for income taxes	(269)	(461)
Income tax (expense) benefit	(125)	4,543
Net (loss) income	<u>\$ (394)</u>	<u>\$ 4,082</u>
(Loss) earnings per share:		
Basic	\$ (0.03)	\$ 0.31
Diluted	\$ (0.03)	\$ 0.30
Weighted average shares outstanding:		
Basic	13,263	13,157
Diluted	13,263	13,416

See accompanying notes to these unaudited condensed consolidated financial statements.

NATURAL GAS SERVICES GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)
(unaudited)

	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Total Stockholders' Equity
	Shares	Amount	Shares	Amount			Shares	Amount	
BALANCES, January 1, 2020	—	\$ —	13,178	\$ 132	\$ 110,573	\$ 137,478	38	\$ (490)	\$ 247,693
Compensation expense on common stock options	—	—	—	—	17	—	—	—	17
Issuance of restricted stock	—	—	95	—	—	—	—	—	—
Compensation expense on restricted common stock	—	—	—	1	485	—	—	—	486
Taxes paid related to net shares settlement of equity awards	—	—	—	—	(149)	—	—	—	(149)
Net income	—	—	—	—	—	4,082	—	—	4,082
BALANCES, March 31, 2020	—	\$ —	13,273	\$ 133	\$ 110,926	\$ 141,560	38	\$ (490)	\$ 252,129
BALANCES, January 1, 2021	—	\$ —	13,296	\$ 133	\$ 112,615	\$ 139,286	38	\$ (490)	\$ 251,544
Issuance of restricted stock	—	—	62	—	—	—	—	—	—
Compensation expense on restricted common stock	—	—	—	1	473	—	—	—	474
Taxes paid related to net shares settlement of equity awards	—	—	—	—	(224)	—	—	—	(224)
Net loss	—	—	—	—	—	(394)	—	—	(394)
BALANCES, March 31, 2021	—	\$ —	13,358	\$ 134	\$ 112,864	\$ 138,892	38	\$ (490)	\$ 251,400

See accompanying notes to these unaudited condensed consolidated financial statements.

NATURAL GAS SERVICES GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three months ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	\$ (394)	\$ 4,082
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	6,297	6,240
Deferred income taxes	123	337
Stock-based compensation	474	502
Bad debt allowance	15	21
Gain on sale of assets	—	(68)
Loss (gain) on company owned life insurance	(98)	262
Changes in operating assets and liabilities:		
Trade accounts receivables	(855)	(1,434)
Inventory	(100)	1,616
Federal income tax receivable	—	(14,992)
Prepaid expenses and prepaid income taxes	301	344
Accounts payable and accrued liabilities	2,523	1,013
Deferred income	(1,069)	550
Deferred tax liability increase due to tax law change	—	10,103
Other	164	(301)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,381	8,275
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of rental equipment, property and other equipment	(4,965)	(6,679)
Purchase of company owned life insurance	(17)	(54)
Proceeds from sale of property and equipment	—	68
NET CASH USED IN INVESTING ACTIVITIES	(4,982)	(6,665)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of other long-term liabilities, net	—	(2)
Repayments of line of credit, net	(417)	—
Taxes paid related to net share settlement of equity awards	(224)	(149)
NET CASH USED IN FINANCING ACTIVITIES	(641)	(151)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,758	1,459
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	28,925	11,592
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 30,683	\$ 13,051
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	\$ 1	\$ 3
Income taxes paid	\$ —	\$ 40
NON-CASH TRANSACTIONS		
Right of use asset acquired through an operating lease	\$ —	\$ 4

See accompanying notes to these unaudited condensed consolidated financial statements.

Natural Gas Services Group, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Description of Business

Natural Gas Services Group, Inc. (the "Company", "NGS", "Natural Gas Services Group", "we" or "our") (a Colorado corporation), is a leading provider of natural gas compression equipment and services to the energy industry. The Company manufactures, fabricates, rents, sells and maintains natural gas compressors and flare systems for oil and natural gas production and plant facilities. NGS is headquartered in Midland, Texas, with fabrication facilities located in Tulsa, Oklahoma and Midland, Texas, and service facilities located in major oil and natural gas producing basins in the U.S.

2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company, its subsidiary, NGSG Properties, LLC and the rabbi trust associated with the Company's deferred compensation plan. All significant intercompany accounts and transactions for the periods presented have been eliminated in consolidation.

These financial statements include all adjustments, consisting of only normal recurring adjustments, which are necessary to make our financial position at March 31, 2021 and the results of our operations for the three months ended March 31, 2021 and 2020 not misleading. As permitted by the rules and regulations of the Securities and Exchange Commission (SEC), the accompanying condensed consolidated financial statements do not include all disclosures normally required by generally accepted accounting principles in the United States of America (GAAP). These financial statements should be read in conjunction with the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020 on file with the SEC. In our opinion, the condensed consolidated financial statements are a fair presentation of the financial position, results of operations, changes in stockholders' equity and cash flows for the periods presented.

The results of operations for the three months ended March 31, 2021 are not necessarily indicative of the results of operations to be expected for the full fiscal year ending December 31, 2021.

Revenue Recognition Policy

The Company recognizes revenue in accordance with ASC 606, Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is measured based on a consideration specified in a customer's contract, excluding any sale incentives and taxes collected on behalf of third parties (i.e. sales and property taxes). Revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration that we expect to receive for those goods or services. To recognize revenue, we (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when, or as, we satisfy the performance obligation(s). Shipping and handling costs incurred are accounted for as fulfillment costs and are included in cost of revenues in our condensed consolidated statements of operations.

Nature of Goods and Services

The following is a description of principal activities from which the Company generates its revenue:

Rental Revenue. The Company generates revenue from renting compressors and flare systems to our customers. These contracts, which all qualify as operating leases under ASC Topic 842, Leases (ASC 842), may also include a fee for servicing the compressor or flare during the rental contract period. Our rental contracts typically range from six to 24 months, with our larger horsepower compressors having contract terms of up to 60 months. Our revenue is recognized over time, with equal monthly payments over the term of the contract. After the terms of the contract have expired, a customer may renew their contract or continue renting on a monthly basis thereafter. In accordance ASC 842, we have applied the practical expedient ASC 842-10-15-42A, which allows the Company to combine lease and non-lease components.

Sales Revenue. The Company generates revenue by the sale of custom/fabricated compressors, flare systems and parts, as well as, exchange/rebuilding customer owned compressors and sale of used rental equipment.

Custom/fabricated compressors and flare systems - The Company designs and fabricates compressors and flares based on the customer's specifications outlined in their contract. Though the equipment being built is customized by the customer, control under these contracts does not pass to the customer until the compressor or flare package is complete and shipped, or in accordance with a bill and hold arrangement, the customer accepts title and assumes the risk and rewards of ownership. We request some of our customers to make progressive payments as the product is being built; these payments are recorded as a contract liability on the Deferred Income line on the condensed consolidated balance sheet until control has been transferred. These contracts also may include an assurance warranty clause to guarantee the product is free from defects in material and workmanship for a set duration of time; this is a standard industry practice and is not considered a performance obligation.

From time to time, upon the customer's written request, we recognize revenue when manufacturing is complete and the equipment is ready for shipment. At the customer's request, we will bill the customer upon completing all performance obligations, but before shipment. The customer will formally request that we ship the equipment per their direction from our manufacturing facility at a later specified date and that we segregate the equipment from our finished goods, such that they are not available to fill other orders. Per the customer's agreement change of control is passed to the customer once the equipment is complete and ready for shipment. We have operated using bill and hold agreements with certain customers for many years, with consistent and satisfactory results for both the customer and us. The credit terms on these agreements are consistent with the credit terms on all other sales. All control is maintained by the customer and there are no exceptions to the customer's commitment to accept and pay for the manufactured equipment. There was no revenue recognized for bill and hold arrangements for the three months ended March 31, 2021. Revenue recognized related to bill and hold arrangements for the three months ended March 31, 2020 was approximately \$0.9 million.

Parts - Revenue is recognized after the customer obtains control of the parts. Control is passed either by the customer taking physical possession or the parts being shipped. The amount of revenue recognized is not adjusted for expected returns, as our historical part returns have been de minimis.

Exchange or rebuilding customer owned compressors - Based on the contract, the Company will either exchange a new/rebuilt compressor for the customer's malfunctioning compressor or rebuild the customer's compressor. Revenue is recognized after control of the replacement compressor has transferred to the customer based on the terms of the contract, i.e., by physical delivery, delivery and installment, or shipment of the compressor.

Used compressors or flares - From time to time, a customer may request to purchase a used compressor or flare out of our rental fleet. Revenue from the sale of rental equipment is recognized when the control has passed to the customer based on the terms of the contract, i.e., when the customer has taken physical possession or the equipment has been shipped.

Service and Maintenance Revenue. The Company provides routine or call-out services on customer owned equipment. Revenue is recognized after services in the contract are rendered.

Payment terms for sales revenue and service and maintenance revenue discussed above are generally 30 to 60 days, although terms for specific customers can vary. Also, transaction prices are not subject to variable consideration constraints.

Disaggregation of Revenue

The following table shows the Company's revenue disaggregated by product or service type for the three months ended March 31, 2021 and 2020:

	Three months ended March 30,	
	2021	2020
	<i>(in thousands)</i>	
Compressors - sales	\$ 1,891	\$ 852
Flares - sales	46	80
Other (parts/rebuilds) - sales	774	518
Service and maintenance	345	340
Total revenue from contracts with customers	3,056	1,790
Add: ASC 842 rental revenue	15,341	16,100
Total revenue	<u>\$ 18,397</u>	<u>\$ 17,890</u>

Contract Balances

As of March 31, 2021 and December 31, 2020, we had the following receivables and deferred income from contracts with customers:

	March 31, 2021	December 31, 2020
	<i>(in thousands)</i>	
Accounts Receivable		
Accounts receivable - contracts with customers	\$ 2,937	\$ 3,243
Accounts receivable - ASC 842	10,942	9,802
Total Accounts Receivable	\$ 13,879	\$ 13,045
Less: Allowance for doubtful accounts	(1,155)	(1,161)
Total Accounts Receivable, net	\$ 12,724	\$ 11,884
Deferred income	\$ 34	\$ 1,103

The Company recognized sales and rental revenues of \$1.1 million and \$2,000, respectively, for the three months ended March 31, 2021 that was included in deferred income at the beginning of 2021. For the year ended December 31, 2020, the Company recognized sales and rental revenues of \$0.5 million and \$73,000, respectively, that was included in deferred income at the beginning of 2020.

The increases (decreases) of accounts receivable and deferred income were primarily due to normal timing differences between our performance and the customers' payments.

Remaining Performance Obligations

As of March 31, 2021, the Company did not have revenue related to unsatisfied performance obligations.

Contract Costs

The Company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the Company otherwise would have recognized is one year or less. These costs are included in selling, general and administrative expenses on our condensed consolidated statements of operations.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases, and operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established to reduce deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. To the extent we establish a valuation allowance or increase this allowance in a period, we include an expense in the tax provision in our condensed consolidated statements of operations.

We account for uncertain tax positions in accordance with guidance in ASC 740, which prescribes the minimum recognition threshold a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the condensed consolidated financial statements. Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon settlement. A liability for unrecognized tax benefits is recorded for any tax benefits claimed in our tax returns that do not meet these recognition and measurement standards. We have no liabilities for uncertain tax positions as of March 31, 2021.

Our policy regarding income tax interest and penalties is to expense those items as interest expense and other expense, respectively.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted in response to the economic impact caused by the COVID-19 pandemic. The CARES Act, among other things, permits federal income tax

net operating loss ("NOL") carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid federal income taxes. Please see Note 4, Federal Income Tax Receivable for a discussion about the impact on our condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (ASC Topic 326): Measurement of Credit Losses on Financial Instruments. The amendments to ASC Topic 326 require immediate recognition of estimated credit losses expected to occur over the remaining life of many financial assets, including trade receivables. For companies that qualify as smaller reporting companies, the amendments in this update are effective for interim and annual periods beginning after January 1, 2023. We are currently evaluating the impact of ASU 2016-13 on our consolidated financial statements and note disclosures.

3. Inventory

Our inventory, net of allowance for obsolescence of \$37,000 at March 31, 2021 and \$221,000 at December 31, 2020, consisted of the following amounts:

	March 31, 2021	December 31, 2020
	<i>(in thousands)</i>	
Raw materials - current	\$ 18,619	\$ 18,026
Work-in-process	1,363	1,900
Inventory - current	19,982	19,926
Raw materials - long term (net of allowances of \$37 and \$221, respectively)	1,105	1,065
Inventory - total	<u>\$ 21,087</u>	<u>\$ 20,991</u>

Our long-term inventory consists of raw materials that remain viable but that the Company does not expect to sell or use within the year.

Inventory Allowance

Due to the slow moving nature or obsolescence of a portion of its long-term inventory and inventory related to the periodic retirement of rental equipment, the Company routinely reviews its inventory allowance balance for costs that may not be recoverable in the future.

A summary of our inventory allowance is as follows:

	March 31, 2021	December 31, 2020
	<i>(in thousands)</i>	
Beginning balance	\$ (221)	\$ (24)
Accruals	—	(251)
Write-offs	184	54
Ending balance	<u>\$ (37)</u>	<u>\$ (221)</u>

4. Federal Income Tax Receivable

As discussed in Note 2, the CARES Act allows NOLs incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid federal income taxes. The Company generated significant NOLs during 2018 and 2019, and has filed amended returns to carryback these losses for five years. Accordingly, during 2020, the Company recorded a federal income tax receivable of \$15.0 million and an increase to its deferred income tax liability of \$10.1 million on its condensed consolidated balance sheet. During the third quarter of 2020, the Company received refunds totaling \$3.9 million related to its 2018 NOLs, which reduced its federal income tax receivable to \$11.5 million on its condensed consolidated balance sheet as of March 31, 2021.

5. Rental Equipment

Our rental equipment and associated accumulated depreciation as of March 31, 2021 and December 31, 2020, respectively, consisted of the following:

	March 31, 2021	December 31, 2020
	<i>(in thousands)</i>	
Compressor units	\$ 385,067	\$ 379,623
Work-in-process	2,754	3,764
Rental equipment	387,821	383,387
Accumulated depreciation	(181,385)	(175,802)
Rental equipment, net of accumulated depreciation	<u>\$ 206,436</u>	<u>\$ 207,585</u>

We evaluated our rental equipment for potential impairment as of March 31, 2021, and determined that no such impairment existed as of that date.

6. Credit Facility

Previous Credit Agreement

We had a senior secured revolving credit agreement the ("Previous Credit Agreement") with JP Morgan Chase Bank, N.A (the "Lender") that matured on March 31, 2021. The Previous Credit Agreement had an aggregate commitment of \$30 million, subject to collateral availability. Subsequent to March 31, 2021, we entered into a new credit facility. See footnote 10.

7. Stock-Based and Other Long-Term Incentive Compensation

Stock Options

A summary of all option activity as of December 31, 2020, and changes during the three months ended March 31, 2021 is presented below.

	Number of Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value <i>(in thousands)</i>
Outstanding, December 31, 2020	161,334	\$ 24.48	3.48	\$ —
Granted	—	—	—	—
Cancelled / Forfeited	—	—	—	—
Expired	(16,000)	17.81	—	—
Outstanding, March 31, 2021	<u>145,334</u>	<u>\$ 25.21</u>	<u>3.61</u>	<u>\$ —</u>
Exercisable, March 31, 2021	<u>145,334</u>	<u>\$ 25.21</u>	<u>3.61</u>	<u>\$ —</u>

The following table summarizes information about our stock options outstanding at March 31, 2021:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Shares	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
\$0.01-18.00	8,500	0.82	\$ 14.89	8,500	\$ 14.89
\$18.01-22.00	20,500	1.97	18.75	20,500	18.75
\$22.01-26.00	42,167	4.04	22.90	42,167	22.90
\$26.01-30.00	30,000	5.88	28.15	30,000	28.15
\$30.01-34.00	44,167	2.97	30.41	44,167	30.41
	<u>145,334</u>	<u>3.61</u>	<u>\$ 25.21</u>	<u>145,334</u>	<u>\$ 25.21</u>

As of March 31, 2021 and December 31, 2020, there were no unvested stock options.

As of March 31, 2021, there was no unrecognized compensation cost related to unvested options. For the three months ended March 31, 2020, total compensation expense for stock options was \$17,000. For the three months ended March 31, 2021 there was no compensation expense for stock options.

Restricted Shares/Units

In accordance with the Company's employment agreement with Stephen Taylor, the Company's Chief Executive Officer, the Compensation Committee of the Company's Board of Directors reviewed his performance in determining the issuance of restricted common stock. Based on this review, which included consideration of the Company's 2020 performance, Mr. Taylor was awarded 109,212 restricted shares/units on March 18, 2021, which vest over three years, in equal annual installments, beginning March 18, 2022. On March 18, 2021, the Compensation Committee awarded 20,000 restricted shares/units to our Vice President of Technical Services, James Hazlett. The restricted shares to Mr. Hazlett vest over three years, in equal annual installments, beginning March 18, 2022. On March 18, 2021, we also awarded and issued 5,612 shares of restricted common stock to each of our three independent members of our Board of Directors as partial payment for their services in 2021. These awards of restricted stock vest one year from the date of grant. Total compensation expense related to these and previously granted restricted stock awards was \$474,000 and \$485,000 for the three months ended March 31, 2021 and 2020, respectively. As of March 31, 2021, there was a total of \$2.6 million of unrecognized compensation expense related to these shares/units which is expected to be recognized over the next 2.0 years.

A summary of all restricted stock/units activity as of December 31, 2020 and changes during the three months ended March 31, 2021 is presented below:

	Number of Shares	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in thousands)
Outstanding, December 31, 2020	258,101	\$ 12.87	8.61	\$ 2,447
Granted	146,048	8.91	—	1,301
Vested	(85,457)	20.25	—	804
Canceled/Forfeited	(3,333)	12.26	—	31
Outstanding, March 31, 2021	<u>315,359</u>	<u>\$ 9.04</u>	<u>9.26</u>	<u>\$ 2,977</u>

Other Long-Term Incentive Compensation

On April 28, 2020, based on its review of Mr. Taylor's 2019 performance, the Compensation Committee issued a long-term incentive award of \$1,061,820 to Mr. Taylor that vests in equal, annual tranches over 3 years beginning on the anniversary of the grant date. At the time of vesting, each tranche will be payable in cash or common stock at the discretion of the Compensation Committee. On March 18, 2021, based on its review of Mr. Taylor's 2020 performance, the Compensation Committee issued a long-term incentive award of \$973,080 to Mr. Taylor that vests in equal, annual tranches over 3 years beginning on the anniversary of the grant date. In addition, on April 28, 2020, we issued a \$50,000 award to three of our independent members of our Board of Directors as partial payment for their services in 2020. These awards vest one year from the date of grant and are payable in cash upon vesting. On March 18, 2021, we issued a \$50,000 award to three of our independent members of our Board of Directors as partial payment for their services in 2021. These awards vest one year from the date of grant and are payable in cash upon vesting. The Company accounts for these other long-term incentive awards to Mr. Taylor and our independent Board members as liabilities under accrued liabilities on our condensed consolidated balance sheet. The vesting of these awards is subject to acceleration upon certain events, such as (i) death or disability of the recipient, (ii) certain circumstances in connection with a change of control of the Company, (iii) for executive officers, termination without cause (as defined in the agreement), and (iv) for executive officers, resignation for good reason (as defined). Total compensation expense related to these other long-term incentive awards was approximately \$166,000 for the three months ended March 31, 2021. As of March 31, 2021, there was a total of \$1.8 million of unrecognized compensation expense related to these other long-term incentive awards which is expected to be recognized over the next 2.4 years.

8. (Loss) Earnings per Share

The following table reconciles the numerators and denominators of the basic and diluted (loss) earnings per share computation:

	Three months ended March 31,	
	2021	2020
	(in thousands, except per share data)	
Numerator:		
Net (loss) income	\$ (394)	\$ 4,082
Denominator for (loss) earnings per basic common share:		
Weighted average common shares outstanding	13,263	13,157
Denominator for (loss) earnings per diluted common share:		
Weighted average common shares outstanding	13,263	13,157
Dilutive effect of stock options and restricted shares	—	259
Diluted weighted average shares	13,263	13,416
(Loss) earnings per common share:		
Basic	\$ (0.03)	\$ 0.31
Diluted	\$ (0.03)	\$ 0.30

For the three months ended March 31, 2021, 315,359 restricted stock/units and 145,334 stock options were not included in the computation of diluted loss per share due to their antidilutive effect.

For the three months ended March 31, 2020, options to purchase 182,839 weighted average shares of common stock were not included in the computation of diluted earnings per share due to their antidilutive effect.

9. Commitments and Contingencies

From time to time, we are a party to various legal proceedings in the ordinary course of our business. While management is unable to predict the ultimate outcome of these actions, it believes that any ultimate liability arising from these actions will not have a material adverse effect on our financial position, results of operations or cash flow. We are not currently a party to any material legal proceedings, and we are not aware of any threatened material litigation.

10. Subsequent Events

On May 11, 2021, we entered into a five year senior secured revolving credit agreement ("Credit Agreement") with Texas Capital Bank, National Association (the "Lender") with an initial commitment of \$20 million and an accordion feature that would increase the maximum commitment to \$30 million, subject to collateral availability. We also have a right to request from the Lender, on an uncommitted basis, an increase of up to \$30 million on the aggregate commitment; provided, however, the aggregate commitment amount is not permitted to exceed \$50 million. The maturity date of the Credit Agreement is May 11, 2026. The obligations under the Credit Agreement are secured by a first priority lien on all of our assets, including inventory and accounts receivable along with a first priority lien on a variable number of our leased compressor equipment.

Borrowing Base. At any time before the maturity of the Credit Agreement, we may draw, repay and re-borrow amounts available under the borrowing base up to the maximum aggregate availability discussed above. Generally, the borrowing base equals the sum of (a) 90% of eligible accounts receivable owed to the Company by investment grade debtors, *plus* (b) 85% of the eligible accounts receivable owing by non-investment grade debtors, *plus* (c) 50% of the eligible inventory, valued at the lower of cost or market value at such time, subject to a cap of this component not to exceed \$2,000,000, *plus* (d) the lesser of (i) 95% of the net book value of the compressors that the Lender has determined are eligible for the extension of credit, valued at the lower of cost or market value with depreciation not to exceed 25 years, at such time and (ii) 80% of the net liquidation value percentage of the net book value of the eligible compressors that the Lender has determined are eligible for the extension of credit, valued at the lower of cost or market value with depreciation not to exceed 25 years, at such time, *plus* (e) 80% of the value at cost (excluding any costs for capitalized interest or other non-cash capitalized costs) of the eligible new compressor fleet, *minus* (f) any required availability reserves determined by the Lender in its sole discretion. The Lender may adjust the borrowing base components if material deviations in the collateral are discovered in future audits of the collateral.

Interest and Fees. Under the terms of the Credit Agreement, we have the option of selecting the applicable variable rate for each revolving loan, or portion thereof, of either (a) the Base Rate (as defined below) plus the Applicable Margin, or (b) in the case of a Eurodollar Rate Loan, the Adjusted Eurodollar Rate plus the Applicable Margin. "Base Rate" means, for any day, a rate of interest per annum equal to the highest of (a) the prime rate for such day; (b) the sum of the federal funds rate for such day plus 0.50%; and (c) the Adjusted Eurodollar Rate for such day plus 1.00%. The Applicable Margin is determined based upon the leverage ratio as set forth in the most recent compliance certificate received by the Lender for each fiscal quarter from time to time pursuant to the Credit Agreement. Depending on the leverage ratio, the Applicable Margin can be 0.25% to 0.75% for Base Rate Loans (as defined in the Credit Agreement) and 1.25% to 1.75% for Eurodollar Rate Loans and for requested letters of credit. Accrued interest is payable monthly on outstanding principal amounts, provided that accrued interest on Eurodollar Rate Loans is payable at the end of each interest period, but in no event less frequently than quarterly.

Covenants. The Credit Agreement contains customary representations and warranties, as well as covenants which, among other things, condition or limit our ability to incur additional indebtedness and liens; enter into transactions with affiliates; make acquisitions in excess of certain amounts; pay dividends; redeem or repurchase capital stock or senior notes; make investments or loans; make negative pledges; consolidate, merge or effect asset sales; or change the nature of our business. In addition, we also have certain financial covenants that are applicable during certain trigger periods specified in the Credit Agreement and require us during such trigger periods to maintain a leverage ratio less than or equal to 3.00 to 1.00 as of the last day of each fiscal quarter and a fixed charge coverage ratio greater than or equal to 1.00 to 1.00 as of the last day of each fiscal quarter.

Events of Default and Acceleration. The Credit Agreement contains customary events of default for credit facilities of this size and type, and includes, without limitation, payment defaults; defaults in performance of covenants or other agreements contained in the Credit Agreement and the other transaction documents; inaccuracies in representations and warranties; certain defaults, termination events or similar events; certain defaults with respect to any other Company indebtedness in excess of \$1,000,000; certain bankruptcy or insolvency events; the rendering of certain judgments in excess of \$1,000,000; certain ERISA events; certain change in control events and the defectiveness of any liens under the secured revolving credit agreement. Obligations outstanding under the Credit Agreement may be accelerated upon the occurrence of an event of default.

On May 11, 2021, we had no amounts outstanding under the Credit Agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion and analysis of our financial condition and results of operations are based on, and should be read in conjunction with, our condensed consolidated financial statements and the related notes included elsewhere in this report and in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC.

This report and our Annual Report on Form 10-K contain certain forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, and information pertaining to us, our industry and the oil and natural gas industry that is based on the beliefs of our management, as well as assumptions made by and information currently available to our management. All statements, other than statements of historical facts contained in this report as well as our Annual Report on Form 10-K, including statements regarding our future financial position, growth strategy, budgets, projected costs, plans and objectives of management for future operations, are forward-looking statements. We use the words "may," "will," "expect," "anticipate," "estimate," "believe," "continue," "intend," "plan," "budget" and other similar words to identify forward-looking statements. You should read statements that contain these words carefully and should not place undue reliance on these statements because they discuss future expectations, contain projections of results of operations or of our financial condition and/or state other "forward-looking" information. We do not undertake any obligation to update or revise publicly any forward-looking statements. Although we believe our expectations reflected in these forward-looking statements are based on reasonable assumptions, no assurance can be given that these expectations or assumptions will prove to have been correct.

Please read Item 1A, Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2020, as it contains important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements.

Overview

We fabricate, manufacture, rent, and sell natural gas compressors and related equipment. Our primary focus is on the rental of natural gas compressors. Our rental contracts typically provide for initial terms of six to 24 months, with our larger horsepower units having contract terms of up to 60 months. After the initial term of our rental contracts, many of our customers have continued to rent our compressors on a month-to-month basis. Rental amounts are billed monthly in advance and include maintenance of our rented compressors. As of March 31, 2021, we had 1,265 natural gas compressors totaling 287,914 horsepower rented to 80 customers compared to 1,383 natural gas compressors totaling 298,143 horsepower rented to 92 customers at March 31, 2020.

We also fabricate natural gas compressors for sale to our customers, designing compressors to meet unique specifications dictated by well pressures, production characteristics, and particular applications for which compression is sought. Fabrication of compressors involves our purchase of engines, compressors, coolers, and other components, and our assembling of these components on skids for delivery to customer locations. The major components of our compressors packages are acquired through periodic purchase orders placed with third-party suppliers on an "as needed" basis, which presently require lead times between two to three months with delivery dates scheduled to coincide with our estimated production schedules. Although we do not have formal continuing supply contracts with any major supplier, we believe we have adequate alternative sources available. In the past, we have not experienced any sudden and dramatic increases in the prices of the major components for our compressors; however, the occurrence of such an event could have a material adverse effect on the results of our operations and financial condition, particularly if we were unable to increase our rental rates and sales prices proportionate to any such component price increases.

We also manufacture a proprietary line of compressor frames, cylinders and parts, known as our CiP (Cylinder-in-Plane) product line. We use finished CiP component products in the fabrication of compressor units for sale or rental by us or sell the finished component products to other compressor fabricators. We also design, fabricate, sell, install, and service flare stacks and related ignition and control devices for onshore and offshore incineration of gas compounds such as hydrogen sulfide, carbon dioxide, natural gas and liquefied petroleum gases. To provide customer support for our compressor and flare sales businesses, we stock varying levels of replacement parts at our Midland, Texas facility and at field service locations. We also provide an exchange and rebuild program for screw compressors and maintain an inventory of new and used compressors to facilitate this business.

We provide service and maintenance to our customers under written maintenance contracts or on an as-required basis in the absence of a service contract. Maintenance agreements typically have terms of six months to one year and require payment of a monthly fee.

The oil and natural gas equipment rental and services industry is cyclical in nature. The most critical factor in assessing the outlook for the industry is the worldwide supply and demand for oil and natural gas and the corresponding changes in commodity prices. As demand and prices increase, oil and natural gas producers typically increase their capital expenditures for drilling, development and production activities, although recent equity capital constraints and demands from institutional investors to keep spending within operating cash flow have meaningfully restrained capital expenditure budgets of domestic exploration and production companies. Generally, increased capital expenditures ultimately result in greater revenues and profits for service and equipment companies.

In general, we expect our overall business activity and revenues to track the level of activity in the oil and natural gas industry, with changes in crude oil and condensate production and consumption levels and prices affecting our business more than changes in domestic natural gas production and consumption levels and prices. In recent years we have increased our rentals and sales in unconventional oil shale plays, which are more dependent on crude oil prices. With this shift towards oil production, the demand for overall compression services and products is driven by two general factors: an increased focus by producers on artificial lift applications, e.g., production enhancement with compression assisted gas lift; and declining reservoir pressure in maturing natural gas producing fields, especially unconventional production. These types of applications have historically been serviced by wellhead size compressors, and continue to be, but there has also been an economic move by our customers towards centralized drilling and production facilities, which have increased the market need for larger horsepower compressor packages. We recognized this need in recent years and have been shifting our cash and fabrication resources towards designing, fabricating and renting gas compressor packages that range from 400 horsepower up to 1,380 horsepower. While this is a response to market conditions and trends, it also provides us with the opportunity to compete as a full-line compression provider.

We typically experience a decline in demand during periods of low crude oil and natural gas prices. During the first quarter of 2020, we saw a substantial decline in the prices for oil and natural gas. Activity levels of exploration and production companies have been and will be dependent not only on commodity prices, but also on their ability to generate sufficient operational cash flow to fund their activities. Generally, though, we feel that production activities (in which we are involved) will fare better than drilling activity.

Recent Events

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus known as COVID-19 due to the risks it imposes on the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The effects of the COVID-19 outbreak, including actions taken by businesses and governments to contain the spread of the virus, resulted in a significant, rapid decline in global and U.S. economic conditions. This significant drop in economic activity caused global demand for crude oil to drastically decline.

Given the current economic and industry backdrop, we still expect compressor sales to be low for the remainder of 2021, as exploration and production companies have significantly reduced their capital expenditures budgets.

In regards to our costs, we implemented various cost cutting measures with respect to operating expenses and capital expenditures during the second quarter of 2020. Our operating expense reductions included reductions in our headcount from both layoffs and attrition, wage freezes, centralization of certain processes for better cost control, and the enlistment of our suppliers in our cost cutting efforts. These cost cutting measures helped our financial performance and liquidity during 2020, and we expect these cost cutting measures to continue to benefit our financial performance through the remainder of 2021. In addition, as we have done during prior downturns, we significantly reduced our capital expenditures budget.

Finally, in keeping with current commercial precautions and practices in our industry, we have implemented guidelines to mitigate health risks to our employees and customers during this outbreak. To date, our field operations have continued largely uninterrupted as the U.S. Department of Homeland Security designated our industry as part of our country’s critical infrastructure. Remote work and work process adjustments related to COVID-19 have not impacted our ability to maintain our service operations or caused us to incur significant additional costs. In addition, we have not experienced any supply chain issues in connection with the COVID-19 outbreak.

Results of Operations

Three months ended March 31, 2021, compared to the three months ended March 31, 2020.

The table below shows our revenues and percentage of total revenues of each of our product lines for the three months ended March 31, 2021 and 2020.

	Three months ended March 31,				
	2021		2020		
	(in thousands)				
Rental	\$	15,341	83.4 %	\$ 16,100	90.0 %
Sales		2,711	14.7 %	1,450	8.1 %
Service and Maintenance		345	1.9 %	340	1.9 %
Total	\$	18,397		\$ 17,890	

Total revenue increased 2.8% to \$18.4 million for the three months ended March 31, 2021 compared to \$17.9 million for the three months ended March 31, 2020. This increase was primarily a result of higher sales revenue (87% increase) during 2021 mainly due to higher compressor sales offset by lower rental revenue (4.7% decrease).

Rental revenue decreased to \$15.3 million for the three months ended March 31, 2021 compared to \$16.1 million for the same period in 2020. This decrease during the first quarter of 2021 was attributable to decline in our rented units due to a significant drop in oil prices resulting from the COVID-19 pandemic and crude oil demand reduction.

As of March 31, 2021, we had 2,238 compressor packages in our fleet, down from 2,316 units at March 31, 2020 due to the retirement of 122 units during the fourth quarter of 2020. The Company's total unit horsepower increased by 1.0% to 441,911 horsepower at March 31, 2021 compared to 437,750 horsepower at March 31, 2020, which reflects the addition to the Company's fleet of 18 high horsepower compressors with 13,880 horsepower over the past 12 months. As of March 31, 2021, we had 1,265 natural gas compressors with a total of 287,914 horsepower rented to 80 customers, compared to 1,383 natural gas compressors with a total of 298,143 horsepower rented to 92 customers as of March 31, 2020. As a result, our total rented horsepower as of March 31, 2021 decreased by 3.4% over the prior twelve months. Our rental fleet had unit utilization as of March 31, 2021, and 2020, respectively, of 56.5% and 59.7%, and our horsepower utilization for the same periods, respectively, was 65.2% and 68.1%. While both our total rented horsepower and total rented units declined during the period, our total rented horsepower only declined by 3.4% contrasted against an 8.5% decline in total rented units. This illustrates the strong demand for our high horsepower units while the demand for our smaller and medium horsepower units has decreased with recent lower commodity prices.

Sales revenue increased to \$2.7 million for the three months ended March 31, 2021 compared to \$1.5 million for the three months ended March 31, 2020. This increase is mostly attributable to increased compressor sales and, to a lesser extent, increased parts sales during the first quarter of 2021 compared to the same period in 2020. These increased sales reflect marginally improving industry activity levels due to recently stabilized commodity prices and easing of capital constraints on exploration and production companies. Sales are subject to fluctuations in timing of industry activity related to capital projects and, as such, can vary substantially between periods.

Cost of rentals decreased to \$7.2 million during the three months ended March 31, 2021 compared to \$7.9 million during the three months ended March 31, 2020. While rental revenues declined 4.7%, this 9.4% decline in costs of rentals is due to additional cost containment efforts related to the industry downturn.

Cost of sales increased 50.4% to \$2.6 million during the three months ended March 31, 2021 compared to \$1.7 million during the three months ended March 31, 2020. This increase was primarily due to higher compressor sales and, to a lesser degree, higher parts sales during the period. This increase was partially offset by lower labor efficiency due to much lower activity levels at our fabrication facilities partially offset by lower payroll and benefits expenses.

Selling, general, and administrative ("SG&A") expenses increased 22.5% to \$2.6 million for the three months ended March 31, 2021 compared to \$2.2 million during the same period in 2020. This increase in SG&A expenses was primarily attributable to an increase in our deferred compensation liability which resulted in increased SG&A expense. In the first quarter of 2020 we had a decrease in the liability resulting in a recognized gain, thus reducing our SG&A expense. These changes

increased SG&A by approximately \$468,000. This increase was partially offset by lower professional fees and various other expenses.

Depreciation and amortization expense increased marginally to \$6.3 million for the three months ended March 31, 2021 compared to \$6.2 million for the three months ended March 31, 2020. This increase was the result of larger horsepower units being added to the fleet partially offset by unit retirements in the fourth quarter of 2020.

We recorded an income tax expense of approximately \$125,000 for the three months ended March 31, 2021 compared to an income tax benefit of \$4.5 million for the three months ended March 31, 2020. For interim periods, our income tax benefit (expense) is computed based upon our estimated annual effective tax rate and any discrete items that impact the interim periods with the period ended March 31, 2020 being significantly impacted by prior year amended returns related to the CARES Act. Our estimated annual effective tax rate differs from the U.S. federal statutory rate of 21%.

Non-GAAP Financial Measures

Our definition and use of Adjusted EBITDA

“Adjusted EBITDA” is a non-GAAP financial measure that we define as earnings (net (loss) income) before interest, taxes, depreciation and amortization, as well as non-cash stock compensation, impairment of goodwill, an increase in inventory allowance and inventory write-offs, and retirement of rental equipment. This term, as used and defined by us, may not be comparable to similarly titled measures employed by other companies and is not a measure of performance calculated in accordance with GAAP. Adjusted EBITDA should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing and financing activities, or other income or cash flow statement data prepared in accordance with GAAP. However, management believes Adjusted EBITDA is useful to an investor in evaluating our operating performance because:

- it is widely used by investors in the energy industry to measure a company’s operating performance without regard to items excluded from the calculation of Adjusted EBITDA, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired, among other factors;
- it helps investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the impact of our capital structure and asset base from our operating structure; and
- it is used by our management for various purposes, including as a measure of operating performance, in presentations to our Board of Directors, as a basis for strategic planning and forecasting, and as a component for setting incentive compensation.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under generally accepted accounting principles. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures, future requirements for capital expenditures, or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the cash requirements necessary to service interest or principal payments on our debts; and
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any capital expenditures for such replacements.

There are other material limitations to using Adjusted EBITDA as a measure of performance, including the inability to analyze the impact of certain recurring items that materially affect our net income or loss, and the lack of comparability of results of operations of different companies. Please read the table below under “Reconciliation” to see how Adjusted EBITDA reconciles to our net (loss) income, the most directly comparable GAAP financial measure.

Reconciliation

The following table reconciles our net (loss) income, the most directly comparable GAAP financial measure, to Adjusted EBITDA:

	Three months ended March 31,	
	2021	2020
	(in thousands)	
Net income (loss)	\$ (394)	\$ 4,082
Interest expense	1	3
Income tax expense (benefit)	125	(4,543)
Depreciation and amortization	6,297	6,240
Non-cash stock compensation expense	474	502
Adjusted EBITDA	\$ 6,503	\$ 6,284

For the three months ended March 31, 2021, Adjusted EBITDA increased \$219,000 due primarily to increased sales margins compared to the three months ended March 31, 2020.

Liquidity and Capital Resources

Our working capital positions as of March 31, 2021 and December 31, 2020 are set forth below:

	March 31, 2021	December 31, 2020
	(in thousands)	
Current Assets:		
Cash and cash equivalents	\$ 30,683	\$ 28,925
Trade accounts receivable, net	12,724	11,884
Inventory	19,982	19,926
Federal income tax receivable	11,538	11,538
Prepaid income taxes	62	66
Prepaid expenses and other	81	379
Total current assets	75,070	72,718
Current Liabilities:		
Accounts payable	1,181	2,373
Accrued liabilities	10,483	6,770
Line of credit	—	417
Current operating leases	169	198
Deferred income	34	1,103
Total current liabilities	11,867	10,861
Total working capital	\$ 63,203	\$ 61,857

For the three months ended March 31, 2021, we invested \$5.0 million in rental and property and other equipment. During the first quarter of 2021, we added \$4.5 million in new equipment to our rental fleet and \$0.5 million mostly in vehicles as well as various other machinery and equipment. Our investment in rental equipment, property and other equipment also includes any changes to work-in-process related to our rental fleet jobs at the beginning of the period compared to the end of the period. Our rental work-in-process decreased by \$1.0 million during the three months ended March 31, 2021. We financed our investment in rental equipment, property and other equipment with cash flow from operations and cash on hand.

Cash flows

At March 31, 2021, we had cash and cash equivalents of \$30.7 million compared to \$28.9 million at December 31, 2020. Our cash flows from operating activities of \$7.4 million were partially offset by capital expenditures of \$5.0 million during the three months ended March 31, 2021. We had working capital of \$63.2 million at March 31, 2021 compared to \$61.9 million at December 31, 2020. On December 31, 2020, we had outstanding debt of \$417,000, which was all related to our line of credit. We generated cash flows from operating activities of \$7.4 million during the first three months of 2021 compared to cash flows provided by operating activities of \$8.3 million for the first three months of 2020. The decline in cash flows from operating activities was primarily driven by lower cash receipts on accounts receivable during the first three months of 2021 as well as higher SG&A expenses. These increases were partially offset by slightly higher rental and sales margins.

Strategy

For the remainder of 2021, given the state of the economy and our industry during the COVID-19 pandemic, our plan is to continue to keep our expenses low. The cost cutting measures that were implemented during the second quarter of 2020 will provide a continuing positive impact over the remainder of this year. For the remainder of 2021, our forecasted capital expenditures are not anticipated to exceed our internally generated cash flows and our cash on hand. Any required capital will be for contracted, premium-priced additions to our compressor rental fleet and/or required service vehicles. We believe that cash flows from operations and our current cash position will be sufficient to satisfy our capital and liquidity requirements for the foreseeable future.

Bank Borrowings

We have a senior secured revolving credit agreement the ("Credit Agreement") with Texas Capital Bank, National Association. (the "Lender") with an initial commitment of \$20 million, and an accordion feature that would increase the maximum commitment to \$30 million, subject to collateral availability. We also have a right to request from the lender, on an uncommitted basis, an increase of up to \$30 million on the aggregate commitment; provided however, the aggregate commitment amount is not permitted to exceed \$50 million. The maturity date of the Credit Agreement is May 11, 2026. For further information, see *Part II Item 5 - Other Information*.

Critical Accounting Policies and Practices

There have been no changes in the critical accounting policies disclosed in the Company's Form 10-K for the year ended December 31, 2020.

Recently Issued Accounting Pronouncements

Please read Note 2, Summary of Significant Accounting Policies, Recently Issued Accounting Pronouncements in our condensed consolidated financial statements in this report.

Off-Balance Sheet Arrangements

From time-to-time, we enter into off-balance sheet arrangements and transactions that can give rise to off-balance sheet obligations. As of March 31, 2021, the off-balance sheet arrangements and transactions that we have entered into include operating lease agreements and purchase agreements. We do not believe that these arrangements are reasonably likely to materially affect our liquidity or availability of capital resources.

Special Note Regarding Forward-Looking Statements

Except for historical information contained herein, the statements in this report are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, which may cause our actual results in future periods to differ materially from forecasted results. Those risks include, among other things, the loss of market share through competition or otherwise; the introduction of competing technologies by other companies; a prolonged, substantial reduction in oil and natural gas prices, which could cause a decline in the demand for our products and services; and new governmental safety, health and environmental regulations, which could require us to make significant capital expenditures. The forward-looking statements included in this Form 10-Q are only made as of the date of this report, and we undertake no obligation to publicly update such

forward-looking statements to reflect subsequent events or circumstances. A discussion of these and other risk factors is included in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no changes in the market risks disclosed in the Company's Form 10-K for the year ended December 31, 2020.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures.

An evaluation was carried out under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Vice President and Chief Financial Officer, of the effectiveness of the design of our "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended or, the "Exchange Act") as of December 31, 2020, pursuant to Exchange Act Rule 13a-15. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily applies its judgment in evaluating and implementing possible controls and procedures. Based upon that evaluation, the President and Chief Executive Officer and our Vice President and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are a party to various legal proceedings in the ordinary course of our business. While management is unable to predict the ultimate outcome of these actions, it believes that any ultimate liability arising from these actions will not have a material adverse effect on our financial position, results of operations or cash flows. We are not currently a party to any material legal proceedings and we are not aware of any threatened litigation.

Item 1A. Risk Factors

Please refer to and read Item 1A, Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 for a discussion of the risks associated with our Company and industry.

Item 5. Other Information

Senior Bank Borrowings

On May 11, 2021, we entered into a senior secured revolving credit agreement ("Credit Agreement") with Texas Capital Bank, National Association (the "Lender") with an initial commitment of \$20 million and an accordion feature that would increase the maximum commitment to \$30 million, subject to collateral availability. We also have a right to request from the Lender, on an uncommitted basis, an increase of up to \$30 million on the aggregate commitment; provided, however, the aggregate commitment amount is not permitted to exceed \$50 million.

Borrowing Base. At any time before the maturity of the Credit Agreement, we may draw, repay and re-borrow amounts available under the borrowing base up to the maximum aggregate availability discussed above. Generally, the borrowing base equals the sum of (a) 90% of eligible accounts receivable owed to the Company by investment grade debtors, *plus* (b) 85% of the eligible accounts receivable owing by non-investment grade debtors, *plus* (c) 50% of the eligible inventory (other than inventory constituting eligible compressors), valued at the lower of cost or market value at such time, subject to this component of the borrowing base not exceeding \$2,000,000, *plus* (d) the lesser of (i) 95% of the net book value of the compressors that the Lender has determined are eligible for the extension of credit, valued at the lower of cost or market value with depreciation not to exceed 25 years, at such time and (ii) 80% of the net liquidation value percentage of the net book value of the eligible compressors that the Lender has determined are eligible for the extension of credit, valued at the lower of cost or market value with depreciation not to exceed 25 years, at such time, *plus* (e) 80% of the value at cost (excluding any costs for capitalized interest or other non-cash capitalized costs) of the eligible new compressor fleet, *minus* (f) any required availability reserves determined by the Lender in its sole discretion. The Lender may adjust the borrowing base components if material deviations in the collateral are discovered in future audits of the collateral.

Interest and Fees. Under the terms of the Credit Agreement, we have the option of selecting the applicable variable rate for each revolving loan, or portion thereof, of either (a) the Base Rate (as defined below) plus the Applicable Margin, or (b) in the case of a Eurodollar Rate Loan, the Adjusted Eurodollar Rate plus the Applicable Margin. "Base Rate" means, for any day, a rate of interest per annum equal to the highest of (a) the prime rate for such day; (b) the sum of the federal funds rate for such day plus 0.50%; and (c) the Adjusted Eurodollar Rate for such day plus 1.00%. The Applicable Margin is determined based upon the leverage ratio as set forth in the most recent compliance certificate received by the Lender for each fiscal quarter from time to time pursuant to the Credit Agreement. Depending on the leverage ratio, the Applicable Margin can be 0.25% to 0.75% for Base Rate Loans (as defined in the Credit Agreement) and 1.25% to 1.75% for Eurodollar Rate Loans and for requested letters of credit. Accrued interest is payable monthly on outstanding principal amounts, provided that accrued interest on Eurodollar Rate Loans is payable at the end of each interest period, but in no event less frequently than quarterly.

Maturity. The maturity date of the Credit Agreement is May 11, 2026, at which time all amounts borrowed under the Credit Agreement will be due and outstanding letters of credit must be cash collateralized. The Credit Agreement may be terminated early upon our request or the occurrence of an event of default thereunder.

Security. The obligations under the Credit Agreement are secured by a first priority lien on all of our assets, including without limitation inventory and accounts and leases receivable, along with a first priority lien on a variable number of our leased compressor equipment.

Covenants. The Credit Agreement contains customary representations and warranties, as well as covenants which, among other things, condition or limit our ability to incur additional indebtedness and liens; enter into transactions with affiliates; make acquisitions in excess of certain amounts; pay dividends; redeem or repurchase capital stock or senior notes; make investments or loans; make negative pledges; consolidate, merge or effect asset sales; or change the nature of our business. In addition, we also have certain financial covenants that are applicable during certain trigger periods specified in the Credit Agreement and require us during such trigger periods to maintain a leverage ratio less than or equal to 3.00 to 1.00 as of the last day of each fiscal quarter and a fixed charge coverage ratio greater than or equal to 1.00 to 1.00 as of the last day of each fiscal quarter.

Events of Default and Acceleration. The Credit Agreement contains customary events of default for credit facilities of this size and type, and includes, without limitation, payment defaults; defaults in performance of covenants or other agreements contained in the Credit Agreement and the other transaction documents; inaccuracies in representations and warranties; certain defaults, termination events or similar events; certain defaults with respect to any other Company indebtedness in excess of \$1,000,000; certain bankruptcy or insolvency events; the rendering of certain judgments in excess of \$1,000,000; certain ERISA events; certain change in control events and the defectiveness of any liens under the secured revolving credit agreement. Obligations outstanding under the Credit Agreement may be accelerated upon the occurrence of an event of default.

The descriptions of the Credit Agreement and its related agreements set forth in this Item 5 are not complete and are qualified in their entirety by reference to the full text of such agreements. The Credit Agreement and its related material agreements are filed as exhibits to this Quarterly Report on Form 10-Q and are incorporated herein by reference.

Item 6. Exhibits

The following exhibits are filed herewith or incorporated herein by reference, as indicated:

Exhibit No.	Description
3.1	Articles of Incorporation, as amended (Incorporated by reference to Exhibit 3.1 of the 10-QSB filed and dated November 10, 2004)
3.2	Bylaws as amended (Incorporated by reference to Exhibit 3.1 of the Registrant's current report on form 8-K filed with the Securities and Exchange Commission on February 10, 2021.
10.1	2019 Equity Incentive Plan (Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K dated June 20, 2019 and filed with the Securities and Exchange Commission on June 21, 2019.)
10.2	Stock Option Plan, as amended and restated (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 21, 2016.)
10.3	Amended and restated Employment Agreement dated April 27, 2015 between Natural Gas Services Group, Inc. and Stephen C. Taylor (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 29, 2015.)
10.4	The Executive Nonqualified Excess Plan Adoption Agreement, referred to as the Nonqualified Deferred Compensation Plan (Incorporated by reference to Exhibit 10.11 of the Registrant's Quarterly report on Form 10-Q filed with the Securities and Exchange Commission on May 6, 2016.)
10.5	Annual Incentive Bonus Plan (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission December 18, 2012.)
10.6	Credit Agreement dated as of May 11, 2021, among the Natural Gas Services Group, Inc. and NGSG Properties, LLC, a Colorado limited liability company, the banks and other financial institutions identified therein as Lenders from time to time party thereto and Texas Capital Bank, National Association, as Administrative Agent, Swing Line Lender and L/C Issuer.
10.7	Pledge and Security Agreement dated as of May 11, 2021, among Natural Gas Services Group, Inc., the Loan Parties (as defined therein) and Texas Capital Bank, National Association, as Administrative Agent.
10.8	Note dated as of May 11, 2021, by Natural Gas Services Group, Inc. in favor of Texas Capital Bank, National Association, as Lender.
*31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*31.2	Certification of Principal Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
*32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32.2	Certification of Principal Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATURAL GAS SERVICES GROUP, INC.

/s/ Stephen C. Taylor

Stephen C. Taylor
President and Chief Executive Officer
(Principal Executive Officer)

May 14, 2021

/s/ Micah C. Foster

Micah C. Foster
Vice President and Chief Financial Officer
(Principal Accounting Officer)

CREDIT AGREEMENT

among

NATURAL GAS SERVICES GROUP, INC., as a Borrower,

and

THE OTHER LOAN PARTIES FROM TIME TO TIME PARTY HERETO,

THE LENDERS FROM TIME TO TIME PARTY HERETO

and

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION, as Administrative Agent, Swing
Line Lender and L/C Issuer

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION, as Sole Lead Arranger and Sole
Book Runner

DATED AS OF MAY 11, 2021

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CREDIT AGREEMENT

This **CREDIT AGREEMENT** dated as of May 11, 2021 (as the same may be amended, restated, supplemented or otherwise modified from time to time, this “**Agreement**”), is among **NATURAL GAS SERVICES GROUP, INC.**, a Colorado corporation (“**Holdings**”; and together with any Domestic Subsidiary of Holdings that becomes a party hereto as a “Borrower” pursuant to **Section 6.13**, including their permitted successors and assigns, individually, a “**Borrower**” and collectively, “**Borrowers**”), each of the other Loan Parties from time to time party hereto, the Lenders from time to time party hereto, and **TEXAS CAPITAL BANK, NATIONAL ASSOCIATION**, a national banking association, as Administrative Agent, Swing Line Lender and L/C Issuer.

RECITALS

The Borrowers have requested that Lenders extend credit to Borrowers as described in this Agreement. Lenders are willing to make such credit available to Borrowers upon and subject to the provisions, terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE 1. DEFINITIONS

Section 1.1 **Definitions.** As used in this Agreement, all exhibits, appendices and schedules hereto and in any note, certificate, report or other Loan Document made or delivered pursuant to this Agreement, the following terms will have the meanings given such terms in this **Article 1** or in the provision, section or recital referred to below:

“**Account**” means an account, as defined in the UCC.

“**Account Agings**” has the meaning set forth in **Section 6.1(m)**.

“**Additional Guarantor**” has the meaning set forth in **Section 12.12**.

“**Adjusted Eurodollar Rate**” means, with respect to any Loan for any Interest Period or day, as applicable, an interest rate per annum equal to the Eurodollar Rate for such Interest Period or day multiplied by the Statutory Reserve Rate; *provided, however*, if the Eurodollar Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“**Administrative Agent**” means Texas Capital Bank, National Association, in its capacity as administrative agent under any of the Loan Documents, until the appointment of a successor administrative agent pursuant to the terms of this Agreement and, thereafter, shall mean such successor administrative agent.

“**Administrative Questionnaire**” means an Administrative Questionnaire in a form supplied by or reasonably acceptable to Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means, as to any Person, any other Person (a) that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, such Person; (b) that directly or indirectly beneficially owns or holds 10% or more of any class of voting stock of such Person; or (c) 10% or more of the voting stock of which is directly or indirectly beneficially owned or held by such Person. The term **“control”** means the possession, directly or indirectly, of the power to direct or cause direction of the management or policies of a Person, whether through the ownership of voting securities, by contract, or otherwise; *provided, however*, in no event shall any Lender be deemed an Affiliate of Holdings, any Borrower or any of their respective Subsidiaries or Affiliates.

“Affiliated Debt” has the meaning set forth in **Section 12.5**.

“Agent Parties” means, collectively, Administrative Agent or any of its Related Parties. **“Agreement”** has the meaning set forth in the introductory paragraph hereto, and includes all schedules, exhibits and appendices attached or otherwise identified therewith.

“Annualized EBITDA” means, for any date of determination, the EBITDA of Holdings and its Subsidiaries on a consolidated basis (in accordance with GAAP) for the fiscal quarter period then ending multiplied by four (4).

“Anti-Corruption Laws” means all state or federal Laws, rules, and regulations applicable to the Loan Parties or any of their Affiliates from time to time concerning or relating to bribery or corruption, including the FCPA and the Bank Secrecy Act, and other similar anti- corruption legislation in other jurisdictions.

“Anti-Terrorism Laws” has the meaning set forth in **Section 5.21**.

“Applicable Margin” means the applicable percentages per annum set forth below, based upon the Leverage Ratio, as set forth in the most recent Compliance Certificate received by Administrative Agent for each fiscal quarter from time to time pursuant to **Section 6.1(d)**:

Pricing Level	Leverage Ratio	Base Rate Loans	Eurodollar Rate Loans and Letter of Credit Fee	Commitment Fee
1	< 1.00:1.00	0.250%	1.250%	0.250%
2	≥ 1.00:1.00 but ≤ 2.00:1.00	0.500%	1.500%	0.250%
3	> 2.00:1.00	0.750%	1.750%	0.250%

Any increase or decrease in the Applicable Margin resulting from a change in the Leverage Ratio shall become effective as of the first day immediately following the date a

Compliance Certificate is delivered for each fiscal quarter from time to time pursuant to **Section 6.1(d)**; *provided* that if such Compliance Certificate is not delivered within five (5) days after the date when due in accordance with such Section, then upon the request of the Required Lenders, Pricing Level 3 shall apply as of the first day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until the date on which such Compliance Certificate is delivered. The Applicable Margin from the Closing Date through the date such Compliance Certificate is delivered pursuant to **Section 6.1(d)** in respect of the second full fiscal quarter of Holdings ending after the Closing Date shall be determined based upon Pricing Level 1.

If, as a result of any restatement of or other adjustment to the financial statements of Holdings or for any other reason, Holdings, Borrowers or the Required Lenders determine that (a) the Leverage Ratio as calculated by Holdings as of any applicable date was inaccurate and (b) a proper calculation of the Leverage Ratio would have resulted in higher pricing for such period, Borrowers shall immediately and retroactively be obligated to pay to Administrative Agent for the account of the applicable Lenders, L/C Issuer or Swing Line Lender, as the case may be, promptly on demand by Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to any Loan Party under the Bankruptcy Code of the United States, automatically and without further action by Administrative Agent, any Lender, L/C Issuer or Swing Line Lender), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of Administrative Agent, any Lender, L/C Issuer or Swing Line Lender, as the case may be, including the rights available under **Article 2** or under **Article 9**. Each Borrower's obligations under this paragraph shall survive the termination of the Commitments and the repayment of all other Obligations hereunder.

"Applicable Percentage" means, with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of such Lender's Commitment at such time divided by the aggregate Commitments of all Lenders; *provided* that if the Commitments have been terminated pursuant to the terms hereof, then the Applicable Percentage of each Lender shall be determined based upon the Applicable Percentage of such Lender immediately prior to such termination and after giving effect to any subsequent assignments made pursuant to the terms hereof.

"Applicable Rate" means (a) in the case of a Base Rate Loan, the Base Rate *plus* the Applicable Margin; and (b) in the case of a Eurodollar Rate Loan, the Adjusted Eurodollar Rate *plus* the Applicable Margin.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger" means Texas Capital Bank in its capacity as sole lead arranger and sole book runner.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by

Section 11.8), and accepted by Administrative Agent, in substantially the form of **Exhibit A** or any other form approved by Administrative Agent.

“Authorized Party” has the meaning set forth in **Section 11.11(d)(iii)**.

“Availability” means, as of any date, the difference between (a) an amount equal to the Line Cap in effect on such date less (b) the total Revolving Credit Exposure of the Lenders on such date.

“Available Tenor” means, as of any date of determination and with respect to the then- current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to **Section 3.3(e)**.

“Availability Reserves” means, as of any date of determination, such amounts as Administrative Agent may from time to time establish and revise in its Permitted Discretion: (a) to reflect events, conditions, contingencies or risks which, as determined by Administrative Agent, do or may affect either (i) the Collateral or any other Property which is security for the Obligations, (ii) the assets, business or prospects of the Loan Parties, (iii) the security interests and other rights of any Secured Party in the Collateral (including the enforceability, perfection and priority thereof), (b) to reflect Administrative Agent’s belief that any collateral report or financial information furnished by or on behalf of the Loan Parties to Administrative Agent is or may have been incomplete, inaccurate or misleading in any material respect, (c) in respect of Bank Products, Rent Reserves and Hedge Agreements, and (d) in respect of any state of facts which Administrative Agent determines in its Permitted Discretion constitutes a Default or an Event of Default or may, with notice or passage of time or both, constitute a Default or an Event of Default.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing Law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bank Product Agreements” means those certain agreements entered into from time to time between any Loan Party or any of its Subsidiaries and a Bank Product Provider in connection with any of the Bank Products, including without limitation, Hedge Agreements.

“Bank Product Obligations” means all obligations, liabilities, contingent reimbursement obligations, fees, and expenses owing by any Loan Party or any of its Subsidiaries to any Bank

Product Provider pursuant to or evidenced by the Bank Product Agreements and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all such amounts that any Loan Party or such Subsidiary is obligated to reimburse to any Bank Product Provider as a result of such Bank Product Provider purchasing participations or executing indemnities or reimbursement obligations with respect to the Bank Products provided to any Loan Party or such Subsidiaries pursuant to the Bank Product Agreements. For the avoidance of doubt, the Bank Product Obligations arising under any Hedge Agreement shall be determined by the Hedge Termination Value thereof.

“Bank Product Provider” means any (a) Person that is a party to a Bank Product Agreement with or provides Bank Products to any Loan Party or any of its Subsidiaries that entered into such Bank Product Agreement or provided such Bank Product before or while such Person was a Lender or an Affiliate of a Lender, whether or not such Person at any time ceases to be a Lender or an Affiliate of a Lender, as the case may be, or (b) assignee of any Bank Product Agreement or Bank Product (by novation or otherwise) from any Person described in clause (a) above so long as such assignee is a Lender or an Affiliate of a Lender.

“Bank Products” means any service provided to, facility extended to, or transaction entered into with, any Loan Party by any Bank Product Provider consisting of (a) deposit accounts, (b) cash management services, including treasury, depository, return items, overdraft, controlled disbursement, merchant store value cards, e-payables services, electronic funds transfer, interstate depository network, automatic clearing house transfer (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system) and other cash management arrangements maintained with any Bank Product Provider, (c) debit cards, stored value cards, and credit cards (including commercial credit cards (including so-called “procurement cards” or “P-cards”)) and debit card and credit card processing services or (d) Hedge Agreements.

“Base Rate” means, for any day, a rate of interest per annum equal to the highest of (a) the Prime Rate for such day; (b) the sum of the Federal Funds Rate for such day *plus* one half of one percent (0.5%); and (c) the Adjusted Eurodollar Rate for such day *plus* one percent (1.00%).

“Base Rate Borrowing” means, as to any Borrowing, the Base Rate Loans comprising such Borrowing.

“Base Rate Loan” means a Loan bearing interest based on the Base Rate.

“Benchmark” means, initially, USD LIBOR; *provided that* if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to USD LIBOR or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to **Section 3.3(b)**.

“Benchmark Replacement” means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

- (a) the sum of: (i) Term SOFR and (ii) the related Benchmark Replacement Adjustment; (b) the sum of: (ii) Daily

Simple SOFR and (ii) the related Benchmark Replacement Adjustment;

(c) the sum of: (i) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower Representative as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (A) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (B) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for U.S. dollar-denominated syndicated credit facilities at such time and (ii) the related Benchmark Replacement Adjustment;

provided that, in the case of **clause (a)**, such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion. If the Benchmark Replacement as determined pursuant to **clauses (a), (b)** or **(c)** above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(a) for purposes of **clauses (a)** and **(b)** of the definition of “Benchmark Replacement,” the first alternative set forth in the order below that can be determined by the Administrative Agent:

(i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;

(ii) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

(b) for purposes of **clause (c)** of the definition of “Benchmark Replacement,” the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and

the Borrower Representative for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities;

provided that, in the case of **clause (a)** above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Administrative Agent in its reasonable discretion.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definitions of “Adjusted Eurodollar Rate”, “Base Rate”, “Business Day”, “Eurodollar Rate”, “Interest Period,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of **clauses (a)** or **(b)** of the definition of “Benchmark Transition Event”, the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(b) in the case of **clause (c)** of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein; or

(c) in the case of an Early Opt-in Election, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Administrative Agent has not received, by 5:00 p.m. on the fifth (5th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the “Benchmark Replacement Date” will be deemed to have occurred in the case of **clauses (a)** or **(b)** with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of Governors, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Unavailability Period” means the period (if any) (a) beginning at the time that a Benchmark Replacement Date pursuant to *clauses (a) or (b)* of the definition thereof has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with **Section 3.3** and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with **Section 3.3**.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code to which Section 4975 of the Code applies, and (c) any Person whose assets include (for purposes of the Plan Asset Regulations or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“BHC Act Affiliate” means, as to any Person, an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such Person.

“Blocked Accounts” has the meaning set forth in **Section 2.11**.

“Board of Governors” means the Board of Governors of the Federal Reserve System of the United States of America.

Borrower” or **“Borrowers”** has the meaning set forth in the introductory paragraph

hereto.

“Borrower Representative” has the meaning set forth in **Section 2.13(a)**.

“Borrowing” means a Revolving Credit Borrowing or a Swing Line Borrowing, as the context may require.

“Borrowing Base” means, as of any date, an amount equal to the sum of, without duplication:

(a) ninety percent (90%) of the Borrowers’ Eligible Accounts owing by Investment Grade Account Debtors, *plus*

(b) eighty-five percent (85%) of the Borrowers’ Eligible Accounts owing by Non-Investment Grade Account Debtors, *plus*

(c) 50% of the Borrowers’ Eligible Inventory (other than Eligible Inventory constituting Eligible Compressors), valued at the lower of cost (calculated on a first-in, first out basis) or market value at such time; *provided* that the maximum amount of Borrowers’ Eligible Inventory (other than Eligible Inventory constituting Eligible Compressors and after giving effect to the advance rate set forth herein) which may be included as part of this component of the Borrowing Base shall not exceed \$2,000,000, *plus*

(d) the lesser of (i) 95% of the net book value of the Borrowers’ Eligible Compressors (other than Eligible Compressors constituting a Eligible New Compressor Fleet), valued at the lower of cost or market value with depreciation not to exceed 25 years, at such time and (ii) 80% of the Net Orderly Liquidation Value Percentage of the net book value of the Borrowers’ Eligible Compressors (other than Eligible Compressors constituting a Eligible New Compressor Fleet), valued at the lower of cost or market value with depreciation not to exceed 25 years, at such time, *plus*

(e) 80% of the value at cost (calculated on a first-in, first-out basis and excluding any costs for capitalized interest or other non-cash capitalized costs) of the Borrowers’ Eligible New Compressor Fleet, *minus*

(f) any Availability Reserves.

Notwithstanding anything to contrary in the foregoing, the Borrowing Base shall be deemed to be \$0 for the period commencing on the Closing Date until such date the first Borrowing Base Report is delivered to the Administrative Agent pursuant **Section 6.16(b)** calculating the Borrowing Base pursuant to the foregoing definition.

“Borrowing Base Report” means, as of any date of preparation, a certificate, substantially the form of **Exhibit B**, or in any other form agreed to in writing by Borrowers and Administrative Agent, prepared by and certified by a Responsible Officer of the Borrower Representative.

“Borrowing Request” means a writing, substantially in the form of **Exhibit D**, properly completed and signed by the Borrower Representative, requesting a Revolving Credit Borrowing.

“Business Day” means (a) for all purposes, a weekday, Monday through Friday, except a legal holiday or a day on which banking institutions in Dallas, Texas are authorized or required by Law to be closed, and (b) for purposes of the calculation of the Eurodollar Rate, a day that satisfies the requirements of **clause (a)** and that is a day on which commercial banks in the City of London, England are open for business and dealing in offshore Dollars. Unless otherwise provided, the term “days” when used herein means calendar days.

“Capital Expenditure” means, with respect to any Person, any expenditure by such Person for (a) an asset which will be used in a year or years subsequent to the year in which the expenditure is made and which asset is properly classified in relevant financial statements of such Person as equipment, real Property, a fixed asset or a similar type of capitalized asset in accordance with GAAP or (b) an asset relating to or acquired in connection with an acquired business, and any and all acquisition costs related to **clause (a)** or **(b)** above.

“Capitalized Lease Obligation” means, with respect to any Person, the amount of Debt under a lease of Property by such Person that would be shown as a liability on a balance sheet of such Person prepared for financial reporting purposes in accordance with GAAP.

“Cash Collateralize” means to pledge and deposit with or deliver to Administrative Agent, for the benefit of one or more of L/C Issuer or Lenders, as collateral for L/C Obligations or obligations of Lenders to fund participations in respect of L/C Obligations, cash or deposit account balances or, if Administrative Agent and L/C Issuer shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to Administrative Agent and L/C Issuer. **“Cash Collateral”** shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Cash Interest Expense” means, for any Person for any period, total interest expense in respect of all outstanding Debt actually paid or that is payable by such Person during such period, including, without limitation, all commissions, discounts, and other fees and charges with respect to letters of credit and all net costs under Hedge Agreements in respect of interest rates to the extent such costs are allocable to such period, but excluding interest expense not payable in cash, all as determined in accordance with GAAP.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any Law, rule, regulation or treaty, (b) any change in any Law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental

Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “**Change in Law**”, regardless of the date enacted, implemented, adopted or issued.

“**Change of Control**” means an event or series of events by which:

(a) any “person” or “group” (as such terms are used in Sections 13(d) or 14(d) of the Exchange Act), shall at any time have become the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of greater than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests in Holdings;

(b) the occupation of a majority of the seats (other than vacant seats) on the board of directors of Holdings by Persons who were neither (i) directors of Holdings on the Closing Date, (ii) nominated, appointed or approved for consideration by shareholders for election by at least 51% of the then directors of Holdings or (iii) appointed by directors so nominated, appointed or approved; or

(c) Holdings shall cease to own, free and clear of all Liens or other encumbrances (other than Permitted Liens), directly or indirectly, at least 100% of the outstanding direct or indirect Equity Interests of the Borrowers and any other Loan Party on a fully diluted basis.

“**Closing Date**” means the first date all the conditions precedent in **Section 4.1** are satisfied or waived in accordance with **Section 11.10**.

“**Code**” means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute, together with the regulations promulgated thereunder.

“**Collateral**” means substantially all of the Property of the Loan Parties and their Subsidiaries as described in the Security Documents, including 100% of the Equity Interest in any Loan Party (other than Holdings), together with any other Property and collateral described in the Security Documents, including, among other things, any Property which may now or hereafter secure the Obligations or any part thereof (but which in no event will include any Excluded Asset).

“**Collateral Access Agreement**” means a landlord waiver, mortgagee waiver, bailee letter or similar acknowledgment of any lessor, warehouseman, processor or other Person in possession of any Collateral or on whose Property any Collateral is located, in form and substance reasonably satisfactory to Administrative Agent.

“**Commitment**” means, as to each Lender, its obligation to (a) make Revolving Credit Loans to Borrowers pursuant to **Section 2.1(a)**, (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one

time outstanding not to exceed the amount set forth opposite such Lender's name on **Schedule**

2.1 under the caption "Commitment" or opposite such caption in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"**Commodity Account Control Agreement**" has the meaning assigned to such term in the Security Agreement.

"**Commodity Exchange Act**" means the Commodity Exchange Act (7 U.S.C. § 1 *et seq.*), as amended from time to time, and any successor statute.

"**Communications**" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Loan Parties pursuant to any Loan Document or the transactions contemplated therein which is distributed to Administrative Agent, any Lender, L/C Issuer or Swing Line Lender by means of electronic communications pursuant to **Section 11.11(d)**, including through the Platform.

"**Compliance Certificate**" means a certificate, substantially in the form of **Exhibit C**, or in any other form agreed to by Holdings and Administrative Agent, prepared by and certified by a Responsible Officer of Holdings.

"**Compressor Components**" means each of the major serial numbered components of a Compressor Package, including an engine, compressor, compressor cylinders, natural gas and engine jacket cooler, control devices, safety shutdown panel and ancillary piping mounted on a metal skid.

"**Compressor Packages**" means natural gas compression equipment generally consisting of an engineered package of Compressor Components.

"**Compressor Units**" means Inventory of the Borrowers consisting of completed Compressor Packages.

"**Connection Income Taxes**" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"**Constituent Documents**" means (a) in the case of a corporation, its articles or certificate of incorporation and bylaws; (b) in the case of a general partnership, its partnership agreement; (c) in the case of a limited partnership, its certificate of limited partnership or certificate of formation, as applicable, and partnership agreement; (d) in the case of a trust, its trust agreement; (e) in the case of a joint venture, its joint venture agreement; (f) in the case of a limited liability company, its articles of organization, operating agreement, regulations and/or other organizational and governance documents and agreements; and (g) in the case of any other entity, its organizational and governance documents and agreements.

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise

voting power, by contract or otherwise. “**Controlling**” and “**Controlled**” have correlative meanings thereto.

“**Control Agreements**” means, collectively, the Commodity Account Control Agreements, the Deposit Account Control Agreements and the Securities Account Control Agreements, in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“**Corresponding Tenor**” means, with respect to any Available Tenor, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

“**Covered Entity**” means any of the following: (a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“**Covered Party**” has the meaning set forth in **Section 11.30**.

“**Credit Extension**” means each of (a) a Borrowing and (b) an L/C Credit Extension.

“**Daily Simple SOFR**” means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining “Daily Simple SOFR” for syndicated business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Administrative Agent may establish another convention in its reasonable discretion.

“**Debt**” means, of any Person as of any date of determination (without duplication): (a) all obligations of such Person for borrowed money; (b) all obligations of such Person evidenced by bonds, notes, debentures, or other similar instruments; (c) all obligations of such Person to pay the deferred purchase price of Property or services, except trade accounts payable of such Person arising in the ordinary course of business that are not past due by more than ninety (90) days; (d) all Capitalized Lease Obligations of such Person; (e) all Debt or other obligations of others Guaranteed by such Person; (f) all obligations secured by a Lien existing on Property owned by such Person, whether or not the obligations secured thereby have been assumed by such Person or are non-recourse to the credit of such Person; (g) any other obligation for borrowed money or other financial accommodations which in accordance with GAAP would be shown as a liability on the balance sheet of such Person; (h) any repurchase obligation or liability of a Person with respect to Accounts, chattel paper or notes receivable sold by such Person; (i) any liability under a sale and leaseback transaction that is not a Capitalized Lease Obligation; (j) any obligation under any so called “synthetic leases;” (k) any obligation arising with respect to any other transaction that is the functional equivalent of borrowing but which does not constitute a liability on the balance sheet of a Person; (l) all payment and reimbursement obligations of such Person (whether contingent or otherwise) in respect of letters of credit, bankers’ acceptances, surety or other bonds and similar instruments; (m) all liabilities of such

Person in respect of unfunded vested benefits under any Plan; (n) all Hedge Obligations of such Person, valued at the Hedge Termination Value thereof; and (o) all obligations of such Person in respect of Disqualified Equity Interests.

For all purposes, the Debt of any Person shall include the Debt of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Debt is expressly made non-recourse to such Person.

“Debt Service” means, for any Person for any period, the sum of all regularly scheduled principal payments (including without limitation, mandatory and voluntary prepayments of principal payments made in respect of the Subordinated Debt) and all Cash Interest Expense that are paid or payable during such period in respect of all Debt of such Person (other than scheduled payments of principal on Debt which pay such Debt in full, but only to the extent such final payment is greater than the scheduled principal payment immediately preceding such final payment).

“Debtor Relief Laws” means Title 11 of the United States Code, as now or hereafter in effect, or any other applicable Law, domestic or foreign, as now or hereafter in effect, relating to bankruptcy, insolvency, liquidation, receivership, reorganization, assignment for the benefit of creditors, moratorium, arrangement or composition, extension or adjustment of debts, or similar Laws affecting the rights of creditors.

“Default” means an event or condition which constitutes an Event of Default or which upon notice or lapse of time or both would become an Event of Default.

“Default Interest Rate” means (a) when used with respect to Obligations other than Letter of Credit Fees, an interest rate equal to (i) the Base Rate *plus* (ii) the Applicable Margin, if any, applicable to a Base Rate Loan *plus* (iii) two percent (2%) per annum; *provided, however*, that with respect to a Eurodollar Rate Loan, the Default Interest Rate shall be an interest rate equal to the interest rate (including any Applicable Margin) otherwise applicable to such Loan *plus* two percent (2%) per annum, and (b) when used with respect to Letter of Credit Fees, a rate equal to the Applicable Margin *plus* two percent (2%) per annum; *provided, however*, in no event shall the Default Interest Rate exceed the Maximum Rate.

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“Defaulting Lender” means, subject to **Section 11.21(b)**, any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder, or (ii) pay to Administrative Agent, the L/C Issuer, the Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Line Loans) within two (2) Business Days of the date when due, (b) has notified the Borrower Representative, Administrative Agent, L/C Issuer or Swing Line Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect, (c) has failed, within three (3) Business Days after written request by Administrative Agent or the Borrower Representative,

to confirm in writing to Administrative Agent and the Borrower Representative that it will comply with its prospective funding obligations hereunder (*provided* that such Lender shall cease to be a Defaulting Lender pursuant to this **clause (c)** upon receipt of such written confirmation by Administrative Agent and the Borrower Representative), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-In Action; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by Administrative Agent that a Lender is a Defaulting Lender under any one or more of **clauses (a)** through **(d)** above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to **Section 11.21(b)**) upon delivery of written notice of such determination to the Borrower Representative and each Lender.

“Deposit Account Control Agreement” has the meaning assigned to such term in the Security Agreement.

“Disposition” means any sale, lease, sub-lease, license, transfer, assignment, conveyance, release, loss or other disposition, or entry into any contract the performance of which would result in any of the foregoing, of any interest in Property, or of any interest in a Subsidiary that owns Property, in any transaction or event or series of transactions or events, and **“Dispose”** has the correlative meaning thereto.

“Disqualified Equity Interest” means any Equity Interest that, by its terms (or the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Debt or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one days after the Maturity Date; *provided* that if such Equity Interests are issued pursuant to a plan for the benefit of employees of any Loan Party or any of its Subsidiaries or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by any Loan Party or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee’s termination, death or disability.

“**Document**” shall have the meaning set forth in Article 9 of the UCC. “**Dollars**” and “**\$**” mean lawful money of the United States of America.

“**Domestic Subsidiary**” means any Subsidiary that is organized under the Laws of any political subdivision of the United States.

“**Early Opt-in Election**” means, if the then-current Benchmark is USD LIBOR, the occurrence of:

(a) a notification by the Administrative Agent to (or the request by the Borrower Representative to the Administrative Agent to notify) each of the other parties hereto that at least five currently outstanding U.S. dollar-denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

(b) the joint election by the Administrative Agent and the Borrower to trigger a fallback from USD LIBOR and the provision by the Administrative Agent of written notice of such election to the Lenders.

“**EBITDA**” means, for any period, the total amount of the following for Holdings and its Subsidiaries on a consolidated basis, each calculated for such period: (a) Net Income, *plus* (b) the sum (in each case, without duplication) of the following to the extent deducted in the calculation of Net Income: (i) interest expense; (ii) Taxes based on income or profits; (iii) depreciation; (iv) amortization; (v) losses that are unusual and infrequently occurring determined in accordance with GAAP; (vi) the amount of any non-cash equity-based compensation charges or expenses approved by the board of directors of Holdings; (vii) other non-recurring expenses reducing such Net Income which do not represent a cash item in such period or any future period; *minus* (c) the sum (in each case, without duplication) of the following to the extent included in the calculation of Net Income: (i) income tax credits; (ii) gains that are unusual and infrequently occurring determined in accordance with GAAP; and (iii) all non-recurring, non-cash items increasing Net Income.

“**EEA Financial Institution**” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in **clause (a)** of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in **clauses (a)** or **(b)** of this definition and is subject to consolidated supervision with its parent.

“**EEA Member Country**” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“**EEA Resolution Authority**” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Accounts” means, as of any applicable period of determination thereof, all Accounts of Borrowers (net of service charges, interest and finance fees) created in the ordinary course of business that Administrative Agent determines in its Permitted Discretion is eligible as the basis for the extension of Credit Extensions. Without limiting the foregoing, no Account shall be an Eligible Account if:

(a) it does not comply in all material respects with all applicable Laws, rules, and regulations, including, without limitation, usury Laws, the Federal Truth in Lending Act, and Regulation Z of the Board of Governors;

(b) it has been outstanding for more than ninety (90) days past the original date of invoice or sixty (60) days after the original date payment is due;

(c) (i) the goods giving rise to it have not been delivered to the account debtor and do not constitute a final sale or (ii) the services giving rise to it have not been performed for the account debtor;

(d) it represents a progress billing or retainage, or relates to services for which a performance, surety or completion bond or similar assurance has been issued;

(e) it arises from a sale to an Affiliate, from a sale on a cash-on-delivery, bill- and-hold, sale-or-return, sale-on-approval, consignment, or other repurchase or return basis, or from a sale for personal, family or household purposes;

(f) it is not subject to a duly perfected, first priority Lien in favor of Administrative Agent;

(g) which is subject to any Lien other than (i) a Lien in favor of Administrative Agent, or (ii) a Permitted Lien which does not have priority over the Lien in favor of Administrative Agent;

(h) with respect to which (i) any representation contained herein or in the other Loan Documents with respect to such Account is not true in any material respect or (ii) any covenant contained herein or in the other Loan Documents with respect to such Account has been breached and the resultant Event of Default has not been waived;

(i) it is owing by a creditor or supplier of any Borrower or any Subsidiary thereof, or is otherwise subject to a potential offset, counterclaim, dispute, deduction, discount, recoupment, reserve, defense, chargeback, credit or allowance that has been asserted in writing;

(j) the account debtor is insolvent or the subject of any bankruptcy or insolvency proceeding, or has made an assignment for the benefit of creditors, suspended normal business operations, dissolved, liquidated, terminated its existence, ceased to pay its debts as they become due, or suffered a receiver or trustee to be appointed for any of its assets or affairs;

(k) it is evidenced by chattel paper or an instrument (other than any chattel paper which, upon the written request of the Administrative Agent, the original copy of such chattel paper has been delivered to the Administrative Agent within five (5) days after such written request);

(l) a default exists under the Account by any party thereto;

(m) it is owed by an Affiliate, employee, officer or director of any Borrower or any of their Subsidiaries;

(n) it is owed in currency other than Dollars by the account debtor;

(o) the account debtor is organized or has its principal offices or assets outside the United States or Canada;

(p) the Account is owed by an individual or a Sanctioned Person;

(q) if more than twenty-five percent (25%) of the aggregate balances then outstanding on all Accounts owed by such account debtor and its Affiliates are unpaid for more than (i) sixty (60) days after the original date payment is due or (ii) ninety (90) days past the dates of their original invoices;

(r) it is owing by a Governmental Authority, unless the account debtor is the United States of America or any department, agency, or instrumentality thereof and the Account has been assigned to Administrative Agent in compliance with the Federal Assignment of Claims Act of 1940;

(s) it includes a billing for interest, fees or late charges;

(t) when aggregated with all other Accounts owed (i) by an Investment Grade Account Debtor and its Affiliates (in each case, other than Occidental) to which such Account relates exceeds thirty-five percent (35%) of all Eligible Accounts owed by all of Borrowers' account debtors, (ii) by a Non-Investment Grade Account Debtor and its Affiliates (in each case, other than Occidental) to which such Account relates exceeds twenty-five percent (25%) of all Eligible Accounts owed by all of Borrowers' account debtors or (iii) by Occidental Petroleum Corporation or its Subsidiaries (collectively, "**Occidental**") to which such Account relates exceeds thirty-five percent (35%) of all Eligible Accounts owed by all of Borrowers' account debtors (*provided, however*, that, in each case under the foregoing clauses (i) through (iii), if such aggregate exceeds such percentage of all Eligible Accounts, only such excess shall be ineligible); or

(u) Administrative Agent otherwise reasonably determines it be ineligible.

The amount of the Eligible Accounts owed by an account debtor to any Borrower shall be reduced by the amount of all "contra accounts" and other obligations owed, whether by such Borrower or any other Borrower or Subsidiary, to such account debtor. Administrative Agent shall have the right to create and adjust eligibility standards and related services from time to time in its Permitted Discretion.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under **Section 11.8(b)(iii), (v) and (vi)** (subject to such consents, if any, as may be required under **Section 11.8(b)(iii)**).

“Eligible Compressors” means the Eligible Inventory owned by the Borrowers consisting of Compressor Units.

“Eligible Inventory” means, as of any applicable period of determination thereof, all Inventory of the Borrowers that Administrative Agent determines in its Permitted Discretion is eligible as the basis for the extension of Credit Extensions. Without limiting the foregoing, Eligible Inventory shall not include any Inventory:

(a) which is not subject to a first priority perfected Lien in favor of Administrative Agent;

(b) which is subject to any Lien other than (i) a Lien in favor of Administrative Agent or (ii) a Permitted Lien which does not have priority over the Lien in favor of Administrative Agent;

(c) which is, in Administrative Agent’s opinion based on its Permitted Discretion, slow moving, obsolete, unmerchantable, defective, used, unfit for sale, not salable at prices approximating at least the cost of such Inventory in the ordinary course of business or unacceptable due to age, type, category and/or quantity;

(d) with respect to which (i) any representation contained herein or in the other Loan Documents with respect to such Inventory is not true in any material respect, (ii) any covenant contained herein or in the other Loan Documents with respect to such Inventory has been breached and the resultant Event of Default has not been waived or (iii) does not conform in all material respects to all standards imposed by any Governmental Authority;

(e) in which any Person other than the Borrowers shall (i) have any direct or indirect ownership, interest or title or (ii) be indicated on any purchase order or invoice with respect to such Inventory as having or purporting to have an interest therein;

(f) which (i) constitutes work in process or raw materials; provided that Compressor Components are not raw materials, or (ii) constitutes packaging and shipping material, manufacturing supplies, samples, prototypes, displays or display items, bill and hold or ship in place goods, goods that are returned or marked for return, repossessed goods, defective or damaged goods, goods held on consignment, or goods which are not of a type (x) held for sale, lease or rental or (y) to be used to provide compression services, in each case in the ordinary course of business;

(g) which is not located in the United States or is in transit with a common carrier from vendors and suppliers;

(h) which is located in any location leased by any Borrower unless (i) the lessor has delivered to Administrative Agent a Collateral Access Agreement or (ii) a Rent

Reserve for rent, charges and other amounts due or to become due with respect to such facility has been established by Administrative Agent in its Permitted Discretion; *provided*, that notwithstanding the foregoing, it is agreed and understood that no Rent Reserve will be implemented during the first sixty (60) days after the Closing Date with respect to any leased location not covered by a Collateral Access Agreement;

(i) which is located in any third party warehouse or is in the possession of a bailee (other than a third party processor) and is not evidenced by a Document, unless (i) such warehouseman or bailee has delivered to Administrative Agent a Collateral Access Agreement and such other documentation as Administrative Agent may reasonably require or (ii) an appropriate Rent Reserve for rent, charges and other amounts due or to become due with respect to such location has been established by Administrative Agent in its Permitted Discretion; *provided*, that notwithstanding the foregoing, it is agreed and understood that no Rent Reserve will be implemented during the first sixty (60) days after the Closing Date with respect to any third party warehouse or bailee and not covered by a Collateral Access Agreement;

(j) which is being processed offsite at a third party location or outside processor, or is in transit to or from such third party location or outside processor, unless (i) such processor or other third party has delivered to Administrative Agent a Collateral Access Agreement and such other documentation as Administrative Agent may reasonably require or (ii) an appropriate Rent Reserve has been established by Administrative Agent in its Permitted Discretion; *provided*, that notwithstanding the foregoing, it is agreed and understood that no Rent Reserve will be implemented during the first sixty (60) days after the Closing Date with respect to any of the same not covered by a Collateral Access Agreement;

(k) which is located at any customer site or location or is in the possession of a customer of any Borrower, unless such customer has delivered to Administrative Agent a Collateral Access Agreement or such other documentation as Administrative Agent may reasonably require, including, without limitation, a gas compression agreement with terms acceptable to Administrative Agent;

(l) which is a discontinued product or component thereof;

(m) which is the subject of a consignment by any Borrower or any Subsidiary hereof as consignor;

(n) which is perishable;

(o) which contains or bears any intellectual property rights licensed to any Borrower unless Administrative Agent is satisfied that it may sell or otherwise dispose of such Inventory without (i) infringing the rights of such licensor, (ii) violating any contract with such licensor, or (iii) incurring any liability with respect to payment of royalties other than royalties incurred pursuant to sale of such Inventory under the current licensing agreement;

(p) which is not reflected in a current perpetual inventory report of the Borrowers (unless such Inventory is reflected in a report to Administrative Agent as “in transit” Inventory);

(q) for which reclamation rights have been asserted by the seller; (r) which has been acquired

from a Sanctioned Person; or

(s) Administrative Agent otherwise reasonably determines it be ineligible.

In the event that Inventory which was previously Eligible Inventory ceases to be Eligible Inventory hereunder, the Borrowers shall notify Administrative Agent thereof on and at the time of submission to Administrative Agent of the next Borrowing Base Report.

“Eligible New Compressor Fleet” means Eligible Compressors, whether held or deployed by the Borrowers in the ordinary course of business, and which are not included in the most recent appraisal, which is prepared on a basis satisfactory to Administrative Agent, and ordered and received by Administrative Agent pursuant to **Section 6.6(c)**.

“Environmental Laws” means any and all federal, state, and local Laws, regulations, judicial decisions, orders, decrees, plans, rules, permits, licenses, and other governmental restrictions and requirements pertaining to health, safety, or the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901 et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act, 33 U.S.C. §1251 et seq., the Clean Air Act, 42 U.S.C. §7401 et seq., the Emergency Planning and Community Right-to-Know Act, 42 U.S.C. §11001 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §5101 et seq., the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., the Oil Pollution Act of 1990, 33

U.S.C. §2701 et seq., the Safe Drinking Water Act, 42 U.S.C. §300f et seq., the Occupational Safety and Health Act, 29 U.S.C. §651 et seq., the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §136 et seq., the Endangered Species Act, U.S.C. §1531 et seq., the National Environmental Policy Act, 42 U.S.C. §4321 et seq., the Rivers and Harbors Appropriation Act of 1899, 33 U.S.C. §407, all similar state statutes and local ordinances, and all regulations promulgated under any of those statutes, and all administrative and judicial actions respecting such legislation, all as amended from time to time.

“Environmental Liabilities” means, as to any Person, all liabilities, obligations, responsibilities, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs, and expenses (including, without limitation, all reasonable fees, disbursements and expenses of counsel, expert and consulting fees and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand, by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, including any Environmental Law, permit, order or agreement with any Governmental Authority or other Person, arising from environmental, health or safety conditions or the Release or threatened Release of a Hazardous Material into the environment, resulting from the past, present, or future operations of such Person or its Affiliates.

“Equipment” has the meaning assigned to such term in the Security Agreement.

“Equity Interests” means, as to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, together with the regulations promulgated thereunder.

“ERISA Affiliate” means any corporation or trade or business which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as a Loan Party, is under common control (within the meaning of Section 414(c) of the Code) with a Loan Party, or is otherwise considered a single employer with a Loan Party pursuant to Sections 414(m) or (o) of the Code, for purposes of the provisions relating to Section 412 of the Code or Section 303 of ERISA.

“ERISA Event” means (a) a Reportable Event with respect to a Plan, (b) a withdrawal by any Loan Party or any ERISA Affiliate from a Plan subject to *Section 4063* of ERISA during a plan year in which it was a substantial employer (as defined in *Section 4001(a)(2)* of ERISA) or a cessation of operations which is treated as such a withdrawal under *Section 4062(e)* of ERISA, (c) a complete or partial withdrawal by any Loan Party or any ERISA Affiliate from a Multiemployer Plan, (d) the filing of a notice of intent to terminate a Plan, the treatment of a Plan or Multiemployer Plan amendment as a termination under *Section 4041* or *4041A* of ERISA, or the commencement of proceedings by the PBGC to terminate a Plan or Multiemployer Plan, (e) the occurrence of an event or condition which might reasonably be expected to constitute grounds under *Section 4042* of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or Multiemployer Plan, (f) the imposition of any liability to the PBGC under Title IV of ERISA, other than for PBGC premiums due but not delinquent under *Section 4007* of ERISA, upon any Loan Party or any ERISA Affiliate, (g) the failure of any Loan Party or ERISA Affiliate to meet any funding obligations with respect to any Plan or Multiemployer Plan, or (h) a Plan becomes subject to the at-risk requirements in *Section 303* of ERISA or *Section 430* of the Code or is in endangered or critical status under *Section 305* of ERISA or *Section 432* of the Code.

“Erroneous Payment” has the meaning set forth in *Section 10.12(a)*.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

“Eurodollar Rate” means, subject to *Section 3.3*:

(a) with respect to any Eurodollar Rate Loan for any Interest Period, the per annum rate appearing on the ICE Benchmark Administration LIBOR Rates Page (or on any successor or substitute page or service providing quotations of interest rates applicable to Dollar deposits in the London interbank market comparable to those currently provided on such page, as determined by Administrative Agent from time to time) at approximately 11:00 a.m., London time, on the related Eurodollar Rate Determination Date, as the rate for Dollar deposits with a maturity comparable to such Interest Period, and if such rate does not appear on such screen or service, or such screen or service shall cease to be available, then the Eurodollar Rate shall be the offered rate (as determined by Administrative Agent in its sole discretion; provided that no Benchmark Transition Event shall have occurred at such time) on such other screen or service that displays an average interest settlement rate for deposits in Dollars (for delivery on the first day of such Interest Period) by such other authoritative source (as is selected by Administrative Agent in its sole discretion; provided that no Benchmark Transition Event shall have occurred at such time) to major banks in the London interbank eurodollar market for a term equivalent to such Interest Period as of 11:00 a.m. on the relevant Eurodollar Rate Determination Date; and

(b) with respect to any interest calculation with respect to a Base Rate Loan on any date, the per annum rate appearing on the ICE Benchmark Administration LIBOR Rates Page (or on any successor or substitute page or service providing quotations of interest rates applicable to Dollar deposits in the London interbank market comparable to those currently provided on such page, as determined by Administrative Agent from time to time) at approximately 11:00 a.m., London time, on the related Eurodollar Rate Determination Date for a term of one (1) month commencing on the date of calculation, and if such rate does not appear on such screen or service, or such screen or service shall cease to be available, then the Eurodollar Rate shall be the offered rate (as determined by Administrative Agent in its sole discretion; provided that no Benchmark Transition Event shall have occurred at such time) on such other screen or service that displays an average interest settlement rate for deposits in Dollars (for delivery on such date of calculation) by such other authoritative source (as is selected by Administrative Agent in its sole discretion; provided that no Benchmark Transition Event shall have occurred at such time) to major banks in the London interbank eurodollar market for a term of one (1) month as of 11:00 a.m. on the relevant Eurodollar Rate Determination Date.

Notwithstanding the foregoing, unless otherwise specified in any amendment to this Agreement entered into in accordance with **Section 3.3**, in the event that a Benchmark Replacement with respect to Eurodollar Rate is implemented then all references herein to Eurodollar Rate shall be deemed references to such Benchmark Replacement.

“Eurodollar Rate Borrowing” means, as to any Borrowing, the Eurodollar Rate Loans comprising such Borrowing.

“Eurodollar Rate Determination Date” means a day that is two (2) Business Days prior to the beginning of the relevant Interest Period or prior to the applicable date, as applicable.

“Eurodollar Rate Loan” means each Loan bearing interest based on the Adjusted Eurodollar Rate where the Eurodollar Rate is determined pursuant to **clause (a)** of the definition thereof.

“Event of Default” has the meaning set forth in **Section 9.1**.

“Excess Availability Activation Conditions” means, as of any date of determination, one or more of the following conditions as the context requires: (a) Availability is greater than the greater of (i) \$17,500,000 and (ii) 80% of the Line Cap then in effect or (b) the Borrowing Base then in effect is greater than (i) the aggregate amount of the Commitments of the Lenders then in effect multiplied by (ii) two.

“Excess Availability Period” means any period commencing on the first date on which both (a) no Event of Default has occurred and is continuing, and (b) either of the Excess Availability Activation Conditions have been satisfied, and continuing until the date upon which either (i) an Event of Default has occurred or (ii) both of the Excess Availability Activation Conditions are not satisfied for a ten (10) consecutive day period.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Excluded Accounts” means any commodity account, deposit account or securities account (a) established solely as a payroll account and other zero-balance disbursement account, (b) held in a fiduciary capacity and established in connection with employee benefit plans in the ordinary course of business or pursuant to applicable legal requirements, or (c) with a balance in each such account individually not exceeding \$100,000 at any time and the aggregate balance of all such accounts not exceeding \$250,000.

“Excluded Assets” means, collectively:

(a) assets as to which Administrative Agent and Loan Parties agree in writing that the cost of creating or perfecting a pledge of, or a security interest in, such assets is excessive in relation to the value of the security to be afforded thereby;

(b) any rights or interest in any lease, contract, license or license agreement covering personal Property or real Property and/or such assets subject thereto, so long as under the terms of such lease, contract, license or license agreement, the grant of a security interest or Lien therein for the benefit of the Secured Parties (i) is prohibited, (ii) would give any other party to such lease, contract, license or license agreement, instrument or indenture the right to terminate its obligations thereunder, or (iii) is permitted only with the consent of another party (including, without limitation, any Governmental Authority) (or would render such lease, contract, license or license agreement cancelled, invalid or unenforceable) and such prohibition has not been or is not waived or the consent of the other party to such lease, contract, license or license agreement has not been or is not otherwise obtained; *provided* that, this exclusion shall in no way be construed to apply if any such prohibition is unenforceable under the UCC or any other Law (including any Debtor Relief Law) or so as to limit, impair or otherwise affect the unconditional continuing security interests in and Liens for the benefit of the Secured Parties upon any rights or interests in or to monies due or to become due under any such lease, contract, license or license agreement (including any receivables) and *provided further* that, with respect to any lease, contract, license or license agreement

entered into after the Closing Date, the Loan Parties shall use commercially reasonable efforts to permit Liens for the benefit of the Secured Parties on each such lease, contract, license or license agreement and avoid prohibitions of the types described in **clauses (i) through (iii)** above;

(c) any such account described in **clause (b)** of the definition of “Excluded Accounts”;

(d) any application for registration of a trademark filed in the United States Patent and Trademark Office on an intent to use basis to the extent that the grant of a security interest in any such trademark application would adversely affect the validity or enforceability or result in cancellation or voiding of such trademark application, *provided, however*, that such trademark applications shall no longer be considered Excluded Assets upon the filing of a Statement of Use or an Amendment to Allege Use has been filed and accepted in the United States Patent and Trademark Office;

(e) any assets that are subject to a Lien permitted under **Section 7.2(j)** if the contract or other agreement in which the Lien is granted (or the documentation providing for the Debt secured thereby) prohibits the creation of any other Lien on such assets; *provided* that immediately upon the ineffectiveness, lapse or termination of any such Lien permitted under **Section 7.2(j)**, such assets shall no longer be considered Excluded Assets pursuant to this **clause (e)** and the Collateral shall include all such rights and interest in such assets as if such Lien permitted under **Section 7.2(j)** had never been in effect (unless such asset would constitute as an Excluded Asset under any other clause herein);

(f) any real Property owned by any Loan Party and each of its Subsidiaries on the Closing Date as set forth on **Schedule 5.6(b)** hereto (such Property, the “**Excluded Real Property**”); and

(g) so long as a Domestic Subsidiary constitutes as an “Excluded Subsidiary” under this Agreement, any Equity Interests in the Excluded Subsidiary.

To the extent that such Property constitutes as an “Excluded Asset” due to the failure by any Loan Party to obtain a consent as described in **clause (b)** above, such Loan Party shall use commercially reasonable efforts to obtain such consent and, upon obtaining such consent, such Property shall cease to constitute as an “Excluded Asset”. Notwithstanding anything herein to the contrary, Excluded Assets shall not include any right to receive proceeds from the sale or other disposition of Excluded Assets, any Proceeds (as defined in the UCC), products, substitutions or replacements of any Excluded Asset (unless such rights, Proceeds, products, substitutions or replacements independently constitute Excluded Assets), all of which shall expressly be Collateral.

“**Excluded Real Property**” has the meaning set forth in **clause (f)** of the definition of “Excluded Assets”.

“**Excluded Subsidiary**” means, as of the Closing Date, the Rabbi Trust under the Natural Gas Services Group, Inc. Deferred Compensation Plan; provided that such Person shall only constitute as an “Excluded Subsidiary” for purposes of this Agreement and the other Loan

Documents so long as (a) such Person complies with the requirements of a “grantor trust” under the IRS’s Revenue Procedures 92-64 and 92-65 and (b) the principal and income of such Person shall be subject to the claims of creditors of the Loan Parties under federal and state Law.

“Excluded Swap Obligation” means, with respect to any Loan Party, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Loan Party of, or the grant by such Loan Party of a Lien to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act (determined after giving effect to any “keepwell, support or other agreement” for the benefit of such Loan Party and any and all guarantees of such Loan Party’s Swap Obligations by any Borrower or any other Loan Party) at the time the Guarantee of such Loan Party, or a grant by such Loan Party of a Lien, becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a Master Agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or Lien is or becomes excluded in accordance with the first sentence of this definition.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the Laws of, or having its principal office or, in the case of any Lender, its applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a Law in effect on the date on which (i) such Lender acquires such interest in such Loan or Commitment (other than pursuant to an assignment request by any Borrower under **Section 3.6(b)**) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to **Section 3.4**, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with **Section 3.4(g)** and (d) any U.S. federal withholding Taxes imposed under FATCA.

“FASB ASC” means the Accounting Standards Codification of the Financial Accounting Standards Board.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to **Section 1471(b)(1)** of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“**FCPA**” means the Foreign Corrupt Practices Act of 1977, as amended.

“**Federal Funds Rate**” means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York, on the Business Day next succeeding such day, *provided* that (a) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate charged to Administrative Agent on such day on such transactions as determined by Administrative Agent.

“**Fee Letter**” means (a) the separate fee letter dated as of May 11, 2021 between Borrower Representative and Texas Capital Bank and (b) any other engagement letter or fee letter among Borrower Representative and Administrative Agent, Arranger and/or Texas Capital Bank concerning fees to be paid by Borrower Representative in connection with this Agreement including any amendments, restatements, supplements or modifications thereof. By its execution of this Agreement, each Lender acknowledges and agrees that Administrative Agent, Arranger and/or Texas Capital Bank may elect to treat as confidential and not share with Lenders any Fee Letter executed from time to time in connection with this Agreement.

“**Financial Covenants**” means the covenants set forth in **Sections 8.1 and 8.2**.

“**Fixed Charge Coverage Ratio**” means, for any date of determination, the ratio of (a) Annualized EBITDA minus Unfinanced Capital Expenditures; *provided* that, solely for purposes of calculating the Fixed Charge Coverage Ratio, such Unfinanced Capital Expenditures during such period, the proceeds of which were used to acquire or construct Compressor Units, shall not include more than twenty percent (20%) of the total Capital Expenditures made during such period to (b) Fixed Charges for Holdings and its Subsidiaries for the four (4) fiscal quarter period then ending.

“**Fixed Charges**” means, for any Person for any period, the sum of (a) Debt Service for such period, *plus* (b) cash income taxes paid during such period, *plus* (c) the sum of any dividends, distributions and other Restricted Payments (including any management, advisory or similar fees paid to any holder of any Equity Interests of a Loan Party or their Affiliates) made during such period.

“**Floor**” means the benchmark rate floor, if any, provided in this Agreement initially (as of the Closing Date or any modification, amendment or renewal of this Agreement or otherwise) with respect to USD LIBOR.

“**Foreign Lender**” means a Lender that is not a U.S. Person.

“**Foreign Subsidiaries**” means each Subsidiary other than a Domestic Subsidiary. “**Fraudulent Transfer Laws**”

has the meaning set forth in **Section 12.14**.

“Fronting Exposure” means, at any time there is a Defaulting Lender, (a) with respect to L/C Issuer, such Defaulting Lender’s Applicable Percentage of the Outstanding Amount of the L/C Obligations other than L/C Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to Swing Line Lender, such Defaulting Lender’s Applicable Percentage of the Outstanding Amount of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders in accordance with the terms hereof.

“Fund” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“Funded Debt” means, as of any date of determination, the aggregate amount of all Debt of Holdings and its Subsidiaries, on a consolidated basis in accordance with GAAP, (a) of the type described in **clauses (a), (b), (c), (d), (g), (j), (l)** (to the extent such amounts have been drawn or funded and not reimbursed), or **(o)**, of the definition thereof or (b) of the type described in **clauses (e) or (f)** of the definition thereof to the extent in respect of the Debt described in the foregoing **clause (a)**, in each case, excluding non-cash obligations under ASC 815.

“GAAP” means generally accepted accounting principles, applied on a consistent basis, as set forth in opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and/or in statements of the Financial Accounting Standards Board and/or their respective successors and which are applicable in the circumstances as of the date in question. Accounting principles are applied on a “consistent basis” when the accounting principles applied in a current period are comparable in all material respects to those accounting principles applied in a preceding period.

“Governmental Authority” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank, tribal body or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank), and any group or body charged with setting financial accounting or regulatory capital rules or standards (including without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“Guarantee” by any Person means any obligation or liability, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person as well as any obligation or liability, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation or liability (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to operate Property, to take-or-pay, or to maintain net worth or working capital or other financial statement conditions or otherwise) or (b) entered into for the purpose of indemnifying or assuring in any other manner the obligee of

such Debt or other obligation or liability of the payment thereof or to protect the obligee against loss in respect thereof (in whole or in part); *provided* that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business. The terms “**Guarantee**” and “**Guaranteed**” used as a verb have a corresponding meaning.

“**Guarantors**” means, collectively, (a) each of the Borrowers with respect to the Obligations under any Bank Product Agreement to the extent that each such Borrower is not the primary obligor with respect thereto, (b) NGS Properties, LLC, a Colorado limited liability company, and any other wholly-owned Domestic Subsidiary of Holdings (other than any Borrower and the Excluded Subsidiary) and (c) each Person who from time to time Guarantees all or any part of the Obligations under the Loan Documents, including any Person who becomes a party to this Agreement pursuant to a Joinder Agreement.

“**Guaranty**” means, collectively, the guaranty made by the Loan Parties party to this Agreement pursuant to **Article 12** and each other written guaranty executed by one or more of the other Guarantors in favor of Administrative Agent, for the benefit of Secured Parties, in form and substance satisfactory to Administrative Agent.

“**Hazardous Material**” means any substance, product, waste, pollutant, material, chemical, contaminant, constituent, or other material which is or becomes listed, regulated, or addressed under any Environmental Law, including, without limitation, any petroleum and petroleum byproducts, natural gas, natural gas liquids, liquefied natural gas or synthetic gas usable for fuel (or mixture of natural gas and such synthetic gas), polychlorinated biphenyls, lead and lead-based paint, radon, radioactive materials, flammables and explosives, and mold. “Hazardous Substances” shall include, without limitation, any hazardous or toxic substance, material or waste or any chemical, element, compound or mixture which is: (i) asbestos and asbestos-containing materials; (ii) designated as a “pollutant” or “toxic pollutant” pursuant to the Federal Water Pollution Control Act (33 U.S.C. Paragraph 1251 et seq.); (iii) defined as a “solid or hazardous waste” pursuant to the Federal Resource Conservation and Recovery Act (42

U.S.C. Paragraph 6901 et seq.); (iv) defined as “hazardous substances” pursuant to the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Paragraph 9601 et seq.); (v) listed in the United States Department of Transportation Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR part 302); (vi) chemicals, elements, compounds, mixtures, substances, materials or wastes otherwise regulated under any applicable federal, state or local Environmental Laws; (vii) polychlorinated biphenyls; (ix) “pesticides” as defined in the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§ 136 et seq.; (x) “contaminant” as defined in the Safe Drinking Water Act, 42

U.S.C. §§ 300f et seq.; (xi) “extremely hazardous substances” as defined in the Emergency Planning and Community Right to Know Act, 42 U.S.C. §§ 11001 et seq.; (xii) “hazardous materials” as defined in the Hazardous Materials Transportation Act, 49 U.S.C. §§ 5101 et seq.; (xiii) “hazardous air pollutants” as defined in the Clean Air Act, 42 U.S.C. §§ 7401 et seq.; and (xiv) “oil” as defined in the Oil Pollution Act of 1990, 33 U.S.C. §§ 2701 et seq.

“**Hedge Agreement**” means (a) any and all interest rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index

transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules and annexes, a “**Master Agreement**”), (c) any and all Master Agreements and any and all related confirmations and (d) any other agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“**Hedge Obligations**” means, at any time with respect to any Person, all indebtedness, liabilities, and obligations of such Person under or in connection with any Hedge Agreement, whether actual or contingent, due or to become due and existing or arising from time to time.

“**Hedge Termination Value**” means, in respect of any one or more Hedge Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedge Agreements, (a) for any date on or after the date such Hedge Agreements have been closed out and settlement amounts, early termination amounts or termination value(s) determined in accordance therewith, such settlement amounts, early termination amounts or termination value(s), and (b) for any date prior to the date referenced in **clause (a)**, the amount(s) determined as the mark-to-market value(s) for such Hedge Agreements, as determined based upon one or more commercially reasonable mid-market or other readily available quotations provided by any dealer which is a party to such Hedge Agreement or any other recognized dealer in such Hedge Agreements (which may include a Lender or any Affiliate of a Lender).

“**Holdings**” has the meaning set forth in the introductory paragraph hereto.

“**Honor Date**” has the meaning set forth in **Section 2.2(c)(i)**.

“**Increase Effective Date**” has the meaning set forth in **Section 2.10(c)**.

“**Indemnified Taxes**” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of Borrowers or any other Loan Party under any Loan Document and (b) to the extent not otherwise described in **clause (a)**, Other Taxes.

“**Information**” has the meaning set forth in **Section 11.25**.

“**Intellectual Property**” means all copyrights, copyrightable works, patents, patent applications, trademarks, service marks, trade names, brand names, trade dress, slogans, logos and internet domain names and uniform resource locators, and the goodwill associated with any of the foregoing, and other types of intellectual or industrial property rights and foreign equivalent or counterpart rights and forms of protection of a similar or analogous nature to any of the foregoing or having similar effect in any jurisdiction throughout the world, and registrations

and applications for registration of any of the foregoing, and all documentation and embodiments of the foregoing, in whatever form, now owned or hereafter acquired.

“Interest Period” means with respect to any Eurodollar Rate Loan, the period commencing on the date such Loan becomes a Eurodollar Rate Loan (whether by the making of a Loan or its continuation or conversion) and ending on the numerically corresponding day in the fiscal month that is one (1), two (2), three (3) or six (6) months thereafter, or if available to each applicable Lender, twelve (12) months thereafter (in each case subject to the availability of the Eurodollar Rate for such period), as the Borrower Representative may elect; *provided* that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next fiscal month, in which case such Interest Period shall end on the next preceding Business Day and (b) any Interest Period pertaining to a Eurodollar Rate Loan that commences on the last Business Day of a fiscal month (or on a day for which there is no numerically corresponding day in the last fiscal month of such Interest Period) shall end on the last Business Day of the last fiscal month of such Interest Period.

“Inventory” means inventory, as defined in the UCC.

“Investment Grade Account Debtor” means, any account debtor whose securities are rated BBB- (or then equivalent grade) or higher by S&P or Baa3 (or then equivalent grade) or higher by Moody’s, or whose credit rating or credit quality has the characteristics of an Investment Grade Account Debtor as determined by Administrative Agent in its sole discretion.

“IRS” means the Internal Revenue Service or any entity succeeding to all or any of its functions.

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

“ISP” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“Issuer Documents” means, with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by L/C Issuer and any Borrower or in favor of L/C Issuer and relating to such Letter of Credit.

“Joinder Agreement” means a Joinder Agreement in the form of *Exhibit H* hereto.

“L/C Advance” means, with respect to each Lender, such Lender’s funding of its participation in any L/C Borrowing in accordance with its Applicable Percentage.

“L/C Borrowing” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed by Borrowers on the date when made or refinanced as a Revolving Credit Borrowing.

“L/C Credit Extension” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

“L/C Issuer” means Texas Capital Bank in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

“L/C Obligations” means, as of any date of determination, without duplication, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with **Section 1.4**. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“Laws” means, collectively, all international, foreign, federal, state, provincial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lease” of any Person means all of the right, title and interest of such Person as lessee or licensee in, to and under a lease or license of land, improvements and/or fixtures.

“Lenders” means, (a) at any time prior to the termination of the Commitments, any Person that has a Commitment at such time, and (b) at any time after the termination of the Commitments, any Person that has Revolving Credit Exposure at such time. Unless the context otherwise requires, the term “Lenders” includes Swing Line Lender, L/C Issuer and their respective successors and assigns permitted hereunder.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower Representative and Administrative Agent.

“Letter of Credit” means any standby letter of credit issued hereunder providing for the payment of cash upon the honoring of a presentation thereunder.

“Letter of Credit Application” means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by L/C Issuer.

“Letter of Credit Expiration Date” means the day that is seven (7) days prior to the Maturity Date (or, if such day is not a Business Day, the next preceding Business Day).

“Letter of Credit Fee” has the meaning set forth in **Section 2.4(b)**.

“Letter of Credit Sublimit” means an amount equal to the lesser of (a) \$12,500,000 and (b) the aggregate Commitments of the Lenders then in effect. The Letter of Credit Sublimit is part of, and not in addition to, the Commitments.

“Leverage Ratio” means, as of the last day of each fiscal quarter, the ratio of (i) all Funded Debt as of such date to (ii) Annualized EBITDA as of such date.

“Lien” means, as to any Property of any Person, (a) any lien, mortgage, security interest, tax lien, pledge, charge, hypothecation, collateral assignment, preference, priority, or other encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or title retention agreement), whether arising by contract, operation of law, or otherwise, affecting such Property and (b) the signing or filing of a financing statement which names the Person as debtor or the signing of any security agreement or the signing of any document authorizing a secured party to file any financing statement which names such Person as debtor.

“Line Cap” means, as of any date of determination, the lesser of (a) the aggregate amount of the Commitments of the Lenders on such date and (b) the Borrowing Base in effect on such date.

“Loan” means an extension of credit by a Lender to any Borrower under **Article 2** in the form of a Revolving Credit Loan or a Swing Line Loan.

“Loan Documents” means this Agreement, each Guaranty, the Security Documents, the Notes, the Issuer Documents, each Fee Letter, and all other promissory notes, security agreements, deeds of trust, assignments, letters of credit, guaranties, and other instruments, documents, or agreements executed and delivered pursuant to or in connection with this Agreement or the Security Documents; *provided* that the term “Loan Documents” shall not include any Bank Product Agreement.

“Loan Party” means each Borrower, each Guarantor or any other Person who is or becomes party to any agreement with any Secured Party that obligates such Person to pay or perform, or that Guarantees or secures payment or performance of, the Obligations under the Loan Documents or any part thereof. For the avoidance of doubt, the Excluded Subsidiary shall not constitute a “Loan Party” for all purposes under this Agreement and the other Loan Documents.

“Master Agreement” has the meaning set forth in clause (b) of the definition of Hedge Agreement.

“Material Adverse Effect” means any act, event, condition, or circumstance which could reasonably be expected to materially and adversely affect (a) the operations, business, Properties, liabilities (actual or contingent), or condition (financial or otherwise) of the Loan Parties and their Subsidiaries, taken as a whole; (b) the ability of any Loan Party to perform its obligations

under any Loan Document to which it is a party; (c) the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party; or (d) the rights, remedies and benefits available to, or conferred upon, Administrative Agent or any Secured Party under any Loan Documents.

“Maturity Date” means May 11, 2026, or such earlier date on which the Commitment of each Lender terminates as provided in this Agreement.

“Maximum Rate” means, at all times, the maximum rate of interest which may be charged, contracted for, taken, received or reserved by Lenders in accordance with applicable Texas Law (or applicable United States federal Law to the extent that such Law permits Lenders to charge, contract for, receive or reserve a greater amount of interest than under Texas Law). The Maximum Rate shall be calculated in a manner that takes into account any and all fees, payments, and other charges in respect of the Loan Documents that constitute interest under applicable Law. Each change in any interest rate provided for herein based upon the Maximum Rate resulting from a change in the Maximum Rate shall take effect without notice to any Borrower at the time of such change in the Maximum Rate.

“Minimum Collateral Amount” means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances provided to reduce or eliminate Fronting Exposure during the time that a Defaulting Lender exists, an amount equal to 103% of the Fronting Exposure of L/C Issuer with respect to Letters of Credit issued and outstanding at such time, (b) with respect to Cash Collateral consisting of cash or deposit account balances provided in accordance with the provisions of **Section 2.7(a)(i), (a)(ii) or (a)(iii)**, an amount equal to 103% of the Outstanding Amount of all L/C Obligations, and (c) otherwise, an amount determined by Administrative Agent and L/C Issuer in their sole discretion.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto. **“Multiemployer Plan”** means a

multiemployer plan defined as such in *Section 3(37)* of

ERISA to which contributions are being made or have been made by, or for which there is an obligation to make contributions by or there is any liability, contingent or otherwise, with respect to a Loan Party or any ERISA Affiliate and which is covered by Title IV of ERISA.

“Net Cash Proceeds” means:

(a) with respect to any Disposition by any Loan Party or any of its Subsidiaries the excess, if any, of (i) the sum of cash and cash equivalents received in connection with such transaction (including any cash or cash equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received), over (ii) the sum of (A) the principal amount of any Debt that is secured by the applicable asset and that is required to be repaid in connection with such transaction (other than Debt under the Loan Documents), (B) the reasonable out-of-pocket expenses incurred by such Loan Party or such Subsidiary in connection with such transaction including legal, accounting, investment banking and other professional fees and (C) taxes paid or reasonably estimated to be payable within the year such relevant transaction occurred and the year immediately following the date of such

transaction as a result of any gain recognized in connection therewith; *provided* that, if (1) reserves established pursuant to **subclause (A)** exceeds the actual purchase price adjustment required to be paid in connection with such transactions, or (2) the amount of any estimated taxes pursuant to **subclause (C)** exceeds the amount of taxes actually required to be paid in cash in respect of such Disposition, in each case, the aggregate amount of such excess shall constitute Net Cash Proceeds.

(b) with respect to the sale or issuance of any Equity Interests by any Loan Party or any of its Subsidiaries, or the incurrence or issuance of any Debt by any Loan Party or any of its Subsidiaries, the excess of (i) the sum of the cash and cash equivalents received in connection with such transaction over (ii) the underwriting discounts and commissions, and other reasonable and customary out-of-pocket expenses, incurred by such Loan Party or such Subsidiary in connection therewith.

“Net Income” means, for any Person for any period, the net income (or loss) of such Person and its Subsidiaries on a consolidated basis as determined in accordance with GAAP; *provided* that Net Income shall exclude (a) the net income of any Subsidiary of such Person during such period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Constituent Documents or any agreement, instrument or Law applicable to such Subsidiary during such period, except that such Person’s equity in any net loss of any such Subsidiary for such period shall be included in determining Net Income, and (b) any income (or loss) for such period of any other Person if such other Person is not a Subsidiary, except that Holdings’ equity in the net income of any such Person for such period shall be included in Net Income up to the aggregate amount of cash actually distributed by such Person during such period to Holdings or a Subsidiary as a dividend or other distribution (and in the case of a dividend or other distribution to a Subsidiary, such Subsidiary is not precluded from further distributing such amount to Holdings as described in **clause (a)** of this proviso).

“Net Orderly Liquidation Value Percentage” means, with respect to Inventory of any Person, the orderly liquidation value thereof, expressed as a percentage, as determined in a manner acceptable to the Administrative Agent pursuant to the most recent appraisal (including compressor fleet appraisal) ordered, received and relied upon by the Administrative Agent pursuant to **Section 6.6(c)** and conducted by an appraiser acceptable to the Administrative Agent, net of all costs of liquidation thereof.

“Non-Consenting Lender” means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all or all affected Lenders in accordance with the terms of **Section 11.10** and (b) has been approved by the Required Lenders.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Non-Investment Grade Account Debtor” means any account debtor which is not an Investment Grade Account Debtor.

“**Notes**” means, collectively, each promissory note made by Borrowers in favor of a Lender evidencing Revolving Credit Loans or Swing Line Loans, as the case may be, made by such Lender, substantially in the form of **Exhibit E**.

“**Obligations**” means all obligations, indebtedness, and liabilities of Borrowers and each other Loan Party to Administrative Agent, each Lender and each other Secured Party now existing or hereafter arising, whether direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, arising under or pursuant to this Agreement, any Bank Product Agreements or the other Loan Documents, and all interest accruing thereon (whether a claim for post-filing or post-petition interest is allowed in any bankruptcy, insolvency, reorganization or similar proceeding) and all attorneys’ fees and other expenses incurred in the enforcement or collection thereof; *provided* that, as to any Loan Party, the “Obligations” shall exclude any Excluded Swap Obligations of such Loan Party.

“**OFAC**” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“**Other Connection Taxes**” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“**Other Guaranties**” has the meaning set forth in **Section 12.11**.

“**Other Guarantors**” has the meaning set forth in **Section 12.11**.

“**Other Taxes**” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to **Section 3.6**).

“**Outstanding Amount**” means (a) with respect to the Revolving Credit Loans and the Swing Line Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Revolving Credit Loans and Swing Line Loans, as the case may be, occurring on such date, and (b) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by Borrowers of Unreimbursed Amounts.

“**Participant**” means any Person (other than (a) a natural person, (b) a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person, (c) a Defaulting Lender, or (d) Holdings, any of Holdings’ Affiliates, any Subsidiaries of Holdings or any other Loan Party) to which a participation is sold by any Lender in all or a

portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it).

"Participant Register" means a register in the United States on which each Lender that sells a participation enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents.

"Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. 107-56, signed into law October 26, 2001).

"Payment Conditions" means, with respect to any Restricted Payments made pursuant to **Section 7.4(d)** or any Permitted Acquisition, (a) no Default or Event of Default shall have occurred and be continuing on the date of such Restricted Payment or Permitted Acquisition or would result after giving effect to such transaction, (b) after giving effect to and at all times during the sixty (60) consecutive day period immediately prior to the making of such Restricted Payment or consummation of such Permitted Acquisition, Availability shall be greater than or equal to the greater of (A) \$10,000,000 and (B) thirty percent (30%) of the Line Cap then in effect, (c) after giving effect to such Restricted Payment or Permitted Acquisition, the Fixed Charge Coverage Ratio for Holdings and its Subsidiaries for the most recently ended fiscal, calculated on a pro forma basis, shall be greater than 1.25 to 1.00 and (d) the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower Representative demonstrating satisfaction of the foregoing conditions concurrently with such Restricted Payment or Permitted Acquisition.

"Payment Date" means (a) in respect of each Base Rate Loan, the first day of each and every calendar month during the term of this Agreement, upon prepayment of such Loan and the Maturity Date, and (b) in respect of each Eurodollar Rate Loan, the last day of each Interest Period applicable to such Eurodollar Rate Loan (or the day that is three (3) months after the first day of such Interest Period if such Interest Period has a length of more than three (3) months), upon prepayment of such Loan and the Maturity Date.

"Payment Notice" has the meaning set forth in **Section 10.12(b)**.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to all or any of its functions under ERISA.

"Perfection Certificate" means, collectively, (a) that certain Perfection Certificate dated as of the Closing Date, executed by the Loan Parties at such time and addressed to Administrative Agent and (b) any other perfection certificate from time to time delivered to Administrative Agent, executed by the Loan Parties, in each case in form and substance reasonably satisfactory to Administrative Agent.

"Permitted Acquisition" means any acquisition by any Loan Party or any Domestic Subsidiary of any Loan Party, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all of the Equity Interests of, or a business line or unit or a division of, any Person; *provided, that:*

(a) no Default or Event of Default shall have occurred and be continuing either immediately prior to or immediately after giving effect to such acquisition;

(b) such acquisition is not a hostile or contested acquisition;

(c) the business acquired in connection with such acquisition is (i) principally located in the United States, Canada or Mexico (ii) organized under applicable laws, and (iii) not engaged, directly or indirectly, in any line of business other than the businesses in which the Loan Parties are engaged on the Closing Date or any Permitted Other Business Lines, and any business activities that are substantially similar, related, or incidental thereto;

(d) at or prior to the closing of any such proposed Permitted Acquisition, Administrative Agent will be granted a first priority perfected Lien (subject only to Permitted Liens) in substantially all assets constituting Collateral acquired pursuant thereto and Equity Interests of the Person being acquired (to the extent required by this Agreement) if such Person will become a Loan Party hereunder, and the Borrowers and such Person shall have executed such documents and taken such actions as may be reasonably required by Administrative Agent in connection therewith (including, without limitation, the delivery of (A) certified copies of the resolutions of the board of directors, board of managers, sole member or other comparable governing body of, as applicable, any applicable Loan Party and such Person authorizing such Permitted Acquisition and the granting of Liens described herein, (B) legal opinions, in form and substance reasonably acceptable to Administrative Agent, with respect to the transactions described herein, (C) evidence of insurance of the business to be acquired consistent with the requirements of this Agreement and (D) if applicable, a Joinder Agreement and any joinders or other agreements required pursuant to **Section 6.13**);

(e) the aggregate purchase price (including merger consideration, if applicable) paid by the Loan Parties in any transaction or series of transactions with respect to such acquisition does not exceed \$25,000,000 in any period of twelve consecutive months (and the aggregate purchase prices (including merger consideration) paid by the Loan Parties over the term of this Agreement with respect to all acquisitions does not exceed \$75,000,000);

(f) the Borrower Representative shall have furnished Administrative Agent with twenty (20) days' (or such shorter period as may be agreed by Administrative Agent in its sole discretion) prior written notice of such proposed acquisition;

(g) if such acquisition is an acquisition of the Equity Interests of a Person, the acquisition is structured so that the acquired Person shall become (i) a Domestic Subsidiary of Holdings of which greater than fifty percent (50%) of the issued and outstanding Equity Interests thereof are owned and held by Holdings and/or one or more Subsidiaries of Holdings and (ii) a Guarantor pursuant to the terms of this Agreement to the extent such acquired Person is a wholly-owned Domestic Subsidiary;

(h) in connection with an acquisition of the Equity Interests of any Person, all Liens on property of such Person shall be terminated unless the Administrative Agent in its sole discretion consents otherwise, and in connection with an acquisition of the assets of any Person, all Liens on such assets shall be terminated;

(i) the Borrower Representative shall have furnished Administrative Agent (as soon as available, and in event at least five (5) Business Days' prior to the consummation of such acquisition (or such shorter period as may be agreed by Administrative Agent in its sole discretion)) with a current draft of the applicable material acquisition documents (and final copies thereof as and when executed);

(j) the Payment Conditions shall have been satisfied; and

(k) the Borrower Representative shall have furnished to Administrative Agent at least three (3) Business Days prior to the date on which any such acquisition is to be consummated or such shorter time as Administrative Agent may allow, a certificate of a Responsible Officer of Borrower, in form and substance reasonably satisfactory to Administrative Agent, certifying that (i) immediately after giving effect such acquisition, the Payment Conditions shall have been satisfied and (ii) all of the other requirements for a Permitted Acquisition will be satisfied on or prior to the closing date of such acquisition.

Notwithstanding anything to the contrary herein, no Accounts, Inventory, or Compressor Units (other than any Eligible New Compressor Fleet to the extent acquired by a Borrower) acquired in connection with such acquisition will be included in the determination of the Borrowing Base until the Administrative Agent shall have conducted an appraisal, audit and/or field examination of such Accounts, Inventory or Compressor Units, as the case may be, the results of which shall be satisfactory to the Administrative Agent in its sole discretion.

“Permitted Discretion” means a determination made in good faith and in the exercise of reasonable (from the perspective of a secured asset-based lender) business judgment.

“Permitted Liens” means those Liens permitted by **Section 7.2**.

“Permitted Other Business Lines” means any and all of the following: (a) sales, rental and/or servicing of gas treating and/or processing equipment and/or the providing of gas treating and/or processing services; (b) sales, rental and/or servicing of oil and gas measurement and/or treating equipment and/or the providing of oil and gas measurement and/or treating services; (c) sales, rental and/or servicing of natural gas emissions equipment and/or the providing of natural gas emissions measurement services; (d) operation of pipelines for in-state transportation of oil and/or gas from a wellhead to a treatment or processing facility; (e) fabrication, sales, rental and/or servicing of portable power generation equipment; and (f) any other businesses directly related to the servicing of crude oil and natural gas producers and producing properties approved by the Administrative Agent, such approval not to be unreasonably withheld.

“Permitted Refinancing” means, with respect to any Debt, any refinancings or refundings thereof; provided that (a) the principal amount (or accreted value, if applicable) of such Debt is not increased at the time of such refinancing or refunding from the principal amount (or accreted value, if applicable) of such refinanced or refunded Debt outstanding immediately prior to such refinancing or refunding, except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing, (b) the average life to maturity of any refinancing or refunding of such Debt permitted hereby is not less than the then average life to maturity of the Debt so refinanced or

replaced, (c) the direct or contingent obligors with respect to such Debt provided comparable credit accommodations with respect to the Debt being refinanced or refunded (provided that additional obligors may be added so long as such additional obligors are Loan Parties pursuant to the Loan Documents), (d) any refinancing or refunding of Subordinated Debt shall be on terms no less favorable to Administrative Agent and the Lenders (taken as a whole), and no more restrictive to the Loan Parties (taken as a whole), than the Subordinated Debt being refinanced or refunded, (e) the all-in-yield applicable to any such refinancing or refunding Debt does not exceed the all-in-yield for the Debt being refinanced or refunded or, if greater, the market all-in-yield for similar Debt at such time, and (f) such refinancing or refunding does not impair or restrict, in any material respect greater than as contained in the Debt being refinanced or refunded, the ability of the Loan Parties to make distributions or transfer money and other property to or otherwise enter into transactions among the other Loan Parties.

“Person” means any natural person, corporation, limited liability company, trust, association, company, partnership, joint venture, Governmental Authority, or other entity, and shall include such Person’s heirs, administrators, personal representatives, executors, successors and assigns.

“Plan” means any employee benefit or other plan, other than a Multiemployer Plan, established or maintained by, or for which there is an obligation to make contributions by or there is any liability, contingent or otherwise with respect to a Borrower or any ERISA Affiliate and which is covered by Title IV of ERISA or subject to Section 412 of the Code.

“Plan Asset Regulations” means 29 CFR § 2510.3-101 et seq., as modified by Section 3(42) of ERISA, as amended from time to time.

“Platform” means Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

“Prime Rate” means the rate of interest per annum publicly announced from time to time by Texas Capital Bank as its prime rate in effect at its Principal Office; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective. Such rate is set by Texas Capital Bank as a general reference rate of interest, taking into account such factors as Texas Capital Bank may deem appropriate; it being understood that many of Texas Capital Bank’s commercial or other loans are priced in relation to such rate, that it is not necessarily the lowest or best rate actually charged to any customer and that Texas Capital Bank may make various commercial or other loans at rates of interest having no relationship to such rate.

“Principal Office” means the principal office of Administrative Agent, presently located at the address set forth on **Schedule 11.11**.

“Prohibited Transaction” means any transaction set forth in *Section 406* of ERISA or *Section 4975* of the Code.

“Property” means, with respect to any Person, any and all property, whether real, personal, tangible, intangible or mixed, of such Person, or any other assets owned, operated or leased by such Person.

“**PTE**” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“**Purchase Money Debt**” means Debt, the proceeds of which are used to finance the acquisition, lease, completion of construction, repair of, replacement, improvement to or installation of any Property; provided, however, that such Debt is incurred no later than 180 days after such acquisition, leasing, completion, construction, repairment, replacement, improvement or installation.

“**QFC**” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

“**QFC Credit Support**” has the meaning set forth in **Section 11.30**.

“**Qualified ECP Guarantor**” means, at any time, each Loan Party with total assets exceeding \$10,000,000 or that qualifies at such time as an “eligible contract participant” under the Commodity Exchange Act or any regulation promulgated thereunder and can cause another Person to qualify as an “eligible contract participant” at such time under Section 1a(18)(A)(v) (II) of the Commodity Exchange Act.

“**Qualified Financial Institution**” means any financial institution that is a commercial bank (or an Affiliate thereof, including an investment bank, but excluding any special situation investor), which is regularly engaged in making, purchasing, holding or otherwise investing in revolving commercial loans and similar extensions of credit in asset-based, secured revolving credit facilities in the United States.

“**Receipts**” has the meaning set forth in **Section 2.12(a)**.

“**Recipient**” means Administrative Agent, L/C Issuer, Swing Line Lender, or any Lender, as applicable.

“**Reference Time**” means, with respect to any setting of the then-current Benchmark, (a) if such Benchmark is USD LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (b) if such Benchmark is not USD LIBOR, the time determined by the Administrative Agent in its reasonable discretion.

“**Register**” means a register for the recordation of the names and addresses of Lenders, and the Commitments of, and principal amounts of and stated interest on the Loans owing to, each Lender pursuant to the terms hereof from time to time.

“**Related Indebtedness**” means any and all indebtedness paid or payable by any Borrower or any other Loan Party to Administrative Agent or any Lender pursuant to any Loan Document other than any Note.

“**Related Parties**” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, sub agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Release” means, as to any Person, any release, spill, emission, leaking, pumping, injection, deposit, disposal, disbursement, leaching, or migration of Hazardous Materials into the indoor or outdoor environment or into or out of Property owned by such Person, including, without limitation, the movement of Hazardous Materials through or in the air, soil, surface water, ground water, or Property.

“Release Date” means the last to occur of the dates on which Liens securing the Obligations may be released pursuant to **Section 10.9(a)(i)(A)**.

“Relevant Governmental Body” means the Board of Governors or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors or the Federal Reserve Bank of New York, or any successor thereto.

“Remedial Action” means all actions required to (a) clean up, remove, treat, or otherwise address Hazardous Materials in the indoor or outdoor environment, (b) prevent the Release or threat of Release or minimize the further Release of Hazardous Materials so that they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, or (c) perform pre-remedial studies and investigations and post-remedial monitoring and care.

“Removal Effective Date” has the meaning set forth in **Section 10.6(b)**.

“Rent Reserve” means, with respect to any facility, warehouse distribution center, regional distribution center or depot where any Inventory subject to Liens arising by operation of law is located and with respect to which no Collateral Access Agreement is in effect, a reserve equal to (a) in the case of any leased location, all rent, charges and fees scheduled or customarily falling due for payment during (i) a two (2) month period at such facility, warehouse distribution center, regional distribution center or depot where any Inventory (other than Compressor Units) is stored or located and (ii) a six (6) month period at such facility, warehouse distribution center, regional distribution center or depot where any Compressor Units are stored or located, and (b) in the case of any other location, an amount determined by Administrative Agent in its Permitted Discretion in respect of liabilities owed to the applicable consignee, bailee, processor or warehouseman. Notwithstanding anything to the contrary in this Agreement, it is agreed and understood that no Rent Reserve will be implemented during the first sixty (60) days after the Closing Date with respect to any such location not covered by a Collateral Access Agreement.

“Reportable Event” means any of the events set forth in Section 4043 of ERISA.

“Required Lenders” means, as of any date of determination, Lenders holding more than 66 2/3% of the sum of the (a) the Revolving Credit Exposure of all Lenders (with the aggregate amount of each Lender’s risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed “held” by such Lender for purposes of this definition) and (b) aggregate unused Commitments; *provided* that, if one Lender holds more than 66 2/3% but less than 100% of the sum of the Revolving Credit Exposure and the unused Commitments at such time, subject to the last sentence of **Section 11.10**, Required Lenders shall be at least two Lenders. The unused Commitment of, and the portion of the Revolving Credit Exposure of all

Lenders held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Resignation Effective Date” has the meaning set forth in **Section 10.6(a)**.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means the chief executive officer, president, chief financial officer, or treasurer of a Loan Party (or the chief executive officer, president, chief financial officer, or treasurer of the general partner or managing member of a Loan Party, as applicable); solely for purposes of the delivery of incumbency certificates pursuant to **Section 4.1**, the secretary or assistant secretary of a Loan Party (or the secretary or any assistant secretary of the general partner or managing member of a Loan Party, as applicable) or any Person designated by a Responsible Officer to act on behalf of a Responsible Officer; *provided* that such designated Person may not designate any other Person to be a Responsible Officer. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Person and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“Restricted Payment” means, collectively, (a) any dividend or other distribution (whether in cash, securities or other Property) with respect to any capital stock or other Equity Interest of Holdings or any Subsidiary thereof, (b) any payment (whether in cash, securities or other Property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any capital stock or other Equity Interest or on account of any return of capital to Holdings’ stockholders, partners or members (or the equivalent Person thereof) and (c) any payment of management, advisory or similar fees to any holders of Equity Interests of a Loan Party or their Affiliates.

“Revolving Credit Borrowing” means a borrowing consisting of simultaneous Revolving Credit Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Lenders pursuant to **Section 2.1(a)**.

“Revolving Credit Exposure” means, as to any Lender at any time, the aggregate Outstanding Amount of its Revolving Credit Loans and such Lender’s participation in L/C Obligations and Swing Line Loans at such time.

“Revolving Credit Facility” means, at any time, the aggregate amount of the Lenders’ Commitments at such time.

“Revolving Credit Loan” has the meaning set forth in **Section 2.1(a)**.

“RICO” means the Racketeer Influenced and Corrupt Organization Act of 1970.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

“Sanctioned Country” means, at any time, a country or territory which is itself the subject or target of any Sanctions.

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State or by the United Nations Security Council, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person or Persons, in each case, to the extent dealings are prohibited or restricted with such Person under Sanctions.

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC or the U.S. Department of State), the United Nations Security Council, the European Union, any European Union member state or Her Majesty’s Treasury of the United Kingdom, or other relevant sanctions authority.

“SEC” means the Securities and Exchange Commission or any successor Governmental Authority.

“Secured Parties” means the collective reference to Administrative Agent, each Lender, L/C Issuer, Swing Line Lender, each Bank Product Provider, and any other Person the Obligations owing to which are, or are purported to be, secured by the Collateral under the terms of the Security Documents.

“Securities Account Control Agreement” has the meaning assigned to such term in the Security Agreement.

“Security Agreement” means that certain Pledge and Security Agreement (including any and all supplements thereto), dated as of the Closing Date, among the Loan Parties and Administrative Agent, for the benefit of Administrative Agent and the other Secured Parties, and any other pledge or security agreement entered into, after the date of this Agreement by any other Loan Party (as required by this Agreement or any other Loan Document) or any other Person for the benefit of Administrative Agent and the other Secured Parties, as the same may be amended, restated, supplemented or otherwise modified from time to time.

“Security Documents” means (a) the Security Agreement, (b) the Control Agreements and (c) every mortgage, security agreement, pledge agreement, mortgage, deed of trust, control agreement or other collateral security agreement required by or delivered to Administrative Agent from time to time that purport to create a Lien in favor of any of the Secured Parties to secure payment or performance of the Obligations or any portion thereof.

“SOFR” means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator’s Website on the immediately succeeding Business Day.

“SOFR Administrator” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one (1) and the denominator of which is the number one (1) minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board of Governors to which Administrative Agent is subject with respect to the Eurodollar Rate, for eurocurrency funding (currently referred to as “Eurocurrency liabilities” in Regulation D of the Board of Governors). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Rate Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subordinated Debt” means, collectively, all Debt incurred by any Loan Party or any Subsidiary that is, in each case, subordinated to the Obligations (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Administrative Agent entered into among Administrative Agent, the applicable creditor and the Loan Parties), in a manner satisfactory to Administrative Agent, and contains terms, including, without limitation, payment terms, satisfactory to Administrative Agent.

“Subordinated Debt Documents” means, collectively, any and all instruments, documents and agreements executed and/or delivered in connection with any Subordinated Debt, in each case, as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms of the applicable Subordination Agreement.

“Subordination Agreement” means, individually and collectively, all subordination agreements, intercreditor agreements, consent and similar agreements among any Loan Party or the Administrative Agent and any holder of Subordinated Debt, whether entered into on or prior to the date hereof or from time to time hereafter, together with all modifications, amendments and restatements of any of the foregoing.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of Holdings.

“Supported QFC” has the meaning set forth in **Section 11.30**.

“Sureties” has the meaning set forth in **Section 12.3(b)**.

“Swap Obligations” means, with respect to any Loan Party, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“Swing Line Borrowing” means a borrowing of a Swing Line Loan pursuant to **Section 2.3**.

“Swing Line Lender” means Texas Capital Bank in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

“Swing Line Loan” has the meaning set forth in **Section 2.3(a)**.

“Swing Line Loan Request” means a writing, substantially in the form of **Exhibit F**, or in such other form agreed to by the Borrower Representative and Administrative Agent, properly completed and signed by the Borrower Representative, requesting a Swing Line Borrowing.

“Swing Line Sublimit” means an amount not to exceed \$5,000,000; *provided* that there is more than one Lender. The Swing Line Sublimit is part of, and not in addition to, the Commitments.

“Tax Return” means any return (including any information report), report, statement, schedule, notice, form, or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection, or payment of any Tax or in connection with the administration, implementation, or enforcement of any Tax.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Texas Capital Bank” means Texas Capital Bank, National Association, a national banking association, and its successors and assigns.

“Term SOFR” means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Trigger Period” means any period commencing on the first date on which (a) an Event of Default has occurred or (b) Availability is less than the Trigger Period Threshold, and continuing, in either case, until the date upon which both (i) Availability has been equal to or greater than the Trigger Period Threshold at all times during the preceding sixty (60) consecutive day period, and (ii) no Event of Default has occurred and is continuing during such sixty (60) consecutive day period.

“Trigger Period Threshold” means, as of any date of determination, the greater of (a) \$7,500,000 and (b) fifteen percent (15%) of the Line Cap then in effect.

“Type” means, with respect to a Loan, refers to whether such Loan is a Base Rate Loan or a Eurodollar Rate Loan, and, with respect to a Borrowing, refers to whether such Borrowing is a Base Rate Borrowing or a Eurodollar Rate Borrowing.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of Texas or any other state the laws of which are required to be applied in connection with the issue of perfection of security interests.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“Unfinanced Capital Expenditures” means, for any date of determination, Capital Expenditures (or any portion thereof) of Holdings and its Subsidiaries made in cash during the four (4) quarter period then ending (excluding Capital Expenditures to the extent financed from the proceeds of any Debt (other than the Revolving Credit Loans)); *provided*, that in no event shall the amount of Unfinanced Capital Expenditures for any period be less than zero.

“Unfunded Pension Liability” means the excess, if any, of (a) the funding target as defined under Section 430(d) of the Code without regard to the special at-risk rules of Section 430(i) of the Code, over (b) the value of plan assets as defined under Section 430(g)(3)(A) of the Code determined as of the last day of each plan year, without regard to the averaging which may be allowed under Section 430(g)(3)(B) of the Code and reduced for any prefunding balance or funding standard carryover balance as defined and provided for in Section 430(f) of the Code.

“Unreimbursed Amount” has the meaning set forth in **Section 2.2(c)(i)**.

“USD LIBOR” means the London interbank offered rate for U.S. dollars.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Special Resolution Regimes” has the meaning set forth in **Section 11.30**.

“U.S. Tax Compliance Certificate” has the meaning specified in **Section 3.4(g)(ii)(B)(3)**.

“Withholding Agent” means each of the Loan Parties and Administrative Agent.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

Section 1.2 **Accounting Matters.**

(a) **Generally.** All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the audited financial statements described in **Section 5.2**, except as otherwise specifically prescribed herein. Notwithstanding the foregoing or anything to the contrary herein, (i) for purposes of determining compliance with any covenant (including the computation of any Financial Covenant) contained herein, Debt of Holdings and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 on financial liabilities shall be disregarded and (ii) any lease that is treated as an operating lease for purposes of GAAP as of December 15, 2018 shall continue to be treated as an operating lease (and any future lease, if it were in effect on December 15, 2018, that would be treated as an operating lease for purposes of GAAP as of December 15, 2018 shall be treated as an operating lease), in each case for purposes of this Agreement, notwithstanding any change in GAAP after December 15, 2018.

(b) **Changes in GAAP.** If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth herein, and either the Borrower Representative or the Required Lenders shall so request, Administrative Agent, Lenders and the Borrower Representative shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); *provided that*, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower Representative shall provide to Administrative Agent and Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

Section 1.3 **ERISA Matters.** If, after the date hereof, there shall occur, with respect to ERISA, the adoption of any applicable Law, rule, or regulation, or any change therein, or any change in the interpretation or administration thereof by the PBGC or any other Governmental

Authority, then either the Borrower Representative or Required Lenders may request a modification to this Agreement solely to preserve the original intent of this Agreement with respect to the provisions hereof applicable to ERISA, and the parties to this Agreement shall negotiate in good faith to complete such modification.

Section 1.4 **Letter of Credit Amounts.** Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; *provided, however*, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

Section 1.5 **Other Definitional Provisions.** All definitions contained in this Agreement are equally applicable to the singular and plural forms of the terms defined. The words “hereof”, “herein”, and “hereunder” and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear. Terms used herein that are defined in the UCC, unless otherwise defined herein, shall have the meanings specified in the UCC. Any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document). Any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law or regulation shall, unless otherwise specified, refer to such Law or regulation as amended, modified or supplemented from time to time. Words denoting gender shall be construed to include the masculine, feminine and neuter, when such construction is appropriate; specific enumeration shall not exclude the general but shall be constructed as cumulative; the word “or” is not exclusive; the word “*including*” (in its various forms) means “*including, without limitation*”; in the computation of periods of time, the word “*from*” means “*from and including*” and the words “to” and “until” mean “*to but excluding*”; and all references to money refer to the legal currency of the United States of America.

Section 1.6 **Interpretative Provision.** For purposes of **Section 9.1**, a breach of a Financial Covenant shall be deemed to have occurred as of any date of determination thereof by Holdings, Borrowers, or the Required Lenders or as of the last date of any specified measurement period, regardless of when the financial statements or the Compliance Certificate reflecting such breach are delivered to Administrative Agent.

Section 1.7 **Times of Day.** Unless otherwise specified, all references herein to times of day shall be references to central time (daylight or standard, as applicable).

Section 1.8 **Other Loan Documents.** The other Loan Documents, including the Security Documents, contain representations, warranties, covenants, defaults and other

provisions that are in addition to and not limited by, or a limitation of, similar provisions of this Agreement. Such provisions in such other Loan Documents may be different or more expansive than similar provisions of this Agreement and neither such differences nor such more expansive provisions shall be construed as a conflict.

Section 1.9 **Divisions**. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

Section 1.10 **Pro Forma Calculations**. To the extent the Fixed Charge Coverage Ratio of Holdings and its Subsidiaries is required under this Agreement to be calculated on a "pro forma basis", then for purposes of making any calculation with respect to such financial ratio required by this Agreement, such calculation shall be made in good faith as determined by Holdings and for the period of four fiscal quarters of Holdings most recently ended for which financial statements have been delivered in accordance with *Section 6.1(a)* or *Section 6.1(b)*, as applicable, and such calculation shall be acceptable to the Administrative Agent in its sole discretion and factually supportable, as certified by a Responsible Officer of Holdings to the Administrative Agent (along with evidence supporting such pro forma calculation).

Section 1.11 **Rates**. The interest rate on Eurodollar Rate Loans and Base Rate Loans (when determined by reference to clause (c) of the definition of Base Rate) is determined by reference to USD LIBOR, which is derived from the London interbank offered rate. The London interbank offered rate is intended to represent the rate at which contributing banks may obtain short-term borrowings from each other in the London interbank market. On March 5, 2021, ICE Benchmark Administration (the "**IBA**"), the administrator of the London interbank offered rate, and the Financial Conduct Authority (the "**FCA**"), the regulatory supervisor of the IBA, announced in public statements (the "**Announcements**") that the final publication or representativeness date for the London interbank offered rate for dollars for: (a) 1-week and 2-month tenor settings will be December 31, 2021 and (b) overnight, 1-month, 3-month, 6-month and 12-month tenor settings will be June 30, 2023. No successor administrator for the IBA was identified in such Announcements. As a result, it is possible that commencing immediately after such dates, the London interbank offered rate for such tenors may no longer be available or may no longer be deemed a representative reference rate upon which to determine the interest rate on Eurodollar Rate Loans or Base Rate Loans (when determined by reference to clause (c) of the definition of Base Rate). There is no assurance that the dates set forth in the Announcements will not change or that the IBA or the FCA will not take further action that could impact the availability, composition or characteristics of any London interbank offered rate. Public and private sector industry initiatives have been and continue, as of the date hereof, to be underway to implement new or alternative reference rates to be used in place of the London interbank offered rate. In the event that the London interbank offered rate or any other then-current Benchmark is no longer available or in certain other circumstances set forth in **Section 3.3**, such **Section 3.3** provides a mechanism for determining an alternative rate of interest. The Administrative Agent will notify the Borrower Representative, pursuant to **Section 3.3**, of any

change to the reference rate upon which the interest rate on Eurodollar Rate Loans and Base Rate Loans (when determined by reference to clause (c) of the definition of Base Rate) is based. However, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (i) the administration of, submission of, calculation of or any other matter related to the London interbank offered rate or other rates in the definition of “LIBOR” or with respect to any alternative, comparable or successor rate thereto, or replacement rate thereof (including any then-current Benchmark or any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement reference rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to *Section 3.3*, will be similar to, or produce the same value or economic equivalence of, USD LIBOR or any other Benchmark, or have the same volume or liquidity as did the London interbank offered rate or any other Benchmark prior to its discontinuance or unavailability, or (ii) the effect, implementation or composition of any Benchmark Replacement Conforming Changes.

ARTICLE 2.

THE COMMITMENTS AND CREDIT EXTENSIONS

Section 2.1 **The Loans.**

(a) **Revolving Credit Borrowings.** Subject to the terms and conditions of this Agreement, each Lender severally agrees to make one or more revolving credit loans (each such loan, a “**Revolving Credit Loan**”) to Borrowers from time to time from the Closing Date until the Maturity Date in an aggregate principal amount for such Lender at any time outstanding up to but not exceeding the amount of such Lender’s Commitment, *provided* that the Revolving Credit Exposure of all Lenders shall not exceed the Line Cap then in effect. Subject to the foregoing limitations, and the other terms and provisions of this Agreement, Borrowers may borrow, repay, and reborrow Revolving Credit Loans hereunder.

(b) **Borrowing Procedure.** Each Revolving Credit Borrowing, each conversion of a Borrowing from one Type to the other, and each continuation of a Eurodollar Rate Borrowing shall be made upon the Borrower Representative’s irrevocable notice to Administrative Agent, which may be given by telephone. Each such notice must be received by Administrative Agent not later than 11:00 a.m. (i) three (3) Business Days prior to the requested date of any Borrowing of, conversion to or continuation of a Eurodollar Rate Borrowing or of any conversion of a Eurodollar Rate Borrowing to a Base Rate Borrowing, and (ii) on the requested date of any Base Rate Borrowing. Each telephonic notice by the Borrower Representative pursuant to this **Section 2.1(b)** must be confirmed promptly by delivery to Administrative Agent of a written Borrowing Request, appropriately completed and signed by a Responsible Officer of the Borrower Representative. Each Borrowing of, conversion to or continuation of a Eurodollar Rate Borrowing shall be in a principal amount of \$250,000 or a whole multiple of \$50,000 in excess thereof. Except as provided in **Sections 2.2(c)** and **2.3(c)**, each Borrowing of or conversion to a Base Rate Borrowing shall be in a principal amount of \$250,000 or a whole multiple of \$50,000 in excess thereof; *provided* that a Base Rate

Borrowing may be in an amount equal to Availability. Each Borrowing Request (whether telephonic or written) shall specify (A) whether the Borrower Representative is requesting a Revolving Credit Borrowing, a conversion of Borrowings from one Type to the other, or a continuation of Borrowings, (B) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (C) the principal amount of Borrowings to be borrowed, converted or continued, (D) the Type of Borrowings to be borrowed or to which existing Borrowings are to be converted, and (E) if applicable, the duration of the Interest Period with respect thereto. If the Borrower Representative fails to specify a Type of Borrowing in a Borrowing Request or if the Borrower Representative fails to give a timely notice requesting a conversion or continuation, then the applicable Borrowing shall be made as, or converted to, a Base Rate Borrowing. Any such automatic conversion to Base Rate Borrowings shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Borrowing. If the Borrower Representative requests a Borrowing of, conversion to, or continuation of a Eurodollar Rate Borrowing in any such Borrowing Request, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one (1) month.

(c) **Funding.** Following receipt of a Borrowing Request, Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Borrowing, and if no timely notice of a conversion or continuation is provided by the Borrower Representative, Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Borrowing as described in **Section 2.1(b)**. In the case of a Revolving Credit Borrowing, each Lender shall make the amount of its Loan available to Administrative Agent in immediately available funds at Administrative Agent's Principal Office not later than 1:00 p.m. on the Business Day specified in the applicable Borrowing Request. Upon satisfaction of the applicable conditions set forth in **Section 4.2** (and, if such Borrowing is the initial Credit Extension, **Section 4.1**), Administrative Agent shall make all funds so received available to the applicable Borrower in like funds as received by Administrative Agent either by (i) crediting the account of the applicable Borrower on the books of Texas Capital Bank with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) Administrative Agent by the Borrower Representative; *provided, however*, that if, on the date the Borrowing Request with respect to such Borrowing is given by the Borrower Representative, there are L/C Borrowings outstanding, then the proceeds of such Borrowing, *first*, shall be applied to the payment in full of any such L/C Borrowings, and *second*, shall be made available to the applicable Borrower as provided above.

(d) **Continuations and Conversions.** Except as otherwise provided herein, a Eurodollar Rate Borrowing may be continued or converted only on the last day of an Interest Period for such Eurodollar Rate Borrowing. While an Event of Default has occurred and is continuing, (i) no Loans may be requested as, converted to or continued as Eurodollar Rate Borrowings without the consent of the Required Lenders and (ii) unless repaid, each Eurodollar Rate Borrowing shall be converted to a Base Rate Borrowing at the end of the Interest Period applicable thereto.

(e) **Notifications.** Administrative Agent shall promptly notify the Borrower Representative and Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Borrowings upon determination of such interest rate. At any time that Base Rate Borrowings are outstanding, Administrative Agent shall notify the Borrower Representative and Lenders of any change in Texas Capital Bank's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(f) **Interest Periods.** After giving effect to all Borrowings, all conversions of Borrowings from one Type to the other, and all continuations of Borrowings as the same Type, there shall not be more than five (5) Interest Periods in effect with respect to Eurodollar Rate Borrowings.

Section 2.2 **Letters of Credit.**

(a) **The Letter of Credit Commitment.**

(i) Subject to the terms and conditions set forth herein, (A) L/C Issuer agrees, in reliance upon the agreements of the Lenders set forth in this **Section 2.2**, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit for the account of any Borrower, and to amend or extend Letters of Credit previously issued by it, in accordance with **subsection (b)** below, and (2) to honor drawings under the Letters of Credit; and (B) Lenders severally agree to participate in Letters of Credit issued for the account of any Borrower and any drawings thereunder; *provided* that immediately after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (x) the Revolving Credit Exposure of all Lenders shall not exceed the Line Cap in effect at such time, (y) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Commitment, and (z) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit. Each request by the Borrower Representative for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by Borrowers that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, each Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly Borrowers may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) L/C Issuer shall not issue any Letter of Credit, if:

(A) subject to **Section 2.2(b)(iii)**, the expiry date of the requested Letter of Credit would occur more than twelve (12) months after the date of issuance or last extension, unless Required Lenders have approved such expiry date; or

(B) the expiry date of the requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all Lenders have approved such expiry date.

(iii) L/C Issuer shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain L/C Issuer from issuing the Letter of Credit, or any Law applicable to L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over L/C Issuer shall prohibit, or request that L/C Issuer refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon L/C Issuer with respect to the Letter of Credit any restriction, reserve or capital requirement (for which L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which L/C Issuer in good faith deems material to it;

(B) except as otherwise agreed by Administrative Agent and L/C Issuer, the Letter of Credit is in an initial stated amount less than \$50,000;

(C) the Letter of Credit is to be denominated in a currency other than Dollars;

(D) any Lender is at that time a Defaulting Lender, unless L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to L/C Issuer (in its sole discretion) with Borrowers or such Lender to eliminate L/C Issuer's actual or potential Fronting Exposure (after giving effect to **Section 11.21(a)(iv)**) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other L/C Obligations as to which L/C Issuer has actual or potential Fronting Exposure, as it may elect in its sole discretion; or

(E) the Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder.

(iv) L/C Issuer shall not amend any Letter of Credit if L/C Issuer would not be permitted at such time to issue the Letter of Credit in its amended form under the terms hereof.

(v) L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) L/C Issuer would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(vi) L/C Issuer shall act on behalf of Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and L/C Issuer shall have all of the benefits and immunities (A) provided to Administrative Agent in **Article 10** with respect to any acts taken or omissions suffered by L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term “Administrative Agent” as used in **Article 10** included L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower Representative delivered to L/C Issuer (with a copy to Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Borrower Representative. Such Letter of Credit Application may be sent by facsimile, by United States mail, by overnight courier, by electronic transmission using the system provided by L/C Issuer, by personal delivery or by any other means acceptable to L/C Issuer. Such Letter of Credit Application must be received by L/C Issuer and Administrative Agent not later than 11:00 a.m. at least two (2) Business Days (or such later date and time as Administrative Agent and L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (G) the purpose and nature of the requested Letter of Credit; and (H) such other matters as L/C Issuer may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to L/C Issuer (1) the Letter of Credit to be amended; (2) the proposed date of amendment thereof (which shall be a Business Day); (3) the nature of the proposed amendment; and (4) such other matters as L/C Issuer may require. Additionally, the Borrower Representative shall furnish to L/C Issuer and Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as L/C Issuer or Administrative Agent may require.

(ii) Promptly after receipt of any Letter of Credit Application, L/C Issuer will confirm with Administrative Agent (by telephone or in writing) that Administrative Agent has received a copy of such Letter of Credit Application from the Borrower Representative and, if not, L/C Issuer will provide Administrative Agent with a copy thereof. Unless L/C Issuer has received written

notice from Administrative Agent or any Loan Party, at least one (1) Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in **Article 4** shall not then be satisfied, then, subject to the terms and conditions hereof, L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the applicable Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Applicable Percentage times the amount of such Letter of Credit.

(iii) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, L/C Issuer will also deliver to the Borrower Representative and Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, L/C Issuer shall notify the Borrower Representative and Administrative Agent thereof. Not later than 11:00 a.m. on the date of any payment by L/C Issuer under a Letter of Credit (each such date, an "**Honor Date**"), Borrowers shall reimburse L/C Issuer through Administrative Agent in an amount equal to the amount of such drawing. If Borrowers fail to so reimburse L/C Issuer by such time, Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the "**Unreimbursed Amount**"), and the amount of such Lender's Applicable Percentage thereof. In such event, Borrowers shall be deemed to have requested a Revolving Credit Borrowing to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, subject to the amount of Availability and the conditions set forth in **Section 4.2** (other than the delivery of a Borrowing Request). Any notice given by L/C Issuer or Administrative Agent pursuant to this **Section 2.2(c)(i)** may be given by telephone if immediately confirmed in writing; *provided* that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Lender shall upon any notice pursuant to **Section 2.2(c)(i)** make funds available (and Administrative Agent may apply Cash Collateral provided for this purpose) for the account of L/C Issuer at Administrative Agent's Principal Office in an amount equal to its Applicable Percentage of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by Administrative Agent, whereupon, subject to the provisions of **Section 2.2(c)(iii)**, each Lender that so makes funds available shall be deemed to have made a Revolving Credit Loan (or, if the conditions set forth in **Section 4.2**

are not satisfied, an L/C Borrowing as further described in **clause (iii)** below) to Borrowers in such amount. Administrative Agent shall remit the funds so received to L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Revolving Credit Borrowing because the conditions set forth in **Section 4.2** cannot be satisfied or for any other reason, Borrowers shall be deemed to have incurred from L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Interest Rate. In such event, each Lender's payment to Administrative Agent for the account of L/C Issuer pursuant to **Section 2.2(c)(ii)** shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this **Section 2.2**.

(iv) Until each Lender funds its Revolving Credit Loan or L/C Advance pursuant to this **Section 2.2(c)** to reimburse L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Applicable Percentage of such amount shall be solely for the account of L/C Issuer.

(v) Each Lender's obligation to make Revolving Credit Loans or L/C Advances to reimburse L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this **Section 2.2(c)**, shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against L/C Issuer, Borrowers or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; *provided, however*, that each Lender's obligation to make Revolving Credit Loans (but not its obligation to fund its pro rata share of L/C Advances) pursuant to this **Section 2.2(c)** is subject to the conditions set forth in **Section 4.2** (other than delivery by the Borrower Representative of a Borrowing Request). No such making of an L/C Advance shall relieve or otherwise impair the obligation of Borrowers to reimburse L/C Issuer for the amount of any payment made by L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Lender fails to make available to Administrative Agent for the account of L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this **Section 2.2(c)** by the time specified in **Section 2.2(c)(ii)**, then, without limiting the other provisions of this Agreement, L/C Issuer shall be entitled to recover from such Lender (acting through Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by L/C Issuer in accordance with banking industry rules on interbank compensation, plus any administrative,

processing or similar fees customarily charged by L/C Issuer in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Revolving Credit Loan included in the relevant Revolving Credit Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of L/C Issuer submitted to any Lender (through Administrative Agent) with respect to any amounts owing under this **clause (vi)** shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after L/C Issuer has made a payment under any Letter of Credit and has received from any Lender such Lender's L/C Advance in respect of such payment in accordance with **Section 2.2(c)**, if Administrative Agent receives for the account of L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from Borrowers or otherwise, including proceeds of Cash Collateral applied thereto by Administrative Agent), Administrative Agent will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by Administrative Agent.

(ii) If any payment received by Administrative Agent for the account of L/C Issuer pursuant to **Section 2.2(c)(i)** is required to be returned under any of the circumstances described in **Section 11.23** (including pursuant to any settlement entered into by L/C Issuer in its discretion), each Lender shall pay to Administrative Agent for the account of L/C Issuer its Applicable Percentage thereof on demand of Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of Lenders under this **clause (ii)** shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of Borrowers to reimburse L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that any Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) waiver by L/C Issuer of any requirement that exists for L/C Issuer's protection and not the protection of a Borrower or any waiver by L/C Issuer which does not in fact materially prejudice such Borrower;

(v) honor of a demand for payment presented electronically even if such Letter of Credit requires that demand be in the form of a draft;

(vi) any payment made by L/C Issuer in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under such Letter of Credit if presentation after such date is authorized by the UCC or the ISP, as applicable;

(vii) any payment by L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in- possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(viii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Borrower or any Subsidiary.

The applicable Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with such Borrower's instructions or other irregularity, such Borrower will immediately notify L/C Issuer. Each Borrower shall be conclusively deemed to have waived any such claim against L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) **Role of L/C Issuer.** Each Lender and each Borrower agree that, in paying any drawing under a Letter of Credit, L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of L/C Issuer, Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with

the approval of Required Lenders; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. Each Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; *provided, however*, that this assumption is not intended to, and shall not, preclude such Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of L/C Issuer, Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of L/C Issuer shall be liable or responsible for any of the matters described in **clauses (i) through (viii) of Section 2.2(e)**; *provided, however*, that anything in such clauses to the contrary notwithstanding, each Borrower may have a claim against L/C Issuer, and L/C Issuer may be liable to such Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by such Borrower which such Borrower proves were directly caused by L/C Issuer's willful misconduct or gross negligence or L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. L/C Issuer may send a Letter of Credit or conduct any communication to or from the beneficiary via the Society for Worldwide Interbank Financial Telecommunication message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

(g) Applicability of ISP; Limitation of Liability. Unless otherwise expressly agreed by L/C Issuer and the applicable Borrower when a Letter of Credit is issued, the rules of the ISP shall apply to each standby Letter of Credit. Notwithstanding the foregoing, L/C Issuer shall not be responsible to any Borrower for, and L/C Issuer's rights and remedies against such Borrower shall not be impaired by, any action or inaction of L/C Issuer required or permitted under any Law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the Law or any order of a jurisdiction where L/C Issuer or the beneficiary is located, the practice stated in the ISP, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the Bankers Association for Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit or other Issuer Document chooses such Law or practice.

(h) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. Borrowers shall pay directly to L/C Issuer for its own account a fronting fee at the rate per annum separately agreed between applicable Borrower and L/C Issuer, computed on the daily amount available to be drawn under such Letter of Credit and payable on a quarterly basis in arrears. Such fronting fee shall be due and payable on the

first day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with **Section 1.4**. In addition, Borrowers shall pay directly to L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(i) **Conflict with Issuer Documents.** In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

Section 2.3 **Swing Line Loans.**

(a) **The Swing Line.** Subject to the terms and conditions set forth herein, Swing Line Lender, in reliance upon the agreements of the other Lenders set forth in this **Section 2.3**, may in its sole discretion make loans (each such loan, a “**Swing Line Loan**”) to any Borrower from time to time on any Business Day during the period from the Closing Date to the Maturity Date in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Applicable Percentage of the Outstanding Amount of Revolving Credit Loans and L/C Obligations of the Lender acting as Swing Line Lender, may exceed the amount of such Lender’s Commitment; *provided, however*, that (i) immediately after giving effect to any Swing Line Loan, (A) the Revolving Credit Exposure of all Lenders shall not exceed the Line Cap in effect at such time, and (B) except as provided above with respect to the Swing Line Lender, the Revolving Credit Exposure of any Lender shall not exceed such Lender’s Commitment, (ii) no Borrower shall use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan, and (iii) Swing Line Lender shall not be under any obligation to make any Swing Line Loan if it shall determine (which determination shall be in its sole discretion) that it has, or by such Credit Extension may have, Fronting Exposure. Within the foregoing limits, and subject to the other terms and conditions hereof, each Borrower may borrow under this **Section 2.3**, prepay under **Section 2.9(b)**, and reborrow under this **Section 2.3**. Each Swing Line Loan shall bear interest as a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender’s Applicable Percentage times the amount of such Swing Line Loan.

(b) **Borrowing Procedures.** Each Swing Line Borrowing shall be made upon the Borrower Representative’s irrevocable notice to Swing Line Lender and Administrative Agent, which may be given by telephone. Each such notice must be received by Swing Line Lender and Administrative Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be

a minimum of \$100,000, and (ii) the requested borrowing date, which shall be a Business Day. Each such telephonic notice must be confirmed promptly by delivery to Swing Line Lender and Administrative Agent of a written Swing Line Loan Request, appropriately completed and signed by a Responsible Officer of the Borrower Representative. Any telephonic request for a Swing Line Loan by the Borrower Representative shall be promptly confirmed by submission of a properly completed Swing Line Loan Request, signed by a Responsible Officer of the Borrower Representative, to Swing Line Lender and Administrative Agent, but failure to deliver a Swing Line Loan Request shall not be a defense to payment of any Swing Line Borrowing. Neither Swing Line Lender nor Administrative Agent shall have any liability to any Borrower for any loss or damage suffered by such Borrower as a result of Swing Line Lender's or Administrative Agent's honoring of any requests, execution of any instructions, authorizations or agreements or reliance on any reports communicated to it telephonically, by facsimile or electronically and purporting to have been sent to Swing Line Lender or Administrative Agent by such Borrower and neither Swing Line Lender nor Administrative Agent shall have any duty to verify the origin of any such communication or the identity or authority of the Person sending it. Promptly after receipt by Swing Line Lender of any telephonic Swing Line Loan Request, Swing Line Lender will confirm with Administrative Agent (by telephone or in writing) that Administrative Agent has also received such Swing Line Loan Request and, if not, Swing Line Lender will notify Administrative Agent (by telephone or in writing) of the contents thereof. Unless Swing Line Lender has received notice (by telephone or in writing) from Administrative Agent prior to 2:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of **Section 2.3(a)**, or (B) that one or more of the applicable conditions specified in **Article 4** is not then satisfied, then, subject to the terms and conditions hereof, Swing Line Lender may, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Request, make the amount of its Swing Line Loan available to the applicable Borrower at its office by crediting the account of such Borrower on the books of Swing Line Lender in immediately available funds.

(c) Refinancing of Swing Line Loans.

(i) Swing Line Lender at any time in its sole discretion may request, on behalf of Borrowers (which hereby irrevocably authorize Swing Line Lender to so request on its behalf), that each Lender make a Revolving Credit Loan in an amount equal to such Lender's Applicable Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Borrowing Request for purposes hereof) and in accordance with the requirements of **Section 2.1**, subject to Availability and the conditions set forth in **Section 4.2**. Swing Line Lender shall furnish the Borrower Representative with a copy of the applicable Borrowing Request promptly after delivering such notice to Administrative Agent. Each Lender shall make an amount equal to its Applicable Percentage of the amount specified in such Borrowing Request available to Administrative Agent in immediately available funds (and Administrative Agent may apply Cash Collateral available with respect to the applicable Swing Line Loan) for the account of Swing Line

Lender at Administrative Agent's Principal Office not later than 1:00 p.m. on the day specified in such Borrowing Request, whereupon, subject to **Section 2.3(c)(ii)**, each Lender that so makes funds available shall be deemed to have made a Revolving Credit Loan to Borrowers in such amount. Administrative Agent shall remit the funds so received to Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Revolving Credit Borrowing in accordance with **Section 2.3(c)(i)**, the request for Revolving Credit Loans submitted by Swing Line Lender as set forth herein shall be deemed to be a request by Swing Line Lender that each Lender fund its risk participation in the relevant Swing Line Loan and each Lender's payment to Administrative Agent for the account of Swing Line Lender pursuant to **Section 2.3(c)(i)** shall be deemed payment in respect of such participation.

(iii) If any Lender fails to make available to Administrative Agent for the account of Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this **Section 2.3(c)** by the time specified in **Section 2.3(c)(i)**, Swing Line Lender shall be entitled to recover from such Lender (acting through Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate and a rate determined by Swing Line Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by Swing Line Lender in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Revolving Credit Loan included in the relevant Revolving Credit Borrowing or funded participation in the relevant Swing Line Loan, as the case may be. A certificate of Swing Line Lender submitted to any Lender (through Administrative Agent) with respect to any amounts owing under this **clause (iii)** shall be conclusive absent manifest error.

(iv) Each Lender's obligation to make Revolving Credit Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this **Section 2.3(c)** shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against Swing Line Lender, Borrowers or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; *provided, however*, that each Lender's obligation to make Revolving Credit Loans pursuant to this **Section 2.3(c)** is subject to Availability and the conditions set forth in **Section 4.2**. No such funding of risk participations shall relieve or otherwise impair the obligation of Borrowers to repay Swing Line Loans, together with interest as provided herein.

d) Repayment of Participations.

(i) At any time after any Lender has purchased and funded a risk participation in a Swing Line Loan, if Swing Line Lender receives any payment on account of such Swing Line Loan, Swing Line Lender will distribute to such Lender its Applicable Percentage thereof in the same funds as those received by Swing Line Lender.

(ii) If any payment received by Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by Swing Line Lender under any of the circumstances described in **Section 11.23** (including pursuant to any settlement entered into by Swing Line Lender in its discretion), each Lender shall pay to Swing Line Lender its Applicable Percentage thereof on demand of Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. Administrative Agent will make such demand upon the request of Swing Line Lender. The obligations of Lenders under this **clause (ii)** shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) **Interest for Account of Swing Line Lender.** Swing Line Lender shall be responsible for invoicing Borrowers for interest on the Swing Line Loans. Until each Lender funds its Revolving Credit Loan or risk participation pursuant to this **Section 2.3** to refinance such Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of Swing Line Lender.

(f) **Payments to Swing Line Lender or Lenders.** Borrowers shall make all payments of principal and interest in respect of the Swing Line Loans to Administrative Agent for the account of Swing Line Lender or Lenders, as applicable.

Section 2.4 Fees.

(a) **Fees.** Borrowers agree to pay to Administrative Agent and Arranger, for the account of Administrative Agent, Arranger and each Lender, as applicable, fees, in the amounts and on the dates set forth in any Fee Letter.

(b) **Letter of Credit Fees.** Borrowers shall pay to Administrative Agent for the account of each Lender in accordance, subject to **Section 11.21**, with its Applicable Percentage a Letter of Credit fee (the "**Letter of Credit Fee**") equal to the Applicable Margin for Eurodollar Rate Loans times the daily amount available to be drawn under such Letter of Credit. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with **Section 1.4**. Letter of Credit Fees shall be (i) due and payable in arrears on the first day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance or renewal of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and

(ii) computed on a quarterly basis in arrears. If there is any change in the Applicable Margin for Eurodollar Rate Loans during any quarter, the daily amount available to be

drawn under each standby Letter of Credit shall be computed and multiplied by the Applicable Margin for Eurodollar Rate Loan separately for each period during such quarter that such Applicable Margin for Eurodollar Rate Loans was in effect. Notwithstanding anything to the contrary contained herein while any Event of Default is continuing, all Letter of Credit Fees shall accrue at the Default Interest Rate.

(c) **Commitment Fees.** Borrowers agree to pay to Administrative Agent for the account of each Lender in accordance, subject to **Section 11.21**, with its Applicable Percentage a commitment fee on the daily average unused amount of the Commitment of such Lender for the period from and including the date of this Agreement to and including the Maturity Date (including at any time during which one or more of the conditions in **Article 4** is not met), at a rate equal to the Applicable Margin applicable to commitment fees. For the purpose of calculating the commitment fee hereunder, the Commitment of each Lender shall be deemed utilized by the amount of all outstanding Revolving Credit Loans and L/C Obligations owing to such Lender whether directly or by participation. Accrued commitment fees shall be payable monthly in arrears on the first day of each and every calendar month during the term of this Agreement and on the Maturity Date.

Section 2.5 **Payments Generally; Administrative Agent's Clawback.**

(a) **General.** All payments of principal, interest, and other amounts to be made by any Borrower under this Agreement and the other Loan Documents shall be made to Administrative Agent for the account of Administrative Agent, L/C Issuer, or Swing Line Lender or the pro rata accounts of the applicable Lenders, as applicable, at the Principal Office in Dollars and immediately available funds, without setoff, deduction, or counterclaim, and free and clear of all taxes at the time and in the manner provided herein. Payments by check or draft shall not constitute payment in immediately available funds until the required amount is actually received by Administrative Agent in full. Payments in immediately available funds received by Administrative Agent in the place designated for payment on a Business Day prior to 11:00 a.m. at such place of payment shall be credited prior to the close of business on the Business Day received, while payments received by Administrative Agent on a day other than a Business Day or after 11:00 a.m. on a Business Day shall not be credited until the next succeeding Business Day. If any payment of principal or interest on the Notes shall become due and payable on a day other than a Business Day, then such payment shall be made on the next succeeding Business Day. Any such extension of time for payment shall be included in computing interest which has accrued and shall be payable in connection with such payment. Administrative Agent is hereby authorized upon notice to the Borrower Representative to charge the account of Borrowers maintained with Administrative Agent for each payment of principal, interest and fees as it becomes due hereunder.

(b) **Funding by Lenders; Presumption by Administrative Agent.** Unless Administrative Agent shall have received notice from a Lender that such Lender will not

make available to Administrative Agent such Lender's share of a Borrowing, Administrative Agent may assume that such Lender has made such share available on such date in accordance with this Agreement and may, in reliance upon such assumption,

make available to Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to Administrative Agent, then the applicable Lender and Borrowers severally agree to pay to Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to Borrowers to but excluding the date of payment to Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation, and (ii) in the case of a payment to be made by Borrowers, the interest rate applicable to the applicable Borrowing. If Borrowers and such Lender shall pay such interest to Administrative Agent for the same or an overlapping period, Administrative Agent shall promptly remit to Borrowers the amount of such interest paid by Borrowers for such period. If such Lender pays its share of the applicable Borrowing to Administrative Agent, then the amount so paid shall constitute such Lender's Loan. Any payment by Borrowers shall be without prejudice to any claim Borrowers may have against a Lender that shall have failed to make such payment to Administrative Agent.

(c) Payments by Borrowers; Presumption by Administrative Agent. Unless Administrative Agent shall have received notice from the Borrower Representative prior to the date on which any payment is due to Administrative Agent for the account of L/C Issuer, Swing Line Lender or the applicable Lenders hereunder that Borrowers will not make such payment, Administrative Agent may assume that Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to L/C Issuer, Swing Line Lender or the applicable Lenders the amount due. In such event, if Borrowers have not in fact made such payment, then each of L/C Issuer, Swing Line Lender and the applicable Lenders, as applicable, severally agrees to repay to Administrative Agent forthwith on demand the amount so distributed to L/C Issuer, Swing Line Lender, or such Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation.

(d) Cash Dominion. Subject to **Section 6.12**, during any Trigger Period, all funds credited to the Blocked Accounts shall be promptly applied by Administrative Agent to the Obligations whether or not such Obligations shall have, by its terms, matured, such application to be made to principal or interest or expenses as Administrative Agent may elect; provided, however, Administrative Agent need not apply or give credit for any item included in such sums until one Business Day after the final collection thereof; provided, further, however, that Administrative Agent's failure to so apply any such sums shall not be a waiver of Administrative Agent's right to so apply such sums or any other sums at any time during a Trigger Period. Notwithstanding anything herein to the contrary, to the extent any funds credited to the Blocked Accounts constitute Net Cash Proceeds (i) from any Disposition not otherwise permitted by **Section**

7.8 or (ii) from the incurrence of any Debt not permitted by **Section 7.1**, the application of such Net Cash Proceeds shall be subject to **Section 2.9(c)**.

Section 2.6 **Evidence of Debt.**

(a) The Loans made by Swing Line Lender and each Lender shall be evidenced by one or more accounts or records maintained by Swing Line Lender or such Lender and by Administrative Agent in the ordinary course of business; provided that such Lender or Administrative Agent may, in addition, request that such Loans be evidenced by the Notes. The Credit Extensions made by L/C Issuer shall be evidenced by one or more accounts or records maintained by L/C Issuer and by Administrative Agent in the ordinary course of business. The accounts or records maintained by Administrative Agent, Swing Line Lender, L/C Issuer, and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made to any Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of any Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by L/C Issuer, Swing Line Lender, or any Lender and the accounts and records of Administrative Agent in respect of such matters, the accounts and records of Administrative Agent shall control in the absence of manifest error.

(b) In addition to the accounts and records referred to in subsection (a) above, each Lender and Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of Administrative Agent shall control in the absence of manifest error.

Section 2.7 **Cash Collateral.**

(a) **Certain Credit Support Events.** Subject to **Section 11.21(a)(iv)**, if (i) L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, (ii) as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, or (iii) any Borrower shall be required to provide Cash Collateral pursuant to **Section 9.2**, Borrowers shall immediately (in the case of **clause (iii)** above) or within one (1) Business Day (in all other cases) following any request by Administrative Agent or L/C Issuer, provide Cash Collateral in an amount not less than the applicable Minimum Collateral Amount.

(b) **Grant of Security Interest.** Each Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to (and subjects to the control of) Administrative Agent, for the benefit of Administrative Agent, L/C Issuer and Lenders, and agrees to maintain, a first priority security interest in all such Cash Collateral, and all other Property so provided as Collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to **Section 2.7(c)**. If at any time Administrative Agent

determines that Cash Collateral is subject to any right or claim of any Person other than Administrative Agent or L/C Issuer as herein provided, or that the total amount of such

Cash Collateral is less than the Minimum Collateral Amount, Borrowers will, promptly upon demand by Administrative Agent, pay or provide to Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in one or more blocked, non-interest bearing deposit accounts at Texas Capital Bank. Borrowers shall pay on demand therefor from time to time all customary account opening, activity and other administrative fees and charges in connection with the maintenance and disbursement of Cash Collateral.

(c) **Application.** Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this **Section 2.7** or **Sections 2.2, 9.2 or 11.21** in respect of Letters of Credit shall be held and applied to the satisfaction of the specific L/C Obligations, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such Property as may otherwise be provided for herein.

(d) **Release.** Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or to secure other obligations shall be released promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto, including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with **Section 11.8(b)(vii)**) or (ii) the determination by Administrative Agent and L/C Issuer that there exists excess Cash Collateral; *provided, however*, (x) any such release shall be without prejudice to, and any disbursement or other transfer of Cash Collateral shall be and remain subject to, any other Lien conferred under the Loan Documents and the other applicable provisions of the Loan Documents, and (y) the Person providing Cash Collateral and L/C Issuer may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

Section 2.8 **Interest; Payment Terms.**

(a) **Revolving Credit Loans – Payment of Principal and Interest; Revolving Nature.** The unpaid principal amount of each Borrowing of the Revolving Credit Loans shall, subject to the following sentence and **Section 2.8(e)**, bear interest at the Applicable Rate. If at any time such rate of interest would exceed the Maximum Rate but for the provisions thereof limiting interest to the Maximum Rate, then any subsequent reduction shall not reduce the rate of interest on the Revolving Credit Loans below the Maximum Rate until the aggregate amount of interest accrued on the Revolving Credit Loans equals the aggregate amount of interest which would have accrued on the Revolving Credit Loans if the interest rate had not been limited by the Maximum Rate. All accrued but unpaid interest on the principal balance of the Revolving Credit Loans shall be payable on each Payment Date and on the Maturity Date, *provided* that interest accruing at the Default Interest Rate pursuant to **Section 2.8(e)** shall be payable on demand. The then Outstanding Amount of the Revolving Credit Loans and all accrued

but unpaid interest thereon shall be due and payable on the Maturity Date. The unpaid principal balance of the Revolving Credit Loans at any time shall be the total amount

advanced hereunder by Lenders less the amount of principal payments made thereon by or for Borrowers, which balance may be endorsed on the Notes from time to time by Lenders or Swing Line Lender, as applicable, or otherwise noted in Lenders', Swing Line Lender's and/or Administrative Agent's records, which notations shall be, absent manifest error, conclusive evidence of the amounts owing hereunder from time to time.

(b) **Computation Period.** Interest on the Loans and all other amounts payable by Borrowers hereunder on a per annum basis shall be computed on the basis of a 360-day year and the actual number of days elapsed (including the first day but excluding the last day) unless such calculation would result in a usurious rate or to the extent such Loan bears interest based upon the Base Rate, in which case interest shall be calculated on the basis of a 365-day year or 366-day year, as the case may be. In computing the number of days during which interest accrues, the day on which funds are initially advanced shall be included regardless of the time of day such advance is made, and the day on which funds are repaid shall be included unless repayment is credited prior to the close of business on the Business Day received. Each determination by Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) **Unconditional Payment.** Each Borrower is and shall be obligated to pay all principal, interest and any and all other amounts which become payable under any of the Loan Documents absolutely and unconditionally and without any abatement, postponement, diminution or deduction whatsoever and without any reduction for counterclaim or setoff whatsoever. If at any time any payment received by Administrative Agent hereunder shall be deemed by a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under any Debtor Relief Law, then the obligation to make such payment shall survive any cancellation or satisfaction of the Obligations under the Loan Documents and shall not be discharged or satisfied with any prior payment thereof or cancellation of such Obligations, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof, and such payment shall be immediately due and payable upon demand.

(d) **Partial or Incomplete Payments.** Subject to **Section 9.3**, if at any time insufficient funds are received by and available to Administrative Agent to pay fully all amounts of principal, L/C Borrowings, interest, fees and other amounts then due hereunder, such funds shall be applied (i) *first*, to pay interest, fees and other amounts then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest, fees and other amounts then due to such parties, and (ii) *second*, to pay principal and L/C Borrowings then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal or L/C Borrowings, as applicable, then due to such parties. Remittances in payment of any part of the Obligations under the Loan Documents other than in the required amount in immediately available funds at the place where such Obligations are payable shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by Administrative Agent in full in accordance herewith and shall be made and accepted

subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by

Administrative Agent of any payment in an amount less than the full amount then due shall be deemed an acceptance on account only, and the failure to pay the entire amount then due shall be and continue to be an Event of Default.

(e) **Default Interest Rate.** For so long as any Event of Default has occurred and is continuing, regardless of whether or not there has been an acceleration of the Loans, and at all times after the maturity of the Loans (whether by acceleration or otherwise), and in addition to all other rights and remedies of Administrative Agent or Lenders hereunder, (i) interest shall accrue on the Outstanding Amount of the Loans at the Default Interest Rate, (ii) interest shall accrue on any past due amount (other than the Outstanding Amount of the Loans) at the Default Interest Rate and (iii) upon the request of the Required Lenders, interest shall accrue on the principal amount of all other outstanding Obligations at the Default Interest Rate, and such accrued interest shall be immediately due and payable. Each Borrower acknowledges that it would be extremely difficult or impracticable to determine Administrative Agent's or Lenders' actual damages resulting from any late payment or Event of Default, and such accrued interest are reasonable estimates of those damages and do not constitute a penalty.

Section 2.9 **Voluntary Termination or Reduction of Commitments; Prepayments.**

(a) **Voluntary Termination or Reduction of Commitments.** The Borrower Representative may, upon written notice to Administrative Agent, terminate the Commitments, or from time to time permanently reduce the Commitments; *provided that* (i) any such notice shall be received by Administrative Agent not later than 11:00 a.m. three (3) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$1,000,000 or any whole multiple of \$100,000 in excess thereof, (iii) the Borrower Representative shall not terminate or reduce the Commitments if, immediately after giving effect thereto and to any concurrent prepayments hereunder, the Revolving Credit Exposure of all Lenders would exceed the Line Cap in effect at such time and (iv) if, immediately after giving effect to any reduction of the Commitments, the Letter of Credit Sublimit or Swing Line Sublimit exceeds the amount of the Revolving Credit Facility, such sublimit shall be automatically reduced by the amount of such excess. Administrative Agent will promptly notify Lenders of any such notice of termination or reduction of the Commitments. Any reduction of the Commitments shall be applied to the Commitment of each Lender according to its Applicable Percentage. All fees accrued until the effective date of any termination of the Commitments shall be paid on the effective date of such termination.

(b) **Voluntary Prepayments.** Subject to the conditions set forth below, Borrowers shall have the right, at any time and from time to time upon at least three (3) Business Days prior written notice to Administrative Agent, to prepay the principal of the Revolving Credit Loans or the Swing Line Loans in full or in part. If there is a prepayment of all or any portion of the principal of the Revolving Credit Loans or the Swing Line Loans on or before the Maturity Date, whether voluntary or because of acceleration or otherwise, such prepayment shall also include any and all accrued but

unpaid interest on the amount of principal being so prepaid through and including the date of prepayment, plus any other sums which have become due to Lenders under the other Loan Documents on or before the date of prepayment, but which have not been fully paid.

(c) **Mandatory Prepayment of Revolving Credit Facility.** Borrowers shall make a prepayment of the Revolving Credit Loans or the Swing Line Loans upon the occurrence of any of the following:

(i) If at any time the Revolving Credit Exposure of the Lenders exceeds the Line Cap in effect at such time, then Borrowers shall immediately prepay the entire amount of such excess to Administrative Agent, for the ratable account of Lenders, and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; *provided, however*, that no Borrower shall be required to Cash Collateralize the L/C Obligations pursuant to this **Section 2.9(c)** unless after the prepayment in full of the Revolving Credit Loans and Swing Line Loans the Revolving Credit Exposure of the Lenders exceeds the Line Cap in effect at such time.

(ii) Concurrently with the receipt by any Loan Party of any Net Cash Proceeds from a Disposition not permitted by **Section 7.8**, the Borrowers shall prepay the Loans in an amount equal to 100% of such Net Cash Proceeds.

(iii) Concurrently with the receipt by any Loan Party of any Net Cash Proceeds from the incurrence of any Debt not permitted by **Section 7.1**, the Borrowers shall prepay the Loans in an amount equal to 100% of such Net Cash Proceeds.

Each prepayment required by this **Section 2.9(c)** shall be applied, *first*, to any Base Rate Borrowings then outstanding, and, *second*, to any Eurodollar Rate Borrowings then outstanding, and if more than one Eurodollar Rate Borrowing is then outstanding, to such Eurodollar Rate Borrowings in such order as the Borrower Representative may direct, or if the Borrower Representative fails to so direct, as Administrative Agent shall elect.

Section 2.10 **Uncommitted Increase in Revolving Credit Commitments.**

(a) **Request for Increase.** Provided no Event of Default has occurred and is continuing, upon notice to Administrative Agent (which shall promptly notify the Lenders), Borrowers may from time to time, request an increase in the aggregate Commitments by an additional amount not to exceed \$30,000,000; provided that (i) the aggregate Commitments of the Lenders shall not exceed \$50,000,000 after giving effect to all such increases implemented pursuant to this **Section 2.10**, (ii) any such request for an increase shall be in a minimum amount of \$5,000,000 (or such lesser amount as may be agreed to by the Administrative Agent in its sole discretion), and (iii) Borrowers may make a maximum of three such requests. To achieve the full amount of a requested increase, and subject to the approval of Administrative Agent and L/C Issuer, Borrowers may (A) request that one or more Lenders increase their Commitment, (B) invite all Lenders to increase their respective Commitment, and/or (C) invite additional Eligible

Assignees to become Lenders pursuant to a joinder agreement in form and substance satisfactory to Administrative Agent and its counsel.

(b) **Notification by Administrative Agent; Additional Revolving Credit Lenders.** In the event the Borrowers invite all Lenders to increase their respective Commitment, then at the time of sending such notice, Borrowers (in consultation with Administrative Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the Lenders). Each Lender shall notify Administrative Agent within such time period whether or not it agrees to increase its Commitment and, if so, whether by an amount equal to, greater than, or less than its Applicable Percentage of such requested increase. Any Revolving Credit Lender not responding within such time period shall be deemed to have declined to increase its Commitment. Administrative Agent shall notify Borrowers and each Lender of the Lenders' responses to each request made hereunder.

(c) **Effective Date and Allocations.** If the Commitments are increased in accordance with this Section, Administrative Agent and Borrowers shall determine the effective date (the "**Increase Effective Date**") and the final allocation of such increase among the Lenders providing such increase. Administrative Agent shall promptly notify Borrowers and the Lenders of the final allocation of such increase and the Increase Effective Date.

(d) **Conditions to Effectiveness of Increase.** As a condition precedent to such increase, Borrowers shall deliver to Administrative Agent a certificate of each Loan Party dated as of the Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party, in each case in form and substance satisfactory to Administrative Agent, (i) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such increase, and (ii) in the case of Borrowers, certifying that, before and after giving effect to such increase, (A) the representations and warranties contained in **Article 5** and the other Loan Documents are true and correct in all material respects (or, if qualified by "materiality," "Material Adverse Effect" or similar language, in all respects after giving effect to such qualification) on and as of the Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date (or, if qualified by "materiality," "Material Adverse Effect" or similar language, in all respects as of such earlier date after giving effect to such qualification), and except that for purposes of this **Section 2.10**, the representations and warranties contained in **Section 5.2** shall be deemed to refer to the most recent statements furnished pursuant to **subsections (a) and (b)**, respectively, of **Section 6.1**, (B) no Default has occurred and is continuing and (C) the Borrowers are in pro forma compliance with the financial covenants contained in **Section 8.1** and **Section 8.2**. Borrowers shall prepay any Revolving Credit Loans outstanding on the Increase Effective Date (and pay any additional amounts required pursuant to **Section 3.5**) to the extent necessary to keep the outstanding Revolving Credit Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Commitments under this Section.

(e) **Pro Rata Treatment; Etc.** On the Increase Effective Date, (i) any Lender increasing (or, in the case of any newly added Lender, extending) its Commitment shall make available to Administrative Agent such amounts in immediately available funds as Administrative Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such increase or addition and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Revolving Credit Loans of all the Lenders to equal its revised Applicable Percentage of such outstanding Revolving Credit Loans, and Administrative Agent shall make such other adjustments among the Lenders with respect to the Revolving Credit Loans then outstanding and amounts of principal, interest, commitment fees and other amounts paid or payable with respect thereto as shall be necessary, in the opinion of Administrative Agent, in order to effect such reallocation and (ii) Borrowers shall be deemed to have repaid and reborrowed all outstanding Revolving Credit Loans as of the date of any increase (or addition) in the Commitments (with such reborrowing to consist of the Types of Revolving Credit Loans, with related Interest Periods if applicable, specified in a notice delivered by the Borrower Representative, in accordance with the requirements of **Section 2.1(b)**). The deemed payments made pursuant to **clause (ii)** of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each Eurodollar Rate Loan, shall be subject to the provisions of **Section 3.5** if the deemed payment occurs other than on the last day of the related Interest Periods. Within a reasonable time after the effective date of any increase or addition, Administrative Agent shall, and is hereby authorized and directed to, revise **Schedule 2.1** to reflect such increase or addition and shall distribute such revised **Schedule 2.1** to each of the Lenders and the Borrowers, whereupon such revised **Schedule 2.1** shall replace the old **Schedule 2.1** and become part of this Agreement

(f) **Conflicting Provisions.** This Section shall supersede any provisions in **Section 11.10** or **Section 11.22** to the contrary.

Section 2.11 **Cash Collateral Blocked Accounts.** Subject to **Section 6.12**, each Borrower shall establish with Administrative Agent or any banks acceptable to Administrative Agent, certain lockboxes and blocked accounts as agreed upon by the Administrative Agent (collectively "**Blocked Accounts**"), for the benefit of Administrative Agent, for the deposit of all receipts and collections in accordance with **Section 2.12** hereof, pursuant to executed Deposit Account Control Agreements in form and substance satisfactory to Administrative Agent, in its reasonable discretion. All receipts and collections deposited in such Blocked Accounts shall be pledged to Administrative Agent, for the benefit of the Secured Parties, and, pursuant to **Section**

2.5(d), forwarded on a daily basis to an account held by Administrative Agent. During a Trigger Period, proceeds received from such Blocked Accounts shall be applied against any Obligations owing by any Borrower to the Lenders and shall be applied in accordance with **Section 2.5(d)** hereof. Only Administrative Agent shall have the right to direct withdrawals from such Blocked Accounts. Except as otherwise agreed to by Administrative Agent, each bank at which any such Blocked Account is maintained shall waive any right of offset such bank may otherwise have in such Blocked Account and the items deposited therein. Borrowers shall pay all fees and charges as may be required by any depository in which such Blocked Accounts are opened. Subject to **Section 6.12**, each Borrower shall, contemporaneously with the execution of this Agreement,

provide Administrative Agent with the duly executed Deposit Account Control Agreements related to such Blocked Accounts. Subject to **Section 6.12**, each Borrower covenants and agrees to notify all of its customers and account debtors in writing on or before the date set forth in **Section 6.12** directing such customers and account debtors to forward all current and future remittances and/or payments owed to such Borrower to the Blocked Accounts. All of the Loan Parties' deposit accounts as of the Closing Date are set forth in **Schedule 2.11**.

Section 2.12 **Collection of Accounts.**

(a) All receipts of cash, cash equivalents, checks, credit card receipts, drafts, instruments, and other items of payment arising out of the sale of inventory or other Property of the Loan Parties or the creation of accounts receivable, including without limitation, insurance proceeds and tax refunds (referred to as "**Receipts**"), and all Property of the Loan Parties in which Administrative Agent has a security interest or Lien, shall be deposited daily into one or more of the Blocked Accounts, and shall be held in trust by such Loan Party for Administrative Agent until so deposited.

(b) In the event, notwithstanding the provisions of this Section, any Loan Party receives or otherwise has dominion and control of any Receipts, or any proceeds or collections of any Property of the Loan Parties in which Administrative Agent has a security interest or Lien, such Receipts, proceeds, and collections shall be held in trust by such Loan Party for Administrative Agent and shall not be commingled with any of such Loan Party's other funds or deposited in any account of such Loan Party other than a Blocked Account.

Section 2.13 **Appointment of Borrower Representative.**

(a) Each Borrower hereby irrevocably appoints and constitutes Holdings (in such capacity, the "**Borrower Representative**") as its agent to request and receive the proceeds of any Loan, Letter of Credit or any other extension of credit hereunder (and to otherwise act on behalf of such Borrower pursuant to this Agreement and the other Loan Documents) from the Lenders in the name or on behalf of each such Borrower. The Lenders may disburse such proceeds only to a bank account of a Borrower without notice to any other Borrower or any other Loan Party.

(b) Each Loan Party hereby irrevocably appoints and constitutes the Borrower Representative as its agent to (i) receive statements of account and all other notices from Administrative Agent with respect to the Obligations or otherwise under or in connection with this Agreement and the other Loan Documents; (ii) execute and deliver Borrowing Base Reports and all other notices, certificates and documents to be executed and/or delivered by any Loan Party under this Agreement or the other Loan Documents; and (iii) otherwise act on behalf of such Loan Party pursuant to this Agreement and the other Loan Documents.

(c) The authorizations contained in this **Section 2.13** are coupled with an interest and shall be irrevocable, and the Lenders may rely on any notice, request, information supplied by the Borrower Representative, every document executed by the

Borrower Representative, every agreement made by the Borrower Representative or other action taken by the Borrower Representative in respect of any Borrower or other Loan Party as if the same were supplied, made or taken by such Borrower or such Loan Party. Without limiting the generality of the foregoing, the failure of one or more Borrowers or other Loan Parties to join in the execution of any writing in connection herewith shall not relieve any Borrower or other Loan Party from obligations in respect of such writing.

(d) No purported termination of the appointment of the Borrower Representative as agent shall be effective without the prior written consent of Administrative Agent.

(e) Any notice given by or to the Borrower Representative hereunder shall constitute and be deemed to be notice given by or to all Borrowers, jointly and severally. Notice given by Administrative Agent to the Borrower Representative hereunder or pursuant to any other Loan Documents in accordance with the terms hereof or thereof shall constitute notice to all Borrowers. The knowledge of any Borrower shall be imputed to all Borrowers and any consent by the Borrower Representative or any Borrower shall constitute the consent of and shall bind all Borrowers.

(f) The Borrower Representative hereby accepts the appointment by each Loan Party to act as the agent of the Loan Parties pursuant to this **Section 2.13**. The Borrower Representative shall ensure that the disbursement of any Loans, the issuance of any Letters of Credit or other extension of credit hereunder to each Borrower requested by or paid to or for the account of such Borrower shall be paid to or for the account of such Borrower.

Section 2.14 **Joint and Several Liability**. The Borrowers shall be jointly and severally liable for all Obligations due to the Secured Parties under this Agreement, regardless of which Borrower actually receives any Loans, Letters of Credit or other extensions of credit hereunder or the amount of such Loans or Letters of Credit received or the manner in which Administrative Agent accounts for such Loans, Letters of Credit or other extensions of credit on its books and records. The Obligations with respect to the Loans and Letters of Credit or other extensions of credit made to a Borrower, and the Obligations arising as a result of the joint and several liability of a Borrower hereunder, shall be primary obligations of all the Borrowers. The Obligations arising as a result of the joint and several liability of a Borrower hereunder with respect to the Loans, Letters of Credit or other extensions of credit made to the other Borrowers hereunder shall, to the fullest extent permitted by law, be unconditional irrespective of (a) the validity or enforceability, avoidance or subordination of the Obligations of the other Borrowers or of any promissory note or other document evidencing all or any part of the Obligations of the other Borrowers, (b) the absence of any attempt to collect the Obligations from the other Borrowers, any other Loan Party or any other security therefor, or the absence of any other action to enforce the same, (c) the failure by Administrative Agent to take any steps to perfect and maintain its security interest in, or to preserve its rights and maintain its security or collateral for the Obligations of the other Borrowers and the other Loan Parties, (d) the election of Administrative Agent or any other Secured Party in any proceeding instituted under any bankruptcy, insolvency or other Debtor Relief Law or of the application of Section 1111(b)(2) of the Bankruptcy Code of the United States, (e) the disallowance of all or any portion of the claim(s) of the Secured

Parties for the repayment of the Obligations of the other Borrowers and other Loan Parties under Section 502 of the Bankruptcy Code of the United States, or (f) any other circumstances which might constitute a legal or equitable discharge or defense of any obligor. With respect to the Obligations arising as a result of the joint and several liability of a Borrower hereunder with respect to the Loans, Letters of Credit or other extensions of credit made to the other Borrowers hereunder, each Borrower waives, until the Obligations shall have been paid in full in immediately available funds and this Agreement shall have been terminated, any right to enforce any right of subrogation or any remedy which the Secured Parties now have or may hereafter have against the Borrowers and the other Loan Parties, any endorser or any guarantor of all or any part of the Obligations, and any benefit of, and any right to participate in, any security or collateral given to the Secured Parties. Upon any Event of Default and for so long as the same is continuing, Administrative Agent may proceed directly and at once, without notice, against any Borrower or any Guarantor to collect and recover the full amount, or any portion of the Obligations, without first proceeding against the other Borrowers or any other Person, or against any security or collateral for the Obligations. Each Borrower consents and agrees that Administrative Agent shall be under no obligation to marshal any assets in favor of any Borrower or any other Loan Party against or in payment of any or all of the Obligations.

ARTICLE 3.

TAXES, YIELD PROTECTION AND INDEMNITY

Section 3.1 **Increased Costs.**

(a) **Increased Costs Generally.** If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the Adjusted Eurodollar Rate);

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in ***clauses (b) through (d)*** of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit) or to reduce

the amount of any sum received or receivable by such Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or other Recipient, Borrowers will pay to such Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) **Capital or Liquidity Requirements.** If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swing Line Loans held by such Lender or the Letters of Credit issued by L/C Issuer, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity), then from time to time Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) **Certificates for Reimbursement.** A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in **Sections 3.1(a)** or **(b)** and delivered to the Borrower Representative, shall be conclusive absent manifest error. Borrowers shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) **Delay in Requests.** Failure or delay on the part of any Lender to demand compensation pursuant to this **Section 3.1** shall not constitute a waiver of such Lender's right to demand such compensation; *provided* that no Borrower shall be required to compensate a Lender pursuant to this **Section 3.1** for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender notifies the Borrower Representative of the Change in Law giving rise to such increased costs or reductions, and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine (9) -month period referred to above shall be extended to include the period of retroactive effect thereof).

Section 3.2 **Illegality.** If any Lender determines that any Law or regulation has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its Lending Office to make, maintain or fund Loans whose interest is determined by reference to the Eurodollar Rate, or to determine or charge interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower Representative through Administrative Agent, (a) any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended, and (b) if such notice asserts the illegality of

such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurodollar Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by Administrative Agent without reference to the Eurodollar Rate component of the Base Rate, in each case until such Lender notifies Administrative Agent and the Borrower Representative that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (i) Borrowers shall, upon demand from such Lender (with a copy to Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by Administrative Agent without reference to the Eurodollar Rate component of the Base Rate), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans and (ii) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurodollar Rate, Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurodollar Rate component thereof until Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurodollar Rate. Upon any such prepayment or conversion, Borrowers shall also pay accrued interest on the amount so prepaid or converted.

Section 3.3 **Alternate Rate of Interest.**

(a) **Inability to Determine Rates.** Subject to clauses (b), (c), (d), (e) and (f) of this **Section 3.3** and **Section 3.2**, if prior to the commencement of any Interest Period for a Eurodollar Rate Loan:

(i) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan or in connection with an existing or proposed Base Rate Borrowing (provided that no Benchmark Transaction Event shall have occurred at such time); or

(ii) the Administrative Agent is advised by the Required Lenders that the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan will not adequately and fairly reflect the cost to such Lenders of funding such Eurodollar Rate Loans for such Interest Period.

Thereafter, (A) the obligation of Lenders to make or maintain Eurodollar Rate Loans shall be suspended, and (B) in the event of a determination described in the preceding sentence with respect to the Eurodollar Rate component of the Base Rate, the utilization of the Eurodollar Rate component in determining the Base Rate shall be suspended, in each case until Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower Representative may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or, failing

that, will be deemed to have converted such request into a request for a Base Rate Borrowing in the amount specified therein.

(b) **Benchmark Replacement.** Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (i) if a Benchmark Replacement is determined in accordance with **clauses (a) or (b)** of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (ii) if a Benchmark Replacement is determined in accordance with **clause (c)** of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

(c) **Benchmark Replacement Conforming Changes.** In connection with the implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(d) **Notices; Standards for Decisions and Determinations.** The Administrative Agent will promptly notify the Borrower Representative and the Lenders of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to **clause (e)** below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this **Section 3.3**, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this **Section 3.3**.

(e) **Unavailability of Tenor of Benchmark.** Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or USD LIBOR) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent may modify the definition of “Interest Period” for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to **clause (i)** above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of “Interest Period” for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(f) **Benchmark Unavailability Period.** Upon the Borrower Representative’s receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower Representative may revoke any request for a Eurodollar Rate Borrowing of, conversion to or continuation of Eurodollar Rate Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower Representative will be deemed to have converted any such request into a request for a Borrowing of or conversion to Base Rate Loans. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of Base Rate.

(g) **London Interbank Offered Rate Benchmark Transition Event.** On March 5, 2021, the IBA, the administrator of the London interbank offered rate, and the FCA, the regulatory supervisor of the IBA, made the Announcements that the final publication or representativeness date for (i) 1-week and 2-month London interbank offered rate tenor settings will be December 31, 2021 and (ii) overnight, 1-month, 3-month, 6-month and 12-month London interbank offered rate tenor settings will be June 30, 2023. No successor administrator for the IBA was identified in such Announcements. The parties hereto agree and acknowledge that the Announcements resulted in the occurrence of a Benchmark Transition Event with respect to the London interbank offered rate pursuant to the terms of this Agreement and that any obligation of the Administrative Agent to notify any parties of such Benchmark Transition Event pursuant to **Section 3.3(d)** shall be deemed satisfied.

Section 3.4 **Taxes.**

(a) **Defined Terms.** For purposes of this Section, the term “applicable Law” includes FATCA.

(b) **Payment Free of Taxes.** Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Law. If any applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this **Section 3.4**) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) **Payment of Other Taxes by the Loan Parties.** The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) **Indemnification by the Loan Parties.** The Loan Parties shall jointly and severally indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this **Section 3.4**) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower Representative by a Lender (with a copy to Administrative Agent), or by Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) **Indemnification by Lenders.** Each Lender shall severally indemnify Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of **Section 11.8** relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by Administrative Agent to such Lender from any other source against any amount due to Administrative Agent under this **Section 3.4(e)**.

(f) **Evidence of Payments.** As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this **Section 3.4**, such Loan Party shall deliver to Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Administrative Agent.

(g) **Status of Lenders.**

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower Representative and Administrative Agent, at the time or times reasonably requested by the Borrower Representative or Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower Representative or Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower Representative or Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower Representative or Administrative Agent as will enable the Borrower Representative or Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two (2) sentences, the completion, execution and submission of such documentation (other than such documentation set forth in **Section 3.4(g)(ii)(A)**, **(ii)(B)** and **(ii)(D)** below) shall not be required if in such Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower Representative and Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower Representative and Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN (or IRS Form W-8BEN-E, if applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN (or IRS Form W-8BEN-E, if applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of **Exhibit G-1** to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of any Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “*controlled foreign corporation*” described in Section 881(c)(3)(C) of the Code (a “**U.S. Tax Compliance Certificate**”) and (y) executed copies of IRS Form W-8BEN (or IRS Form W-8BEN-E, if applicable); or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN (or IRS Form W-8BEN-E, if applicable), a U.S. Tax Compliance Certificate substantially in the form of **Exhibit G-2** or **Exhibit G-3**, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; *provided* that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of **Exhibit G-4** on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower Representative and Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or Administrative Agent), executed copies of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding

Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower Representative or Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower Representative and Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Borrower Representative or Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower Representative or Administrative Agent as may be necessary for the Borrower Representative and Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this **clause (D)**, "**FATCA**" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower Representative and Administrative Agent in writing of its legal inability to do so.

(h) **Treatment of Certain Refunds.** If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this **Section 3.4** (including by the payment of additional amounts pursuant to this **Section 3.4**), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this **Section 3.4** with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this **Section 3.4(h)** (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this **Section 3.4(h)**, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this **Section 3.4(h)** the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments

or additional amounts with respect to such Tax had never been paid. This **Section 3.4(h)** shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) **Survival.** Each party's obligations under this **Section 3.4** shall survive the resignation or replacement of Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

Section 3.5 **Compensation for Losses.** Upon written demand of any Lender (with a copy to Administrative Agent) from time to time, Borrowers shall compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Eurodollar Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by Borrowers (for a reason other than the failure of such Lender to lend a Eurodollar Rate Loan) to prepay, borrow, continue or convert any Eurodollar Rate Loan on the date or in the amount notified by the Borrower Representative; or

(c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower Representative pursuant to **Section 3.6(b)**;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by Borrowers to the Lenders under this **Section 3.5**, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at Adjusted Eurodollar Rate by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower Representative and shall be conclusive absent demonstrable error. Borrowers shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Section 3.6 **Mitigation of Obligations; Replacement of Lenders.**

(a) **Designation of a Different Lending Office.** If any Lender requests compensation under **Section 3.1**, or requires Borrowers to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to **Section 3.4**, then such Lender shall (at the request of the Borrower

Representative) use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to **Section 3.1** or **Section 3.4**, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) **Replacement of Lenders.** If any Lender requests compensation under **Section 3.1**, or if Borrowers are required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to **Section 3.4** and, in each case, such Lender has declined or is unable to designate a different Lending Office in accordance with **Section 3.6(a)**, or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then Borrowers may, at their sole expense and effort, upon notice to such Lender and Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, **Section 11.8**), all of its interests, rights (other than its existing rights to payments pursuant to **Section 3.1** or **Section 3.4**) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided that*:

(i) Borrowers shall have paid to Administrative Agent the assignment fee (if any) specified in **Section 11.8**;

(ii) such Lender shall have received payment of an amount equal to the Outstanding Amount of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under **Section 3.5**) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or Borrowers (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under **Section 3.1** or payments required to be made pursuant to **Section 3.4**, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable Law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling Borrowers to require such assignment and delegation cease to apply.

Section 3.7 **Survival**. All of the obligations under this **Article 3** shall survive termination of the Commitments, repayment of all other Obligations hereunder, and resignation of Administrative Agent.

ARTICLE 4. CONDITIONS PRECEDENT

Section 4.1 **Initial Extension of Credit**. The obligation of Lenders to make the initial Credit Extension hereunder is subject to the condition precedent that Administrative Agent shall have received all of the following, each dated (unless otherwise indicated or otherwise specified by Administrative Agent) the Closing Date, in form and substance reasonably satisfactory to Administrative Agent:

(a) **Credit Agreement**. Executed counterparts of this Agreement executed by Administrative Agent, the Lenders, Swing Line Lender, L/C Issuer and each Loan Party;

(b) **Resolutions**. Resolutions of the board of directors (or other governing body) of each Loan Party that is not a natural Person certified by a Responsible Officer or other custodian of records of such Person which authorize the execution, delivery, and performance by such Person of this Agreement and the other Loan Documents to which such Person is or is to be a party;

(c) **Incumbency Certificate**. A certificate of incumbency certified by a Responsible Officer of each Loan Party that is not a natural Person certifying the names of the individuals or other Persons authorized to sign this Agreement and each of the other Loan Documents to which each Loan Party is or is to be a party (including the certificates contemplated herein) on behalf of such Person together with specimen signatures of such individual Persons;

(d) **Certificate Regarding Consents and Approvals**. A certificate of a Responsible Officer of each Loan Party either (i) attaching copies of all consents, licenses and approvals required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which it is a party, and such consents, licenses and approvals shall be in full force and effect, or (ii) stating that no such consents, licenses or approvals are so required;

(e) **Closing Certificate**. A certificate signed by a Responsible Officer of the Borrower Representative certifying (i) that on the Closing Date and immediately after giving effect to this Agreement and any Credit Extension on the Closing Date, (A) no Default or Event of Default has occurred and is continuing, (B) all representations and warranties made by any Loan Party contained herein or in any other Loan Document shall be true and correct and (C) no Material Adverse Effect shall have occurred and no circumstance shall exist that could reasonably be expected to have a Material Adverse Effect and (ii) that attached to such certificate is a true, accurate and complete copy of the Subordinated Debt Documents, if any, including any amendments and supplements thereto;

(f) **Solvency Certificate.** A solvency certificate signed by the chief financial officer of Holdings;

(g) **Perfection Certificate.** The Perfection Certificate signed by a Responsible Officer of each Loan Party;

(h) **Constituent Documents.** The Constituent Documents and all amendments thereto for each Loan Party that is not a natural Person, with the formation documents included in the Constituent Documents being certified as of a date acceptable to Administrative Agent by the appropriate government officials of the state of incorporation or organization of each Loan Party, and all such Constituent Documents being accompanied by certificates that such copies are complete and correct, given by an authorized representative acceptable to Administrative Agent;

(i) **Governmental Certificates.** Certificates of the appropriate government officials of the state of incorporation or organization of each Loan Party that is not a natural Person as to the existence and good standing of each Loan Party that is not a natural Person, each dated within thirty (30) days prior to the date hereof;

(j) **Notes.** The Notes executed by Borrowers in favor of each Lender requesting Notes;

(k) **Security Documents.** The Security Documents executed by Borrowers and the other Loan Parties;

(l) **Pledged Equity Interests; Stock Powers; Pledged Notes.** Administrative Agent shall have received (i) the certificates representing any Equity Interests pledged pursuant to the Security Documents, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof and (ii) each promissory note (if any) pledged to Administrative Agent pursuant to the Security Documents endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof;

(m) **Financing Statements.** UCC financing statements reflecting the Loan Parties, as debtors, and Administrative Agent, as secured party, which are required to grant a Lien which secures the Obligations and covering such Collateral as Administrative Agent may request;

(n) **Third-Party Field Examinations.** Such third-party field examinations and audits of the Borrowers' Accounts, Inventory (including, without limitation, the compressor fleet and related Compressor Components), related working capital matters and of the Borrowers' related data processing and other systems and such other information or materials as Administrative Agent shall include within the scope of such third-party field examinations and audits, the results of which shall be satisfactory to Administrative Agent in its sole discretion;

(o) **Third-Party Appraisals.** Such third-party asset appraisals of each Borrowers' Inventory (including, without limitation, the compressor fleet), which third-

party appraisal shall be in form and substance satisfactory to Administrative Agent in its sole discretion;

(p) **Corporate Structure.** The corporate structure, capital structure and other material debt instruments, material accounts and governing documents of Holdings and its Subsidiaries shall be acceptable to Administrative Agent in its reasonable discretion;

(q) **Insurance Matters.** Copies of insurance certificates describing all insurance policies required by **Section 6.5**;

(r) **Lien Searches; Lien Releases.** The results of UCC, tax lien and judgment lien searches showing all financing statements and other documents or instruments on file against each Loan Party in the appropriate filing offices, such search to be as of a recent date reasonably satisfactory to the Administrative Agent. The Administrative Agent shall have received evidence satisfactory to it (including mortgage releases and UCC-3 financing statement terminations, as applicable) that all Liens on the Equity Interests of the Loan Parties and the Properties of the Loan Parties have been released or terminated, subject only to the filing of applicable terminations and releases and Permitted Liens.

(s) **Opinion of Counsel.** Signed favorable legal opinions of Jones & Keller P.C., legal counsel to the Loan Parties covering such matters as the Administrative Agent may reasonably request;

(t) **Attorneys' Fees and Expenses.** Evidence that the costs and expenses (including reasonable attorneys' fees) referred to in **Section 11.1**, to the extent invoiced, shall have been paid in full by Borrowers;

(u) **Financial Statements.** The financial statements set forth in **Section 5.2**; (v) **Financial Projections.** Pro

forma consolidated financial statements for

Holdings and its Subsidiaries, and projections prepared by management of Holdings, of balance sheets, income statements and cash flow statements on a quarterly basis for the first year following the Closing Date and on an annual basis for each year thereafter during the term of this Agreement, which shall not be inconsistent with any financial information or projections previously delivered to Administrative Agent;

(w) **Evidence of Payoff.** A payoff letter, termination letter or other similar document and release documents or other evidence reasonably satisfactory to the Administrative Agent evidencing that (i) the Credit Agreement dated as of December 10, 2010, by and between Natural Gas Services Group, Inc., a Colorado corporation, as borrower, and JPMorgan Chase Bank, N.A., as lender, as amended, has been repaid in full, (ii) the commitments thereunder have been terminated, and (iii) the Liens securing the Debt under such agreement have been released and terminated;

(x) **KYC Information; Beneficial Ownership.** Each Loan Party shall have provided to Administrative Agent and the Lenders (i) the documentation and other information requested by Administrative Agent as it deems necessary in order to comply

with requirements of any anti-money laundering Laws, including, without limitation, the Patriot Act and any applicable “know your customer” rules and regulations and (ii) at least three (3) Business Days prior to the Closing Date, any Borrower that qualified as a “legal entity customer” under the Beneficial Ownership Regulation shall deliver a Beneficial Ownership Certification in relation to such Borrower;

(y) **Legal Due Diligence.** Administrative Agent and its counsel shall have completed all legal due diligence (including review of any material agreements disclosed on ***Schedule 5.26***), the results of which shall be satisfactory to Administrative Agent in its sole discretion.

(z) **Closing Fees.** Evidence that (i) all fees required to be paid to Administrative Agent and Arranger on or before the Closing Date have been paid, and (ii) all fees required to be paid to the Lenders on or before the Closing Date have been paid; and

(aa) **Additional Documentation.** Administrative Agent shall have received such additional approvals, opinions, or documents as Administrative Agent or its legal counsel may reasonably request.

For purposes of determining compliance with the conditions set forth in this ***Section 4.1***, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or be satisfied with, each document or other matter required thereunder to be consented to or approved by or be acceptable or satisfactory to a Lender unless Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

Section 4.2 **All Extensions of Credit.** The obligation of Lenders to make any Credit Extension hereunder (including the initial Credit Extension) is subject to the following additional conditions precedent:

(a) **Request for Credit Extension.** Administrative Agent shall have received in accordance with this Agreement, as the case may be, a Borrowing Request, Letter of Credit Application, or Swing Line Loan Request, as applicable, pursuant to Administrative Agent’s requirements and executed by a Responsible Officer of the Borrower Representative;

(b) **No Default.** No Default or Event of Default shall have occurred and be continuing, or would result from or after giving effect to such Credit Extension;

(c) **No Material Adverse Effect.** No Material Adverse Effect shall have occurred and no circumstance shall exist that could reasonably be expected to have a Material Adverse Effect;

(d) **Representations and Warranties.** All of the representations and warranties of each Borrower and each other Loan Party contained in ***Article 5*** and in the other Loan Documents shall (i) with respect to representations and warranties that contain a materiality qualification, be true and correct on and as of the date of such Borrowing,

and (ii) with respect to representations and warranties that do not contain a materiality qualification, be true and correct in all material respects on and as of the date of such Borrowing, in each case with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or in the case of such representations and warranties that contain a materiality qualification, in all respects) as of such earlier date, and except that for purposes of this **Section 4.2**, the representations and warranties contained in **Section 5.2** shall be deemed to refer to the most recent statements furnished pursuant to **Section 6.1(a)** and **(b)**, respectively; and

(e) **Availability Under Revolving Credit Facility.** With respect to any request for a Credit Extension under the Commitments, immediately after giving effect to the Credit Extension so requested, the total Revolving Credit Exposure of the Lenders shall not exceed the Line Cap in effect as of the date of such Credit Extension.

Each Credit Extension hereunder shall be deemed to be a representation and warranty by each Borrower that the conditions specified in this **Section 4.2** have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE 5. REPRESENTATIONS AND

WARRANTIES

To induce Administrative Agent and Lenders to enter into this Agreement, and to make Credit Extensions hereunder, each Loan Party represents and warrants to Administrative Agent and Lenders that:

Section 5.1 **Entity Existence.** Each Loan Party and each Subsidiary thereof (a) is duly incorporated or organized, as the case may be, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation or organization; (b) has all requisite power and authority to own its assets and carry on its business as now being or as proposed to be conducted; and (c) is qualified to do business in all jurisdictions in which the nature of its business makes such qualification necessary and where failure to so qualify could reasonably be expected to have a Material Adverse Effect. Each of the Loan Parties has the power and authority to execute, deliver, and perform its obligations under this Agreement and the other Loan Documents to which it is or may become a party.

Section 5.2 **Financial Statements; Etc.** The Borrower Representative has delivered to Administrative Agent audited consolidated financial statements of Holdings and its Subsidiaries as of and for the fiscal year ended December 31, 2020. Such financial statements are true and correct in all material respects, have been prepared in accordance with GAAP, and fairly and accurately present, on a consolidated basis, the financial condition of Holdings and its Subsidiaries as of the respective dates indicated therein and the results of operations for the respective periods indicated therein. Neither Holdings nor any of its Subsidiaries has any material contingent liabilities, liabilities for taxes, unusual forward or long-term commitments, unrealized or anticipated losses from any unfavorable commitments except as referred to or

reflected in such financial statements. No Material Adverse Effect and no circumstance which could reasonably be expected to result in a Material Adverse Effect has occurred since the date of the most recent audited financial statements referred to in this **Section 5.2**. All projections delivered by Holdings or the Borrower Representative to Administrative Agent and Lenders have been prepared in good faith, with care and diligence and using assumptions that are reasonable under the circumstances at the time such projections were prepared and delivered to Administrative Agent and Lenders and all such assumptions are disclosed in the projections. Other than the Debt listed on **Schedule 7.1** and Debt otherwise permitted by **Section 7.1**, Holdings and each Subsidiary have no Debt.

Section 5.3 **Action; No Breach**. The execution, delivery, and performance by each Loan Party of this Agreement and the other Loan Documents to which such Person is or may become a party and compliance with the terms and provisions hereof and thereof have been duly authorized by all requisite action on the part of such Person and do not and will not (a) violate or conflict with, or result in a breach of, or require any consent under (i) the Constituent Documents of such Person (if such Person is not a natural person), (ii) any applicable Law, rule, or regulation or any order, writ, injunction, or decree of any Governmental Authority or arbitrator, or (iii) any agreement or instrument to which such Person is a party or by which it or any of its Properties is bound or subject which could reasonably be expected to have a Material Adverse Effect, or (b) constitute a default under any such agreement or instrument which could reasonably be expected to have a Material Adverse Effect, or result in the creation or imposition of any Lien upon any of the revenues or assets of such Person.

Section 5.4 **Operation of Business**. Each Loan Party and its Subsidiaries possesses all licenses, permits, consents, authorizations, franchises, patents, copyrights, trademarks, and trade names, or rights thereto, necessary to conduct its respective businesses substantially as now conducted and as presently proposed to be conducted, and, to the knowledge of the Loan Parties, no Loan Party or any of its Subsidiaries is in violation of any valid rights of others with respect to any of the foregoing which could reasonably be expected to have a Material Adverse Effect.

Section 5.5 **Litigation and Judgments**. Except as specifically disclosed in **Schedule 5.5**, as of the date hereof, there is no action, suit, investigation, or proceeding before or by any Governmental Authority or arbitrator pending, or to the knowledge of any Loan Party, threatened against or affecting any Loan Party or any of its Subsidiaries or against any of their Properties that could, if adversely determined, reasonably be expected to have a Material Adverse Effect. As of the Closing Date, there are no outstanding judgments against any Loan Party or any of its Subsidiaries. Since the date hereof, to the knowledge of the Loan Parties, there has been no adverse change in the status of any matter set forth on **Schedule 5.5** that, taking into account the availability of any appeals, could reasonably be expected to increase materially the likelihood of a Material Adverse Effect resulting therefrom.

Section 5.6 **Rights in Properties; Liens**.

(a) Each Loan Party and its Subsidiaries has good and indefeasible title to or valid leasehold interests in its respective Properties, including the Properties reflected in the financial statements described in **Section 5.2**, and none of the Properties of any Loan Party or any of its Subsidiaries is subject to any Lien, except Permitted Liens.

(b) **Schedule 5.6(b)** sets forth a complete and accurate list of all real Property owned by each Loan Party and each of its Subsidiaries on the Closing Date, showing as of the date hereof the street address, county or other relevant jurisdiction, state and record owner thereof. Each Loan Party and each of its Subsidiaries has good, indefeasible and insurable fee simple title to the real Property owned by such Loan Party or such Subsidiary, subject to Permitted Liens and easements, rights of way and restrictions of record.

(c) **Schedule 5.6(c)** sets forth a complete and accurate list of all Leases under which any Loan Party or any of its Subsidiaries is the lessee on the Closing Date, showing as of the date hereof the street address, county or other relevant jurisdiction, state, lessor, lessee, expiration date and annual rental cost thereof. Each such Lease is a legal, valid and binding obligation of the lessor thereof, enforceable in accordance with its terms, except as enforceability is limited by bankruptcy, insolvency, reorganization, moratorium or other applicable Laws relating to or affecting generally the enforcement of creditors' rights and except to the extent that availability of the remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding therefor may be brought. Except to the extent agreed to by Administrative Agent, each Loan Party has provided Administrative Agent with Collateral Access Agreements with respect to all real estate Leases, each of which Collateral Access Agreements has been duly executed by the landlord or such landlord's duly authorized representative (as set forth on **Schedule 5.6(c)**) and each of which Collateral Access Agreements is, to the actual knowledge of each Loan Party, fully enforceable under the terms and conditions of the Leases and applicable state, local or municipal law; *provided* that to the extent a Collateral Access Agreement has not been provided for such location, a Rent Reserve for rent, charges and other amounts due or to become due with respect to such Lease may be established by Administrative Agent in its Permitted Discretion.

Section 5.7 **Enforceability**. This Agreement constitutes, and the other Loan Documents to which any Loan Party is a party, when delivered, shall constitute legal, valid, and binding obligations of such Person, enforceable against such Person in accordance with their respective terms, except as limited by Debtor Relief Laws.

Section 5.8 **Approvals**. No authorization, approval, or consent of, and no filing or registration with, any Governmental Authority or third party (other than filings and registrations to perfect Liens) is or will be necessary for the execution, delivery, or performance by any Loan Party of this Agreement and the other Loan Documents to which such Person is or may become a party or the validity or enforceability thereof.

Section 5.9 **Taxes**. Each Loan Party and its Subsidiaries has filed on a timely basis all Tax Returns required to be filed, including all income, franchise, employment, Property, and sales Tax Returns. To the knowledge of the Loan Parties, each such Tax Return is true, correct and complete in all respects. Each Loan Party and its Subsidiaries has paid all of its respective liabilities for Taxes, assessments, governmental charges, and other levies that are due and payable (whether or not shown on any Tax Return), other than Taxes, if any, set forth on **Schedule 5.9**, the payment of which is being contested in good faith and by appropriate proceedings and reserves for the payment of which are being maintained in accordance with

GAAP. Each Loan Party knows of no pending investigation of any Loan Party or any of its Subsidiaries by any taxing authority or of any pending but unassessed tax liability of any Loan Party or any of its Subsidiaries. No claim has ever been made or, to the actual knowledge of the Loan Parties, is expected to be made by any Governmental Authority in a jurisdiction where any Loan Party or its Subsidiaries does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. Each Loan Party and its Subsidiaries has not given or been requested to give waivers or extensions (or is or would be subject to a waiver or extension given by any other Person) of any statute of limitations relating to the payment of Taxes of each Loan Party or its Subsidiaries or for which each Loan Party or its Subsidiaries may be liable. No Loan Party or any Subsidiary thereof is, or has been party to any Tax sharing agreement, Tax allocation agreement, Tax indemnity obligation or similar written or unwritten agreement, arrangement, understanding or practice with respect to Taxes.

Section 5.10 **Use of Proceeds; Margin Securities**. The proceeds of the Revolving Credit Borrowings shall be used by Borrowers for working capital in the ordinary course of business, capital expenditures and other general corporate purposes. No Loan Party nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T, U, or X of the Board of Governors), and no part of the proceeds of any Loan will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock. No part of the proceeds of any Loan will be used directly or indirectly to fund any operations in, finance any investments or activities in or make any payments to, a Sanctioned Person, or in any other manner that will result in any violation by any Person (including any Lender, any Arranger or Administrative Agent) of any Anti-Terrorism Laws, Anti-Corruption Laws or any Sanctions.

Section 5.11 **ERISA**. Each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the knowledge of each Loan Party, nothing has occurred which would prevent, or cause the loss of, such qualification. No application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan. There are no pending or, to the knowledge of any Loan Party, threatened claims, actions or lawsuits, or action by any Governmental Authority with respect to any Plan or Multiemployer Plan that could reasonably be expected to have a Material Adverse Effect. There has been no Prohibited Transaction or violation of the fiduciary responsibility rules with respect to any Plan or Multiemployer Plan that could be reasonably expected to have a Material Adverse Effect. No ERISA Event has occurred, and no Loan Party is aware of any facts, events or circumstances that, either individually or in the aggregate, could in each case reasonably be expected to have a Material Adverse Effect. No Plan has any Unfunded Pension Liability. No Multiemployer Plan is insolvent within the meaning of Section 4245 of ERISA. No Loan Party or ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Plan (other than premiums due and not delinquent under *Section 4007* of ERISA). No Loan Party or ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under *Section 4219* of ERISA, would result in such liability) under *Section 4201* of ERISA with respect to a Multiemployer Plan. No Loan Party or ERISA Affiliate has engaged in a transaction that could be subject to *Section 4069* or *4212(c)* of ERISA.

Section 5.12 **Disclosure**.

(a) No statement, information, report, representation, or warranty made by any Loan Party in this Agreement or in any other Loan Document or furnished to Administrative Agent or any Lender in connection with this Agreement or any of the transactions contemplated hereby contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein not misleading. There is no fact known to any Loan Party which could reasonably be expected to have a Material Adverse Effect, or which might in the future could reasonably be expected to have a Material Adverse Effect that has not been disclosed in writing to Administrative Agent and each Lender.

(b) As of the Closing Date, the information included in the Beneficial Ownership Certification is true and correct in all respects.

Section 5.13 **Subsidiaries**. No Loan Party has any Subsidiaries other than those listed on ***Schedule 5.13*** (and, if subsequent to the Closing Date, such additional Domestic Subsidiaries as have been formed or acquired in compliance with ***Section 6.13*** and to the extent permitted to be acquired by this Agreement) and ***Schedule 5.13*** sets forth the jurisdiction of incorporation or organization of each Subsidiary and the percentage of each Loan Party's ownership interest in such Subsidiary. All of the outstanding capital stock or other Equity Interests of each Subsidiary described on ***Schedule 5.13*** have been validly issued, are fully paid, and are nonassessable. There are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments of any nature relating to any Equity Interests of any Loan Party or any Subsidiary except for options granted to employees of Holdings.

Section 5.14 **Agreements**. No Loan Party nor any of its Subsidiaries is a party to any indenture, loan, or credit agreement, or to any lease or other agreement or instrument, or subject to any charter or corporate or other organizational restriction, in each case which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Loan Party nor any of its Subsidiaries is in default in any respect in the performance, observance, or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument material to its business to which it is a party which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.15 **Compliance with Laws**. No Loan Party nor any of its Subsidiaries is in violation of any Law, rule, regulation, order, or decree of any Governmental Authority or arbitrator where such violation could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.16 **Inventory**. All Inventory of each Loan Party and its Subsidiaries has been and will hereafter be produced or maintained in compliance with all applicable Laws, rules, regulations, and governmental standards, including, without limitation, the minimum wage and overtime provisions of the Fair Labor Standards Act (29 U.S.C. §§ 201-219).

Section 5.17 **Regulated Entities**. No Loan Party nor any of its Subsidiaries is (a) an "investment company" or a company "controlled" by an "investment company" within the

meaning of the Investment Company Act of 1940 or (b) subject to regulation under any other federal or state statute, rule or regulation limiting its ability to incur Debt, pledge its assets or perform its obligations under the Loan Documents. No Loan Party is an Affected Financial Institution.

Section 5.18 **Environmental Matters.**

(a) To the actual knowledge of the Loan Parties, each Loan Party and its Subsidiaries, and all of their respective Properties, assets, and operations, are in compliance with all Environmental Laws. No Loan Party is aware of, nor has any Loan Party received notice of, any past, present, or future conditions, events, activities, practices, or incidents which may interfere with or prevent the compliance or continued compliance of each Loan Party and its Subsidiaries with all Environmental Laws;

(b) Each Loan Party and its Subsidiaries has obtained all permits, licenses, and authorizations that are required under applicable Environmental Laws, and all such permits are in good standing and each Loan Party and its Subsidiaries are in compliance with all of the terms and conditions of such permits;

(c) To the actual knowledge of the Loan Parties, no Hazardous Materials exist on, about, or within, or have been used, generated, stored, transported, disposed of on, or Released from, any of the Properties or assets of any Loan Party or any of its Subsidiaries in violation of, or in a manner or to a location that could give rise to liability under, any applicable Environmental Laws. The use which each Loan Party and its Subsidiaries make and intend to make of their respective Properties and assets will not result in the use, generation, storage, transportation, accumulation, disposal, or Release of any Hazardous Material on, in, or from any of their Properties or assets in violation of, or in a manner that could give rise to liability under, any applicable Environmental Laws;

(d) No Loan Party or any of its Subsidiaries nor any of their respective currently or previously owned or leased Properties or operations is subject to any outstanding or, to the actual knowledge of the Loan Parties, threatened order from or agreement with any Governmental Authority or other Person or subject to any judicial or docketed administrative proceeding with respect to (i) any failure to comply with Environmental Laws, (ii) any Remedial Action, or (iii) any Environmental Liabilities arising from a Release or threatened Release;

(e) To the actual knowledge of the Loan Parties, there are no conditions or circumstances associated with the currently or previously owned or leased Properties or operations of any Loan Party or any of its Subsidiaries that could reasonably be expected to give rise to any Environmental Liabilities;

(f) No Loan Party nor any of its Subsidiaries is a treatment, storage, or disposal facility requiring a permit under the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., regulations thereunder or any comparable provision of state Law. Each Loan Party and its Subsidiaries are in compliance with all applicable financial responsibility requirements of all Environmental Laws;

(g) No Loan Party nor any of its Subsidiaries has filed or failed to file any notice required under applicable Environmental Law reporting a Release; and

(h) No Lien arising under any Environmental Law has attached to any Property or revenues of any Loan Party or any of its Subsidiaries.

Section 5.19 **Intellectual Property**. Each Loan Party and each of its Subsidiaries owns, or is licensed to use, all Intellectual Property necessary to conduct its business as currently conducted except for such Intellectual Property the failure of which to own or license could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 5.20 **Anti-Corruption Laws; Sanctions; Etc.**

(a) No Loan Party, Subsidiary, Affiliate of any Loan Party or, to the knowledge of any Loan Party, any director, officer, employee, agent, or Affiliate of a Loan Party or any of its Subsidiaries is an individual or entity (“person”) that is, or is owned or Controlled by persons that are: (i) the subject of any Sanctions, or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, Crimea, Cuba, Iran, North Korea, Sudan and Syria).

(b) The Loan Parties, their Subsidiaries and their respective directors, officers and employees and, to the knowledge of the Loan Parties, the agents of the Loan Parties and their Subsidiaries, are in compliance with all applicable Sanctions and with the FCPA and any other applicable Anti-Corruption Law, in all material respects. Each Loan Party and its Subsidiaries have instituted and maintain policies and procedures designed to promote and achieve continued compliance with applicable Sanctions, the FCPA and any other applicable Anti-Corruption Laws.

Section 5.21 **Patriot Act**. The Loan Parties, each of their Subsidiaries, and each of their Affiliates are in compliance with (a) the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B Chapter V, as amended), and all other enabling legislation or executive order relating thereto, (b) the Patriot Act, and (c) all other federal or state Laws relating to “know your customer” (collectively, the “***Anti-Terrorism Laws***”).

Section 5.22 **Insurance**. The Properties of each Loan Party and its Subsidiaries are insured with, to the actual knowledge of the Loan Parties, financially sound and reputable insurance companies, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar Properties in localities where such Loan Party or the applicable Subsidiary operates. Any Properties of each Loan Party and its Subsidiaries that are located at a customer job location shall be insured by the applicable customer in the ordinary course of such Loan Party or Subsidiary’s business.

Section 5.23 **Solvency**. After giving effect to the transactions contemplated hereby (including each Credit Extension hereunder), (a) the aggregate assets (after giving effect to amounts that could reasonably be received by reason of indemnity, offset, insurance or any similar arrangement), at a fair valuation, of the Loan Parties, taken as a whole, will exceed the aggregate liabilities of the Loan Parties on a consolidated basis, as their liabilities become

absolute and mature, (b) each of the Loan Parties will not have incurred or intended to incur, and will not believe that it will incur, liabilities beyond its ability to pay such liabilities (after taking into account the timing and amounts of cash to be received by each of the Loan Parties and the amounts to be payable on or in respect of its liabilities, and giving effect to amounts that could reasonably be received by reason of indemnity, offset, insurance or any similar arrangement) as such liabilities become absolute and mature, and (c) each of the Loan Parties will not have (and will have no reason to believe that it will have thereafter) unreasonably small capital for the conduct of its business.

Section 5.24 **Security Documents**. The provisions of the Security Documents are effective to create in favor of Administrative Agent for the benefit of the Secured Parties a legal, valid and enforceable Lien (subject to Permitted Liens) on all right, title and interest of the respective Loan Parties party thereto in the Collateral. Except for filings completed prior to the Closing Date and as contemplated hereby and by the Security Documents, no filing or other action will be necessary to perfect such Liens in Collateral.

Section 5.25 **Labor Matters**. There are no labor controversies pending, or to the best knowledge of any Loan Party, threatened against any Loan Party or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

Section 5.26 **Material Agreements**. *Schedule 5.26* sets forth a complete and correct list of all agreements in effect or to be in effect on the Closing Date and on the date of each update thereof required hereunder, to the extent that a default, breach, termination or other impairment thereof could reasonably be expected to have a Material Adverse Effect.

Section 5.27 **Additional Representations of Guarantors**. Each Guarantor (a) has received, or will receive, direct or indirect benefit from the making of the Guaranty and the Obligations, and (b) is familiar with, and has independently reviewed the books and records regarding, the financial condition of Borrowers and is familiar with the value of any and all Collateral intended to be created as security for the payment of the Obligations, but such Guarantor is not relying on such financial condition, such Collateral, or the agreement of any other party as an inducement to enter into this Agreement and provide the Guaranty. Each Guarantor confirms that neither Administrative Agent, any Lender, any other Guarantor, nor any other party has made any representation, warranty or statement to such Guarantor in order to induce such Guarantor to execute this Agreement and provide the Guaranty.

Section 5.28 **Qualified ECP Guarantor**. Holdings is a Qualified ECP Guarantor.

Section 5.29 **Plan Assets; Prohibited Transactions**. No Loan Party or any of its Subsidiaries is an entity deemed to hold “plan assets” (within the meaning of the Plan Asset Regulations), and neither the execution, delivery nor performance of the transactions contemplated under this Agreement, including the making of any Loan and the issuance of any Letter of Credit hereunder, will give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

ARTICLE 6. AFFIRMATIVE COVENANTS

Each Loan Party covenants and agrees that, as long as the Obligations or any part thereof are outstanding or any Letter of Credit is outstanding or any Lender has any Commitment hereunder:

Section 6.1 **Reporting Requirements.** Borrowers will furnish, or cause to be furnished, to Administrative Agent (with copies for each Lender upon Administrative Agent's request):

(a) **Annual Financial Statements.** As soon as available, and in any event within one hundred twenty (120) days after the last day of each fiscal year of Holdings (or, if earlier, on the date on which such financial statements are required to be filed with the SEC after giving effect to any permitted extensions pursuant to Rule 12b-25 under the Exchange Act)), beginning with the fiscal year ending December 31, 2021, a copy of the annual audit report of Holdings and its Subsidiaries for such fiscal year containing, on a consolidated basis, balance sheets and statements of income, retained earnings, and cash flow as of the end of such fiscal year and for the twelve (12)-month period then ended, in each case setting forth in comparative form the figures for the preceding fiscal year, all in reasonable detail and audited and certified by Moss Adams LLP or any other independent certified public accountants of recognized standing acceptable to Administrative Agent, to the effect that such report has been prepared in accordance with GAAP, consistent with the audited financial statements for the 2020 fiscal year delivered to Administrative Agent and containing no material qualifications or limitations on scope;

(b) **Quarterly Financial Statements.** As soon as available, and in any event within forty-five (45) days (or, if earlier, on the date on which such financial statements are required to be filed with the SEC after giving effect to any permitted extensions pursuant to Rule 12b-25 under the Exchange Act)) after the last day of each fiscal quarter, a copy of an unaudited financial report of Holdings and its Subsidiaries as of the end of such fiscal quarter and for the portion of the fiscal year then ended, containing, on a consolidated (and consolidating, if requested by Administrative Agent) basis, respectively, balance sheets and statements of income, retained earnings, and cash flow, in each case setting forth in comparative form and figures for the corresponding period of the preceding fiscal year, all in reasonable detail certified by a Responsible Officer of Holdings to have been prepared in accordance with GAAP and to fairly and accurately present (subject to year-end audit adjustments) the financial condition and results of operations of Holdings and its Subsidiaries, on a consolidated (and consolidating, if requested by Administrative Agent) basis, as of the dates and for the periods indicated therein;

(c) **Borrowing Base Report.** As soon as available, and in any event within twenty-five (25) days after the last day of each fiscal month, a Borrowing Base Report, calculating the Borrowing Base and reflecting the components of the Borrowing Base, including (i) Eligible Accounts of each of the Borrowers as of the end of the preceding

month and calculating the advance amounts based thereon, (ii) Eligible Inventory, Eligible Compressors and Eligible New Compressor Fleet of each of the Borrowers as of the end of the preceding month and calculating the advance amounts based thereon, and (iii) such worksheets detailing the Accounts excluded from Eligible Accounts and Inventory (including Compressor Units and Compressor Components) excluded from Eligible Inventory, Eligible Compressors and Eligible New Compressor Fleet and the reason for such exclusion; *provided* that if a Trigger Period is in effect, the Administrative Agent in its Permitted Discretion may require a Borrowing Base Report and related documentation to be furnished on either a weekly or bi-weekly basis, as the case may be, with such Borrowing Base Report and related documentation to be delivered to the Administrative Agent, if so requested, on or before the third (3rd) Business Day of such week, and such report shall also reflect the amount of sales and receipts of Borrowers during the preceding period and such other information as Administrative Agent may reasonably request;

(d) **Compliance Certificate.** Concurrently with the delivery of each of the financial statements referred to in **Section 6.1(a)** and **Section 6.1(b)**, a Compliance Certificate (i) certifying, in the case of such financial statements delivered under **Sections**

6.1(a) and **6.1(b)**, as applicable, that such statements present fairly in all material respects the financial condition and results of operations of Holdings and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes, (ii) stating that to the best of the knowledge of the Responsible Officer executing same, no Default has occurred and is continuing, or if a Default has occurred and is continuing, a statement as to the nature thereof and the action which is proposed to be taken with respect thereto, (iii) showing in reasonable detail the calculations demonstrating compliance with the covenants set forth in **Article 8** and calculation of the Leverage Ratio for purposes of calculating the Applicable Margin, (iv) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements most recently delivered pursuant to **Section 6.1(a)** above and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate and (v) containing such other certifications set forth therein. For any financial statements delivered electronically by a Responsible Officer in satisfaction of the reporting requirements set forth in **clause (a)** or **(b)** preceding that are not accompanied by the required Compliance Certificate, that Responsible Officer shall nevertheless be deemed to have certified the factual matters described in this **clause (d)** with respect to such financial statements; however, such deemed certificate shall not excuse or be construed as a waiver of Holdings' obligation to deliver the required Compliance Certificate;

(e) **Projections.** Commencing with respect to the fiscal year ending December 31, 2021, as soon as available, but in any event not earlier than thirty (30) days before and not later than forty-five (45) days after the end of each fiscal year of Holdings, forecasts prepared by management of Holdings, in form and substance satisfactory to Administrative Agent, of consolidated balance sheets of income or operations and cashflows of Holdings and its Subsidiaries on a monthly basis for the immediately following fiscal year;

(f) **Notice of Litigation.** Promptly after the commencement thereof, notice of all actions, suits, and proceedings before any Governmental Authority or arbitrator affecting any Loan Party or any of its Subsidiaries which, if determined adversely to such Loan Party or such Subsidiary, could reasonably be expected to have a Material Adverse Effect;

(g) **Notice of Default.** As soon as possible and in any event within five (5) days after any Loan Party has knowledge of the occurrence of any Default, a written notice setting forth the details of such Default and the action that the applicable Loan Party has taken and proposes to take with respect thereto;

(h) **ERISA Reports.** Promptly after the filing or receipt thereof, copies of all reports, including annual reports, and notices which any Loan Party or ERISA Affiliate files with or receives from the PBGC, the IRS, or the U.S. Department of Labor under ERISA; as soon as possible and in any event within five (5) days after any Loan Party or any ERISA Affiliate knows or has reason to know that any ERISA Event or Prohibited Transaction has occurred with respect to any Plan or Multiemployer Plan, a certificate of the chief financial officer or other Responsible Officer of the applicable Loan Party setting forth the details as to such ERISA Event or Prohibited Transaction and the action that the applicable Loan Party proposes to take with respect thereto; annually, a copy of the notice described in Section 101(f) of ERISA that any Loan Party or ERISA Affiliate files or receives with respect to a Plan or Multiemployer Plan;

(i) **Updates to Security Document Schedules.** Upon Administrative Agent's written request, at the time of delivery of the Compliance Certificate delivered in connection with the applicable financial statements pursuant to **Sections 6.1(a)** and **6.1(b)**, updates to all Schedules to the Security Documents to the extent that information contained in such Schedules has become inaccurate or incomplete since delivery thereof and such Schedules are required to be updated from time to time pursuant to the terms of the applicable Security Document; *provided, however*, Borrower shall not be required to update such Schedules more than once in any twelve (12) month period absent an Event of Default that is continuing;

(j) **Insurance.** Upon Administrative Agent's request, at the time of delivery of the Compliance Certificate delivered in connection with the annual financial statements pursuant to **Section 6.1(a)**, a report summarizing the insurance coverage (specifying type, amount and carrier) in effect for each Loan Party and its Subsidiaries and containing such additional information as Administrative Agent, or any Lender through Administrative Agent, may reasonably specify; *provided, however*, Borrower shall not be required to provide such summary report more than once in any twelve (12) month period absent an Event of Default that is continuing;

(k) **Notice of Material Adverse Effect.** As soon as possible and in any event within five (5) days after any Loan Party has knowledge of the occurrence thereof, written notice of any event or circumstance that could reasonably be expected to have a Material Adverse Effect;

(l) **Inventory Report.** As soon as available, and in any event within twenty- five (25) days (or earlier if a Trigger Period is in effect) after the end of each fiscal month, an Inventory report, in form and detail as Administrative Agent shall reasonably require, certified by a Responsible Officer of the Borrower Representative, reconciling such Inventory report with the Borrowing Base Report;

(m) **Account Agings.** As soon as available and in any event within twenty- five (25) days (or earlier if a Trigger Period is in effect) after the end of each fiscal month, consolidated and consolidating agings of all accounts payable and accounts receivable of the Borrowers (the “**Account Agings**”) showing each such account which is current and each such account which is thirty (30), sixty (60), ninety (90), and over ninety (90) days past invoice date and, with respect to accounts receivable, reconciling such aging with the Borrowing Base Reports;

(n) **Monthly Customer Statements.** If requested by Administrative Agent, as soon as available and in any event within twenty-five (25) days (or earlier to the extent available and a Trigger Period is then in effect) after the end of each fiscal month, monthly customer statements of the Borrowers;

(o) **Notice of Certain Changes.** Promptly, (i) notice of any material change in the business conducted or otherwise permitted under this Agreement by any Loan Party or any of its Subsidiaries, (ii) copies of any amendment, restatement, supplement or other modification to any of the Constituent Documents of any Loan Party or any of its Subsidiaries and (iii) notice of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in parts (c) or (d) of such certification;

(p) **Management Letters.** Promptly upon receipt thereof, a copy of any management letter or written report submitted to Holdings or any of its Subsidiaries by independent certified public accountants with respect to the business, condition (financial or otherwise), operations, prospects, or Properties of Holdings or any of its Subsidiaries;

(q) **General Information.** Promptly, such other information concerning any Loan Party, any of its Subsidiaries or any of their respective Properties as Administrative Agent, or any Lender through Administrative Agent, may from time to time request, including, without limitation, any certification or other evidence Administrative Agent requests in order for it to (i) comply with any applicable federal or state Laws or regulations (including, but not limited to, information about the ownership and management of any Loan Party), (ii) confirm compliance by any Loan Party with all Anti-Terrorism Laws, and (iii) confirm that no Loan Party (nor any Person owning any interest of any nature whatsoever in any Loan Party) is a Sanctioned Person; and

(r) **Additional Information.** If requested by Administrative Agent, (i) cash receipt journals or copies of checks, invoices for new billings, sales journals and backup for all miscellaneous credits and debits, purchases journals and cost of goods sold reports and inventory reports, which support a Borrowing Base report, (ii) a schedule detailing each Borrower’s Inventory, in form satisfactory to Administrative Agent, (A) by location

(showing Inventory in transit and any Inventory located with a third party under any consignment, bailee arrangement or warehouse agreement), by product type (including Compressor Units and Compressor Components), and by volume on hand, which Inventory shall be valued at the lower of cost or market (which approximates cost) and adjusted for Availability Reserves as Administrative Agent has previously indicated to the Borrowers are deemed by Administrative Agent to be appropriate, and (B) including a report of any variances or other results of Inventory counts performed by the Borrowers since the last Inventory schedule (including information regarding sales or other reductions, additions, returns, credits issued by the Borrowers and complaints and claims made against any Borrower) and (iii) a status report regarding each gas compression agreement covering any Compressor Unit, including whether such servicing agreement has been amended, restated, modified or terminated during such period and delivering a copy of any new gas compression agreement or any amendment, modification or termination of any gas compression agreement.

All representations and warranties set forth in the Loan Documents with respect to any financial information concerning any Loan Party shall apply to all financial information delivered to Administrative Agent by such Loan Party, or any Person purporting to be a Responsible Officer of such Loan Party or other representative of such Loan Party regardless of the method of such transmission to Administrative Agent or whether or not signed by such Loan Party, or such Responsible Officer or other representative, as applicable.

Section 6.2 **Maintenance of Existence; Conduct of Business.** Each Loan Party shall, and shall cause each of its Subsidiaries to, preserve and maintain its existence and all of its leases, privileges, licenses, permits, franchises, qualifications, and rights that are necessary or desirable in the ordinary conduct of its business, except to the extent a failure to so preserve and maintain could not reasonably be expected to have a Material Adverse Effect. Each Loan Party shall, and shall cause each of its Subsidiaries to, conduct its business in an orderly and efficient manner in accordance with good business practices.

Section 6.3 **Maintenance of Properties.** Each Loan Party shall, and shall cause each of its Subsidiaries to, maintain, keep, and preserve all of its Properties (tangible and intangible) necessary or useful in the proper conduct of its business in good working order and condition (reasonable wear and tear excepted).

Section 6.4 **Taxes and Claims.** Each Loan Party shall, and shall cause each of its Subsidiaries to, pay or discharge at or before maturity or before becoming delinquent (a) all Taxes, levies, assessments, and governmental charges imposed on it or its income or profits or any of its Property, and (b) all lawful claims for labor, material, and supplies, which, if unpaid, might become a Lien upon any of its Property; *provided, however*, that no Loan Party nor any of its Subsidiaries shall be required to pay or discharge any Tax, levy, assessment, or governmental charge which is being contested in good faith by appropriate proceedings diligently pursued, and for which adequate reserves in accordance with GAAP have been established.

Section 6.5 **Insurance.** Each Loan Party shall, and shall cause each of its Subsidiaries to, maintain insurance with financially sound and reputable insurance companies reasonably satisfactory to Administrative Agent in such amounts and covering such risks as is

usually carried by companies engaged in similar businesses and owning similar Properties in the same general areas in which such Loan Party and its Subsidiaries operate, provided that in any event each Loan Party will maintain and cause each of its Subsidiaries to maintain workmen's compensation insurance, property insurance, comprehensive general liability insurance and business interruption insurance with coverage amounts and deductibles reasonably satisfactory to Administrative Agent. Each insurance policy shall name Administrative Agent as lender loss payee or additional insured, as applicable, and each such insurance policy shall provide that such policy will not be cancelled or reduced without 30 days' (or 10 days in the case of nonpayment of premium) prior written notice to Administrative Agent. Each Loan Party shall execute and deliver to Administrative Agent a collateral assignment, in form and substance satisfactory to Administrative Agent, of each business interruption insurance policy maintained by such Loan Party. Any Properties of each Loan Party and its Subsidiaries that are located at a customer job location shall be insured by the applicable customer in the ordinary course of such Loan Party or Subsidiary's business.

Section 6.6 **Inspection Rights; Third-Party Field Examinations; Third-Party Appraisals.**

(a) Each Loan Party shall, and shall cause each of its Subsidiaries to, permit representatives and independent contractors of Administrative Agent and each Lender (i) to examine, inspect, review, evaluate and make physical verifications of the Inventory (including Compressor Units) and other Collateral in any manner and through any medium that Administrative Agent or such Lender considers advisable, (ii) to visit and inspect its Properties, (iii) to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom and (iv) to discuss its affairs, business, operations, financial condition and accounts with its directors, officers, employees and independent certified public accountants, all at the expense of Borrowers and at such reasonable times during normal business hours and as often as may be reasonably requested; *provided that*, other than with respect to such visits and inspections during the continuance of an Event of Default, (A) only Administrative Agent on behalf of the Lenders may exercise rights under this **clause (a)** and (B) Administrative Agent shall not exercise such rights more often than one time during any period of twelve (12) consecutive months (or two times in the event a Trigger Period occurs or is in effect during such period); *provided, further*, that when an Event of Default exists and is continuing, the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing under this Section at the expense of Borrowers and at any time during normal business hours and without advance notice.

(b) Each Loan Party shall, and shall cause each of its Subsidiaries to, permit any representatives designated by Administrative Agent (including any consultants, accountants, lawyers and appraisers retained by Administrative Agent) to conduct third- party field exams of the Accounts of the Loan Parties all at the expense of Borrowers (subject to the limitations set forth in this **clause (b)**) and at such reasonable times. The Loan Parties shall be responsible for the costs and expenses of (i) one third-party field examination during any twelve (12) month period or (ii) up to two field examinations during any twelve (12) month period in the event a Trigger Period occurs or is in effect

during such period. Additionally, there shall be no limitation on the number or frequency of third-party field examinations if an Event of Default has occurred and is continuing, and the Loan Parties shall be responsible for the costs and expenses of any third-party field examinations incurred as a result thereof and while such Event of Default is continuing.

(c)

(i) Each Loan Party shall, and shall cause each of its Subsidiaries to, permit any representatives designated by Administrative Agent (including any consultants, accountants, lawyers and appraisers retained by Administrative Agent) to conduct third-party appraisals or updates thereof of the Inventory (including Compressor Units) and Equipment owned by the Loan Parties, all at the expense of Borrowers (subject to the limitations set forth in this **clause (c)**) and at such reasonable times.

(ii) The Loan Parties shall be responsible for the costs and expenses of (A) one third-party appraisal during any twelve (12) month period or (B) up to two third-party appraisals during any twelve (12) month period in the event a Trigger Period occurs or is in effect during such period.

(iii) Additionally, there shall be no limitation on the number or frequency of third-party appraisals if an Event of Default has occurred and is continuing, and the Loan Parties shall be responsible for the costs and expenses of any third-party appraisals incurred as a result thereof while such Event of Default has occurred and is continuing.

(iv) Notwithstanding anything herein to the contrary, the Loan Parties shall not be responsible for the costs and expenses of any third-party appraisals during an Excess Availability Period.

Section 6.7 **Keeping Books and Records**. Each Loan Party shall, and shall cause each of its Subsidiaries to, maintain proper books of record and account in which full, true, and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities.

Section 6.8 **Compliance with Laws**. Each Loan Party shall, and shall cause each of its Subsidiaries to, comply in all material respects with all applicable Laws (including, without limitation, all Anti-Terrorism Laws, Anti-Corruption Laws and applicable Sanctions) and applicable decrees of any Governmental Authority or arbitrator, except in such instances in which the failure to comply therewith could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 6.9 **Compliance with Agreements**. Each Loan Party shall, and shall cause each of its Subsidiaries to, comply in all material respects with all agreements, contracts, and instruments binding on it or affecting its Properties or business, except to the extent a failure to so comply could not reasonably be expected to have a Material Adverse Effect.

Section 6.10 **Further Assurances**. Each Loan Party shall, and shall cause each of its Subsidiaries and each other Loan Party to, execute and deliver such further agreements and instruments and take such further action as may be reasonably requested by Administrative Agent or any Lender to carry out the provisions and purposes of this Agreement and the other Loan Documents and to create, preserve, and perfect the Liens of Administrative Agent in the Collateral.

Section 6.11 **ERISA**. Each Loan Party shall, and shall cause each of its Subsidiaries to, comply with all minimum funding requirements, and all other material requirements, of ERISA and the Code, if applicable, so as not to give rise to any liability thereunder, except to the extent a failure to so comply could not reasonably be expected to have a Material Adverse Effect.

Section 6.12 **Depository Relationship; Control Agreements; Blocked Accounts**.

(a) Within ninety (90) days after the Closing Date (or such longer period as agreed to by the Administrative Agent in its sole discretion), each Loan Party shall, and shall cause each of its Subsidiaries (other than the Excluded Subsidiary) to, (a) use the financial institution serving as Administrative Agent as its principal depository bank, including for the maintenance of business, cash management, operating and administrative deposit accounts, (b) cause all commodity accounts, deposit accounts and securities accounts (in each case, excluding those accounts which are Excluded Accounts) held by the Loan Parties as of the Closing Date to be subject to a Control Agreement in favor of Administrative Agent, in form and substance reasonably satisfactory to Administrative Agent, which provides that Administrative Agent shall have exclusive “Control” (as defined in the UCC) of such account and (c) will cause all collection and other Receipts to be directed to Blocked Accounts in accordance with **Section**

2.11. Loan Parties will at all times maintain Blocked Accounts required by **Section 2.11**.

(b) Each Loan Party shall, with respect to each deposit account, securities account and commodity account (in each case, excluding those accounts which are Excluded Accounts) that such Loan Party at any opens, maintains or acquires after the Closing Date, such Loan Party will, substantially contemporaneously with the opening or acquisition of such deposit account, securities account or commodity account (in each case, excluding those accounts which are Excluded Accounts), enter into a Control Agreement in form and substance satisfactory to the Administrative Agent, pursuant to which such Control Agreement shall cause the depository bank that maintains such deposit account, securities intermediary that maintains such securities account, or commodities intermediary that maintains such commodity account, as applicable, to agree to comply at any time with instructions from the Administrative Agent to such depository bank, securities intermediary or commodities intermediary directing the disposition of funds from time to time credited to such deposit account, securities account or commodity Account, without further consent of such Loan Party, or take such other action as the Administrative Agent may approve in order to perfect the Administrative Agent’s security interest in such deposit account, securities account or commodity account.

Section 6.13 **Additional Loan Parties**.

(a) Each Loan Party shall notify Administrative Agent at the time that any Person becomes a wholly-owned Domestic Subsidiary of such Loan Party (including

pursuant a Permitted Acquisition) or ceases to be an Excluded Subsidiary pursuant to the definition thereof, and promptly thereafter (and in any event within thirty (30) days (or such longer period as agreed to by Administrative Agent in its sole discretion)) (i) execute and deliver or cause to be delivered to Administrative Agent all Security Documents, stock certificates, stock powers and other agreements and instruments as may be requested by Administrative Agent to ensure that Administrative Agent has a perfected Lien on all ownership interests (other than Excluded Assets) held by such Loan Party in such Domestic Subsidiary, and (ii) cause such new Domestic Subsidiary or Domestic Subsidiary that ceases to be an Excluded Subsidiary to (A) become a Guarantor and/or a Borrower by executing and delivering to Administrative Agent a Guaranty (or a joinder to Guaranty) and/or a Joinder Agreement, (B) execute and deliver all Security Documents (or joinders or assumptions thereto) requested by Administrative Agent pledging to Administrative Agent for the benefit of the Secured Parties all of its Property (other than Excluded Assets or such other exceptions as Administrative Agent may permit) and take all actions required by Administrative Agent to grant to Administrative Agent for the benefit of Secured Parties a perfected first priority (subject to Permitted Liens that have priority over the Liens in favor of the Administrative Agent under applicable law) security interest in such Property, including entering into a Control Agreements required pursuant to **Section 6.12** and the filing of UCC financing statements in such jurisdictions as may be requested by Administrative Agent, and (C) deliver to Administrative Agent such other documents and instruments as Administrative Agent may require, including appropriate favorable opinions of counsel to such Person in form, content and scope reasonably satisfactory to Administrative Agent.

(b) Each Loan Party will cause 100% of the issued and outstanding Equity Interests of each of its Domestic Subsidiaries (other than the Excluded Subsidiary so long as such Domestic Subsidiary constitutes an Excluded Subsidiary) to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent, for the benefit of the Administrative Agent and the other Secured Parties, pursuant to the terms and conditions of the Loan Documents or other Security Documents as the Administrative Agent shall reasonably request.

Section 6.14 **Sanctions; Anti-Corruption Laws**. Each Loan Party will maintain in effect policies and procedures designed to promote compliance by such Loan Party, its Subsidiaries, and their respective directors, officers, employees, and agents with applicable Sanctions and with the FCPA and any other applicable Anti-Corruption Laws.

Section 6.15 **Inventory; Collateral Access Agreements**. If any Loan Party's Inventory is located at a location leased by such Loan Party or in the possession or control of any Person (other than a customer of such Loan Party), the Borrower Representative shall notify the landlord or such Person, as applicable, of Administrative Agent's security interest therein and, upon request by Administrative Agent, instruct such Person to execute a Collateral Access Agreement or otherwise acknowledge in writing its agreement to hold all such Inventory for the benefit of Administrative Agent and subject to Administrative Agent's instructions; provided that if the Borrower Representative is unable to have such Person execute a Collateral Access Agreement, then such failure shall not constitute a Default or Event of Default under this Agreement, but Administrative Agent may establish a Rent Reserve. If the Inventory is located

in a third party warehouse facility under a bailment arrangement with a warehouse operator, bailee, or other third party and if so requested by Administrative Agent, the Borrower Representative and such other Loan Parties (as promptly as possible after requested by Administrative Agent but in any event within fifteen (15) Business Days after any such request is made) will deliver (i) to Administrative Agent warehouse receipts covering any Loan Party's Inventory located in such warehouses showing Administrative Agent as the beneficiary thereof and (ii) to the warehouseman such agreements relating to the release of warehouse Inventory as Administrative Agent may reasonably request; provided that if the Borrower Representative is unable to have such Person execute a Collateral Access Agreement, then such failure shall not constitute a Default or Event of Default under this Agreement, but Administrative Agent may establish a Rent Reserve.

Section 6.16 Post-Closing Obligations.

(a) Within fifteen (15) days following the Closing Date (or such longer period as agreed to by the Administrative Agent in its sole discretion), the Loan Parties shall deliver (or cause to be delivered) to the Administrative Agent copies of all lender loss payable and additional insured endorsements with respect to the insurance policies required pursuant to **Section 6.5**.

(b) Within ten (10) Business Days following the Closing Date (or such longer period as agreed to by the Administrative Agent in its sole discretion), the Borrower Representative shall deliver (or cause to be delivered) to the Administrative Agent a Borrowing Base Report which calculates the Borrowing Base as of a date specified by, and acceptable to, the Administrative Agent, with customary supporting schedules and documentation acceptable to the Administrative Agent.

For the avoidance of doubt, the Loan Parties' failure to comply with any requirement of this **Section 6.16** on or before the dates specified in this **Section 6.16** shall constitute an immediate Event of Default.

ARTICLE 7. NEGATIVE COVENANTS

Each Loan Party covenants and agrees that, as long as the Obligations or any part thereof are outstanding or any Letter of Credit is outstanding or any Lender has any Commitment hereunder:

Section 7.1 Debt. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, incur, create, assume, or permit to exist any Debt, except:

(a) the Obligations under the Loan Documents and obligations existing or arising under Bank Product Agreements (other than Hedge Agreements);

(b) existing Debt described on **Schedule 7.1** and Permitted Refinancing of such Debt;

(c) Purchase Money Debt and Capitalized Lease Obligations not to exceed \$1,000,000 in the aggregate at any time outstanding and any Permitted Refinancing of such Debt;

(d) (i) Debt of any Loan Party owing to any other Loan Party, (ii) Debt of any Subsidiary that is not a Guarantor owing to any other Subsidiary that is not a Guarantor, and (iii) Debt of any Subsidiary that is not a Guarantor owing to any Loan Party that is permitted under **Section 7.5**;

(e) Debt owed to any Person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance, performance, bid, surety or appeal bonds, performance and completion guarantees and similar obligations, pursuant to reimbursement or indemnification obligations to such Person, in each case incurred in the ordinary course of business;

(f) endorsements of negotiable or similar instruments for collection or deposit in the ordinary course of business;

(g) with respect to any Debt permitted to be incurred pursuant to this **Section 7.1**, guaranties of such Debt or guaranties by any Loan Party or any of its Subsidiaries of such Debt;

(h) Debt incurred in the ordinary course of business owed to any Person providing property, casualty, liability, or other insurance to the Loan Parties, including to finance insurance premiums, so long as the amount of such Debt is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such;

(i) Hedge Obligations existing or arising under Hedge Agreements permitted by **Section 7.17**;

(j) Subordinated Debt in the aggregate at any time outstanding and Permitted Refinancing of such Debt; and

(k) Debt not to exceed \$10,000,000 in the aggregate at any time outstanding secured solely by Excluded Real Property; and

(l) other Debt not to exceed \$1,000,000 in the aggregate at any time outstanding.

Section 7.2 Limitation on Liens. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, incur, create, assume, or permit to exist any Lien upon any of its Property, assets, or revenues, whether now owned or hereafter acquired, except:

(a) existing Liens disclosed on **Schedule 7.2**;

(b) Liens in favor of the Secured Parties or Administrative Agent for the benefit of Secured Parties;

(c) encumbrances consisting of minor easements, zoning restrictions, or other restrictions on the use of real Property that do not (individually or in the aggregate) materially affect the value of the assets encumbered thereby or materially impair the ability of any Loan Party or its Subsidiaries to use such assets in their respective businesses, and none of which is violated in any material respect by existing or proposed structures or land use;

(d) Liens for taxes, assessments, or other governmental charges which are not delinquent or which are being contested in good faith and for which adequate reserves in accordance with GAAP have been established and for which such contest operates to suspend the enforcement of any foreclosure or levy on any Property of each Loan Party or any of its Subsidiary;

(e) Liens of landlords, vendors, mechanics, materialmen, warehousemen, carriers, or other similar statutory Liens securing obligations incurred in the ordinary course of business that are not yet due or which are being contested in good faith and for which adequate reserves in accordance with GAAP have been established and for which such contest operates to suspend the enforcement of any foreclosure or levy on any Property of each Loan Party or any of its Subsidiaries;

(f) Liens resulting from good faith deposits to secure payments of workmen's compensation, unemployment insurance or other social security programs (other than Liens imposed by ERISA) or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, contracts (other than for payment of Debt), or leases made in the ordinary course of business;

(g) normal and customary rights of setoff upon deposits in favor of depository institutions, and Liens of a collecting bank on payment items in the course of collection;

(h) purported Liens evidenced by the filing of precautionary UCC financing statements relating solely to operating leases or consignments of personal property entered into in the ordinary course of business;

(i) Liens granted in the ordinary course of business on the unearned portion of insurance premiums securing the financing of insurance premiums to the extent the financing is permitted under **Section 7.1(h)**;

(j) Liens on specific Property to secure Purchase Money Debt used to acquire such Property and Liens securing Capitalized Lease Obligations with respect to specific leased Property, in each case to the extent permitted in **Section 7.1(c)**;

(k) Liens on Excluded Real Property to secure Debt permitted under **Section 7.1(k)**; and

(l) other Liens securing Debt not to exceed \$1,000,000 in the aggregate at any time outstanding.

Nothing contained in this **Section 7.2** shall in and of itself cause the obligations of the Loan Parties to the Secured Parties under or pursuant to the Loan Documents to be subordinated to any Lien permitted by this **Section 7.2** or cause any Liens in favor of the Secured Parties to rank subordinate to any such permitted Liens.

Section 7.3 **Mergers, Etc.** Each Loan Party shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, become a party to a division, merger or consolidation, or purchase or otherwise acquire all or substantially all of the assets of any Person or any shares or other evidence of beneficial ownership of any Person, or wind-up, dissolve, or liquidate, except that (a) any Subsidiary of Holdings may merge or consolidate with any Borrower so long as such Borrower is the surviving entity, (b) any Subsidiary of Holdings may merge or consolidate with another Subsidiary so long as if such Subsidiary that is a Guarantor is involved in such merger or consolidation, such Guarantor is the surviving entity, (c) solely in connection with a Permitted Acquisition, any Person may merge or consolidate with or into any Loan Party provided such Loan Party shall be the surviving entity and (d) any Loan Party may acquire all or substantially all of the assets of any Person or any shares or other evidence of beneficial ownership of any Person pursuant to a Permitted Acquisition.

Section 7.4 **Restricted Payments**. Each Loan Party shall not, nor shall it permit any of its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except:

(a) each Loan Party may make Restricted Payments with respect to its Equity Interests payable solely in additional shares of its Equity Interests (other than Disqualified Equity Interests);

(b) Subsidiaries may declare and pay dividends and other Restricted Payments to Holdings and any Subsidiary of Holdings that is a Loan Party;

(c) Holdings may make repurchases of the Equity Interests in Holdings so long as (i) no Default or Event of Default exists on the date of such repurchase or immediately after giving effect to such repurchase, (ii) after giving effect to and at all times during the thirty (30) consecutive day period immediately prior to the making of such repurchase, Availability shall be greater than or equal to the greater of (A) \$12,500,000 and (B) thirty-five percent (35%) of the Line Cap then in effect and (iii) the aggregate amount of repurchases made in reliance on this **clause (c)** shall not exceed \$20,000,000 in the aggregate; and

(d) the Loan Parties and their Subsidiaries may make other Restricted Payments so long as the Payment Conditions have been satisfied at the time such Restricted Payment is made.

Section 7.5 **Loans and Investments**. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, make, hold or maintain, any advance, loan, extension of credit, or capital contribution to or investment in, or purchase any stock, bonds, notes, debentures, or other securities of, any Person, except:

(a) existing investments described on **Schedule 7.5**;

(b) readily marketable direct obligations of the United States of America or any agency thereof with maturities of one (1) year or less from the date of acquisition;

(c) fully insured certificates of deposit with maturities of one (1) year or less from the date of acquisition issued by either (i) any commercial bank operating in the United States of America having capital and surplus in excess of \$50,000,000 or (ii) any Lender;

(d) commercial paper of a domestic issuer if at the time of purchase such paper is rated in one (1) of the two (2) highest rating categories of Standard and Poor's Corporation or Moody's;

(e) contributions in the ordinary course of business consistent with past practices in the Excluded Subsidiary in an aggregate amount not to exceed \$750,000 in any fiscal year and solely for purposes of funding the Loan Parties' nonqualified deferred compensation plan for the benefit of the employees of the Loan Parties;

(f) investments by a Borrower or a Guarantor in another Borrower or Guarantor;

(g) investments consisting of Hedge Agreements permitted under **Section 7.17**;

(h) advances or extensions of credit in the form of accounts receivable incurred and trade credit extended in the ordinary course of business;

(i) investments in securities of account debtors received pursuant to any settlement, restructuring, plan of reorganization or similar arrangement in connection with a foreclosure, bankruptcy workout or otherwise with respect to such account debtors, or upon the foreclosure or enforcement of any Lien on such securities arising in the ordinary course of business in favor of a Loan Party or its Subsidiaries;

(j) loans or advances made by a Loan Party to its employees for travel and entertainment expenses, relocation costs and similar purposes up to a maximum of \$100,000 in the aggregate at any one time outstanding or, on a non-cash basis, for the purchase of Equity Interests in any Loan Party or any direct or indirect parent thereof;

(k) other investments so long as (i) no Event of Default shall have occurred and be continuing at the time of making such investment and immediately after giving effect thereto and (ii) the aggregate amount of all such investments under this **clause (k)** shall not exceed \$5,000,000 at any time; and

(l) Investments consisting of Permitted Acquisitions.

Section 7.6 **Limitation on Issuance of Equity**. Each Loan Party (except with respect to clause (d) below, other than Holdings) shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, issue, sell, assign, or otherwise Dispose of (a) any of its stock or other Equity Interests, (b) any securities exchangeable for or convertible into or carrying any rights to

acquire any of its stock or other Equity Interests, (c) any option, warrant, or other right to acquire any of its stock or other Equity Interests or (d) any Disqualified Equity Interests, in each case, other than to any Loan Party or another Subsidiary.

Section 7.7 **Transactions With Affiliates**. Except with respect to the making of Restricted Payments permitted by **Section 7.4**, Holdings shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, enter into any transaction, including, without limitation, the purchase, sale, or exchange of Property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate of Holdings or such Subsidiary, except in the ordinary course of and pursuant to the reasonable requirements of Holdings' or such Subsidiary's business, (a) pursuant to a transaction which is otherwise expressly permitted under this Agreement, and upon fair and reasonable terms no less favorable to Holdings or such Subsidiary than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate of Holdings or such Subsidiary or (b) pursuant to the Subordinated Debt Documents.

Section 7.8 **Disposition of Assets**. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, directly or indirectly make any Disposition, except (a) Dispositions of Inventory in the ordinary course of business, (b) Dispositions, for fair value, of worn-out, surplus and obsolete Equipment not necessary or useful to the conduct of business, (c) Dispositions of Equity Interests permitted by **Section 7.6**, (d) Dispositions of Property to any Loan Party or any Subsidiary, provided that any such Disposition involving a Subsidiary that is not a Loan Party shall be made in compliance with **Sections 7.5 or 7.6**, (e) the unwinding of any Hedge Agreement or (f) other Dispositions (other than with respect to any Accounts, Inventory or other Property included in the Borrowing Base at any time) not to exceed \$5,000,000 in the aggregate in any fiscal year.

Section 7.9 **Sale and Leaseback**. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, enter into any arrangement with any Person pursuant to which it leases from such Person real or personal Property that has been or is to be sold or transferred, directly or indirectly, by it to such Person.

Section 7.10 **Prepayment of Debt**. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, make any optional or voluntary payment, prepayment, repurchase or redemption of any Debt, except the Obligations under the Loan Documents and in connection with any Permitted Refinancing of Debt to the extent such Permitted Refinancing is permitted pursuant to **Section 7.1**.

Section 7.11 **Nature of Business**. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, engage in any business other than the businesses in which they are engaged as of the date hereof or Permitted Other Business Lines, or businesses directly related thereto. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, make any material change in its credit collection policies if such change would materially impair the collectability of any Account, nor will it rescind, cancel or modify any Account except in the ordinary course of business.

Section 7.12 **Environmental Protection**. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, directly or indirectly (a) use (or permit any tenant to use) any of

their respective Properties or assets for the handling, processing, storage, transportation, or disposal of any Hazardous Material in violation of, or in a manner or to a location that could give rise to liability under, any applicable Environmental Laws, (b) generate any Hazardous Material in violation of any applicable Environmental Laws, (c) conduct any activity that is likely to cause a Release or threatened Release of any Hazardous Material in violation of any applicable Environmental Laws, or (d) otherwise conduct any activity or use any of their respective Properties or assets in any manner that is likely to violate any Environmental Law or create any Environmental Liabilities for which any Loan Party or any of its Subsidiaries would be responsible.

Section 7.13 **Accounting**. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, change its fiscal year or make any change (a) in accounting treatment or reporting practices, except as required by GAAP and disclosed to Administrative Agent and Lenders, or (b) in tax reporting treatment, except as required by Law and disclosed to Administrative Agent and Lenders.

Section 7.14 **Burdensome Agreements**. Each Loan Party shall not, and shall not permit any of its Subsidiaries or any other Loan Party to, enter into or permit to exist any arrangement or agreement, other than pursuant to this Agreement or any other Loan Document, which (a) directly or indirectly prohibits Holdings, any of its Subsidiaries or any other Loan Party from creating or incurring a Lien on any of its Property, revenues, or assets, whether now owned or hereafter acquired, (b) directly or indirectly prohibits any of its Subsidiaries or any other Loan Party to make any payments, directly or indirectly, to any other Loan Party by way of dividends, distributions, advances, repayments of loans, repayments of expenses, accruals, or otherwise or (c) in any way would be contravened by such Person's performance of its obligations hereunder or under the other Loan Documents; *provided that clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Debt permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Debt.*

Section 7.15 **Subsidiaries**. Each Loan Party shall not, directly or indirectly, form or acquire any Domestic Subsidiary unless such Loan Party complies with the requirements of **Section 6.13**. The Loan Parties shall not form or acquire any Subsidiaries outside of the United States, Canada or Mexico. The Loan Parties shall promptly identify to Administrative Agent any Collateral previously included in the Borrowing Base that is moved to a subsidiary location outside of the United States and shall remove such Collateral from future Borrowing Base Reports. The Excluded Subsidiary shall not form or acquire any Subsidiaries.

Section 7.16 **Amendments of Certain Documents**. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, amend, restate, supplement or otherwise modify any of their respective Constituent Documents or the Subordinated Debt Documents, in each case, in a manner adverse to the interest of the Lenders.

Section 7.17 **Hedge Agreements**. Each Loan Party shall not, and shall not permit any of its Subsidiaries to, enter into any Hedge Agreement, except those that are entered into for non- speculative purposes and that are (a) Hedge Agreements entered into to hedge or mitigate risks to which such Loan Party or any Subsidiary thereof has actual exposure which have terms and

conditions reasonably acceptable to Administrative Agent, and (b) other Hedge Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment, Debt of such Loan Party or any of its Subsidiaries limited to the principal amount of such interest-bearing liability or investment or Debt which have terms and conditions reasonably acceptable to Administrative Agent.

Section 7.18 **Anti-Corruption Laws; Sanctions; Anti-Terrorism Law**. Each Loan Party will not, directly or indirectly, use the proceeds of the Loans or Letters of Credit, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of the FCPA or any other applicable Anti-Corruption Law, or (b) (i) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions, or (ii) in any other manner that would result in a violation of Sanctions by any Person (including any Person participating in the Loans or Letters of Credit, whether as Administrative Agent, Arranger, Lender, underwriter, advisor, investor, or otherwise).

ARTICLE 8. FINANCIAL COVENANTS

Each Loan Party covenants and agrees that, as long as the Obligations or any part thereof are outstanding or any Letter of Credit is outstanding or any Lender has any Commitment hereunder:

Section 8.1 **Leverage Ratio**. Holdings shall not permit, as of the last day of any fiscal quarter during a Trigger Period, commencing with the fiscal quarter ending immediately before the date on which such Trigger Period commences, the Leverage Ratio to be greater than 3.00 to 1.00.

Section 8.2 **Fixed Charge Coverage Ratio**. Holdings shall not permit, as of the last day of any fiscal quarter during a Trigger Period, commencing with the fiscal quarter ending immediately before the date on which such Trigger Period commences, the Fixed Charge Coverage Ratio to be less than 1.00 to 1.00.

ARTICLE 9. DEFAULT

Section 9.1 **Events of Default**. Each of the following shall be deemed an “*Event of Default*”:

(a) Any Loan Parties shall fail to pay the Obligations under the Loan Documents or any part thereof shall not be paid when due or declared due and, other than with respect to payments of principal, such failure shall continue unremedied for three (3) days after such payment became due;

(b) Any Loan Party shall breach any provision of **Sections 6.1, 6.2** (with respect to a Loan Party's existence), **6.5, 6.12, 6.13, 6.14** or **6.16** or **Article 7** or **Article 8** of this Agreement;

(c) Any representation or warranty made or deemed made by any Loan Party (or any of their respective officers) in any Loan Document or in any certificate, report, notice, or financial statement furnished at any time in connection with this Agreement or any other Loan Document shall be false, misleading, or erroneous in any material respect (without duplication of any materiality qualifier contained therein) when made or deemed to have been made;

(d) Holdings, any of its Subsidiaries, or any other Loan Party or any Subsidiary of any Loan Party shall fail to perform, observe, or comply with any covenant, agreement, or term contained in this Agreement or any other Loan Document (other than as covered by **Sections 9.1(a)** and **(b)**), and such failure continues for more than thirty (30) days following the earlier to occur of (i) written notice of such failure from the Administrative Agent or the Required Lenders to the Loan Parties and (ii) knowledge of such failure by a Responsible Officer of the applicable Loan Party;

(e) Holdings, any of its Subsidiaries, or any other Loan Party or any Subsidiary of any Loan Party shall commence a voluntary proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or a substantial part of its Property or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it or shall make a general assignment for the benefit of creditors or shall generally fail to pay its debts as they become due or shall take any corporate action to authorize any of the foregoing;

(f) An involuntary proceeding shall be commenced against Holdings, any of its Subsidiaries, or any other Loan Party or any Subsidiary of any Loan Party seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency, or other similar Law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official for it or a substantial part of its Property, and such involuntary proceeding shall remain undismissed and unstayed for a period of sixty (60) consecutive days;

(g) Holdings, any of its Subsidiaries, or any other Loan Party or any Subsidiary of any Loan Party shall fail to pay when due any principal of or interest on any Debt (other than the Obligations under the Loan Documents) with an outstanding principal amount of \$1,000,000 or more, or the maturity of any such Debt shall have been accelerated, or any such Debt shall have been required to be prepaid, repurchased, defeased or redeemed prior to the stated maturity thereof or any cash collateral in respect thereof to be demanded, or any event shall have occurred that permits (or, with the giving of notice or lapse of time or both, after any applicable cure periods, would permit) any holder or holders of such Debt, or the counterparty under any Hedge Agreement

constituting such Debt, or any Person acting on behalf of such holder or holders or such counterparty to accelerate the maturity thereof or require any such prepayment, repurchase, defeasance or redemption or any cash collateral in respect thereof to be demanded;

(h) This Agreement, the Guaranty or any other Loan Document shall cease to be in full force and effect or shall be declared null and void or the validity or enforceability thereof shall be contested or challenged by Holdings, any of its Subsidiaries, any other Loan Party or any Subsidiary of any Loan Party or any of their respective equity holders, or Holdings or any other Loan Party shall deny that it has any further liability or obligation under any of the Loan Documents, or any Lien created by the Loan Documents shall for any reason cease to be a valid, first priority perfected Lien (subject to Permitted Liens that have priority over the Liens in favor of the Administrative Agent under applicable law) upon any of the Collateral purported to be covered thereby;

(i) Any of the following events shall occur or exist with respect to any Loan Party or any ERISA Affiliate: (i) any ERISA Event occurs with respect to a Plan or Multiemployer Plan, or (ii) any Prohibited Transaction involving any Plan or Multiemployer Plan; and in each case above, such event or condition, together with all other events or conditions, if any, have subjected or could in the reasonable opinion of Administrative Agent subject any Loan Party or any ERISA Affiliate to any tax, penalty, or other liability to a Plan, a Multiemployer Plan, the PBGC, the IRS, the U. S. Department of Labor, or otherwise (or any combination thereof) which in the aggregate exceed or could reasonably be expected to exceed \$1,000,000;

(j) A Change of Control shall occur;

(k) Holdings, any of its Subsidiaries, or any other Loan Party or any Subsidiary of any Loan Party, or any of their Properties, revenues, or assets, shall become subject to an order of forfeiture, seizure, or divestiture (whether under RICO or otherwise) and the same shall not have been discharged within thirty (30) days from the date of entry thereof;

(l) Holdings, any of its Subsidiaries, or any other Loan Party or any Subsidiary of any Loan Party shall fail to discharge within a period of thirty (30) consecutive days after the commencement thereof any attachment, sequestration, or similar proceeding or proceedings involving an aggregate amount in excess of \$250,000 against any of its assets or Properties;

(m) A final judgment or judgments for the payment of money in excess of \$1,000,000 not covered by insurance in the aggregate and to which the applicable insurer has denied coverage shall be rendered by a court or courts against Holdings, any of its Subsidiaries, or any other Loan Party or any Subsidiary of any Loan Party and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within thirty (30) consecutive days from the date of entry thereof and Holdings, such Subsidiary, or such Loan Party or such Subsidiary of

such Loan Party shall not, within such period of thirty (30) consecutive days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(n) any event of default shall occur under any of the Subordinated Debt Documents or any Loan Party shall contest in any manner the validity, binding nature or enforceability of any Subordination Agreement.

Section 9.2 **Remedies Upon Default**. If any Event of Default shall occur and be continuing, then Administrative Agent may, with the consent of Required Lenders, or shall, at the direction of Required Lenders, without notice do any or all of the following: (a) terminate the Commitments of Lenders (except for funding obligations of outstanding Letters of Credit), (b) terminate the obligations of L/C Issuer to make L/C Credit Extensions, (c) terminate the commitment of Swing Line Lender to make Swing Line Loans, (d) require that Borrowers Cash Collateralize the L/C Obligations (in an amount equal to the Minimum Collateral Amount with respect thereto), or (e) declare the Obligations (other than the Obligations arising out of Bank Product Agreements) or any part thereof to be immediately due and payable, and the same shall thereupon become immediately due and payable, without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by each Borrower and each other Loan Party; *provided, however*, that upon the occurrence of an Event of Default under **Section 9.1(e)** or **Section 9.1(f)**, the Commitments of Lenders shall automatically terminate (except for funding obligations of outstanding Letters of Credit), the obligations of L/C Issuer to make L/C Credit Extensions shall automatically terminate, the commitment of Swing Line Lender to make Swing Line Loans shall automatically terminate, the obligation of each Borrower to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, and the Obligations (other than the Obligations arising out of Bank Product Agreements) shall become immediately due and payable, in each case without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by each Borrower and each other Loan Party. In addition to the foregoing, if any Event of Default shall occur and be continuing, Administrative Agent may, with the consent of Required Lenders, or shall, at the direction of Required Lenders, exercise all rights and remedies available to it, Lenders and L/C Issuer in law or in equity, under the Loan Documents, or otherwise.

Section 9.3 **Application of Funds**. After the exercise of remedies provided for in **Section 9.2** (or if an Event of Default has occurred and is continuing and the written notice thereof, if any, to any Borrower from Administrative Agent expressly provides that this **Section 9.3** shall thereafter apply to any amounts received on account of the Obligations or after the Loans have automatically become immediately due and payable), any amounts received on account of the Obligations shall be applied by Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to Administrative Agent) payable to Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest, and Letter of Credit Fees) payable to Lenders and L/C Issuer (including fees, charges and disbursements of counsel to the respective Lenders and L/C Issuer) arising under the Loan Documents, ratably among them in proportion to the respective amounts described in this **clause Second** payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans, L/C Borrowings and other Obligations arising under the Loan Documents, ratably among Lenders and L/C Issuer in proportion to the respective amounts described in this **clause Third** payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans and L/C Borrowings and constituting unpaid Bank Product Obligations, ratably among Lenders and Bank Product Providers in proportion to the respective amounts described in this **clause Fourth** held by them;

Fifth, to Administrative Agent for the account of the L/C Issuer, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized by any Borrower pursuant to **Sections 2.2** and **2.7**;

Sixth, to payment of that remaining portion of the Obligations, ratably among the Lenders and Bank Product Providers in proportion to the respective amounts described in this **clause Sixth** held by them; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to Borrowers or as otherwise required by Law.

Notwithstanding anything to the contrary herein or in any other Loan Document, no amount received from any Loan Party shall be applied to any Excluded Swap Obligation of such Loan Party, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve allocation to Obligations otherwise set forth in this Section.

Further notwithstanding, Bank Product Obligations shall be excluded from the application described above if Administrative Agent has not received written notice thereof, together with supporting documentation as Administrative Agent may request from the applicable Bank Product Provider, *provided* that no such notice shall be required for any Bank Product Agreement for which Administrative Agent or any Affiliate of Administrative Agent is the applicable Bank Product Provider. Each Bank Product Provider that is not a party to this Agreement that has given notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of Administrative Agent pursuant to the terms of **Article 10** hereof for itself and its Affiliates as if a “Lender” party hereto.

Section 9.4 Performance by Administrative Agent. If any Loan Party shall fail to perform any covenant or agreement contained in any of the Loan Documents, then Administrative Agent may perform or attempt to perform such covenant or agreement on behalf of such Loan Party. In such event, Borrowers shall, at the request of Administrative Agent,

promptly pay to Administrative Agent any amount reasonably expended by Administrative Agent in connection with such performance or attempted performance, together with interest thereon at the Default Interest Rate from and including the date of such expenditure to but excluding the date such expenditure is paid in full. Notwithstanding the foregoing, it is expressly agreed that Administrative Agent shall not have any liability or responsibility for the performance of any covenant, agreement, or other obligation of any Borrower or any other Loan Party under this Agreement or any other Loan Document.

ARTICLE 10.

AGENCY

Section 10.1 **Appointment and Authority.**

(a) Each of the Lenders, L/C Issuer, and Swing Line Lender hereby irrevocably appoints Texas Capital Bank to act on its behalf as Administrative Agent hereunder and under the other Loan Documents and authorizes Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this **Article 10** are solely for the benefit of Administrative Agent, Lenders, L/C Issuer, and Swing Line Lender, and no Loan Party shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

(b) Administrative Agent shall also act as the “collateral agent” under the Loan Documents, and each of the Lenders (including for itself and its Affiliates in their capacities as potential Bank Product Providers) and L/C Issuer hereby irrevocably appoints and authorizes Administrative Agent to act as the agent of such Lender and L/C Issuer for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, Administrative Agent, as “collateral agent” and any co-agents, sub-agents and attorneys-in-fact appointed by Administrative Agent pursuant to **Section 10.5** for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights and remedies thereunder at the direction of Administrative Agent, shall be entitled to the benefits of all provisions of this **Article 10** and **Article 11** (including **Section 11.1(b)**, as though such co-agents, sub-agents and attorneys-in-fact were the “collateral agent” under the Loan Documents) as if set forth in full herein with respect thereto. Any collateral agent fee or other agency fee to be paid by the Loan Parties in connection with this Agreement may from time to time be separately agreed to solely by the Administrative Agent and the Borrower Representative in writing.

Section 10.2 **Rights as a Lender.** The Person serving as Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not Administrative Agent, and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for, and generally engage in any kind of business with, any Loan Party or any Subsidiary or other Affiliate thereof as if such Person were not Administrative Agent hereunder and without any duty to account therefor to Lenders.

Section 10.3 **Exculpatory Provisions.**

(a) Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that Administrative Agent is required to exercise as directed in writing by Required Lenders (or such other number or percentage of Lenders as shall be expressly provided for herein or in the other Loan Documents); *provided* that Administrative Agent shall not be required to take any action that, in its opinion or upon the advice of its counsel, may expose Administrative Agent to liability or that is contrary to any Loan Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of Property of a Defaulting Lender in violation of any Debtor Relief Law;

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Loan Party or any of their respective Affiliates that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity; and

(iv) shall be fully justified in failing or refusing to take any action hereunder or under any other Loan Document unless it shall first be indemnified to its satisfaction by Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

(b) Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of Required Lenders (or such other number or

percentage of Lenders as shall be necessary, or as Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in **Sections 9.2** and

10.9), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment.

SUCH LIMITATION OF LIABILITY SHALL APPLY REGARDLESS OF WHETHER THE LIABILITY ARISES FROM THE SOLE, CONCURRENT, CONTRIBUTORY OR COMPARATIVE NEGLIGENCE OF ADMINISTRATIVE AGENT. Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to Administrative Agent in writing by any Loan Party, a Lender, L/C Issuer, or Swing Line Lender.

(c) Neither Administrative Agent nor any Related Party thereof shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in **Article 4** or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Administrative Agent.

Section 10.4 **Reliance by Administrative Agent**. Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Credit Extension, that by its terms must be fulfilled to the satisfaction of a Lender, L/C Issuer, or Swing Line Lender, Administrative Agent may presume that such condition is satisfactory to such Lender, L/C Issuer, or Swing Line Lender unless Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Credit Extension. Administrative Agent may consult with legal counsel (who may be counsel for any Loan Party), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 10.5 **Delegation of Duties**. Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub agents appointed by Administrative Agent. Administrative Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this **Article 10** shall apply to any such sub agent and to the Related Parties of Administrative Agent and any such sub agent, and shall apply to their respective activities in connection with the syndication of the Revolving Credit Facility as well as activities as Administrative Agent. Administrative Agent

shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub agents.

Section 10.6 **Resignation or Removal of Administrative Agent.**

(a) Administrative Agent may at any time give notice of its resignation to Lenders, L/C Issuer, Swing Line Lender and Borrowers. Upon receipt of any such notice of resignation, Required Lenders shall have the right, in consultation with Borrowers (so long as no Event of Default has occurred and is continuing), to appoint a successor, which shall be a bank with an office in Texas, or an Affiliate of any such bank with an office in Texas. If no such successor shall have been so appointed by Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by Required Lenders) (the “**Resignation Effective Date**”), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of Lenders, L/C Issuer, and Swing Line Lender, appoint a successor Administrative Agent meeting the qualifications set forth above; *provided* that in no event shall any successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date. After the Resignation Effective Date, the provisions of this **Article 10** relating to or indemnifying or releasing Administrative Agent shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to **clause (d)** of the definition thereof, Required Lenders may, to the extent permitted by applicable Law, by notice in writing to the Borrower Representative and such Person remove such Person as Administrative Agent and, in consultation with the Borrower Representative, appoint a successor. If no such successor shall have been so appointed by Required Lenders and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by Required Lenders) (the “**Removal Effective Date**”), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Collateral held by Administrative Agent on behalf of Secured Parties under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such Collateral until such time as a successor Administrative Agent is appointed). Upon the acceptance of a successor’s appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be

discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrowers and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this **Article 10, Section 11.1**, and **Section 11.2** shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

(d) Any resignation by Texas Capital Bank as Administrative Agent pursuant to this **Section 10.6** shall also constitute its resignation as L/C Issuer and Swing Line Lender unless the notice thereof otherwise provides. If Texas Capital Bank resigns as an L/C Issuer, it shall retain all the rights, powers, privileges and duties of L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto, including the right to require Lenders to make Revolving Credit Loans or fund risk participations in Unreimbursed Amounts pursuant to **Section 2.2(c)**. If Texas Capital Bank resigns as Swing Line Lender, it shall retain all the rights of Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require Lenders to make Revolving Credit Loans or fund risk participations in outstanding Swing Line Loans pursuant to **Section 2.3(c)**. Upon the appointment by Borrowers of a successor L/C Issuer or Swing Line Lender hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender), (i) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as applicable, (ii) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (iii) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Texas Capital Bank to effectively assume the obligations of Texas Capital Bank with respect to such Letters of Credit.

Section 10.7 **Non-Reliance on Administrative Agent and Other Lenders**. Each Lender, L/C Issuer, and Swing Line Lender expressly acknowledges that neither Administrative Agent nor any other Lender nor any Related Party thereto has made any representation or warranty to such Person and that no act by Administrative Agent or any other Lender hereafter taken, including any review of the affairs of any Loan Party, shall be deemed to constitute any representation or warranty by Administrative Agent or any Lender to any other Lender. Each Lender, Swing Line Lender and L/C Issuer acknowledges that it has, independently and without reliance upon Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender, L/C Issuer, and Swing Line Lender also acknowledges that it will, independently and without reliance upon Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related

agreement or any document furnished hereunder or thereunder. Except for notices, reports and other documents expressly required to be furnished to the Lenders or Swing Line Lender by Administrative Agent hereunder, Administrative Agent shall not have any duty or responsibility to provide any Lender or Swing Line Lender with any credit or other information concerning the business, operations, Property, condition (financial or otherwise), or creditworthiness of any Loan Party or the value of the Collateral or other Properties of any Loan Party or any other Person which may come into the possession of Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

Section 10.8 **Administrative Agent May File Proofs of Claim**. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Administrative Agent shall have made any demand on any Loan Party) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations under the Loan Documents that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lenders, L/C Issuer, Swing Line Lender, and Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of Lenders, L/C Issuer, Swing Line Lender, and Administrative Agent and their respective agents and counsel and all other amounts due Lenders, L/C Issuer, Swing Line Lender, and Administrative Agent under **Section 11.1** or **Section 11.2**) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other Property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender, L/C Issuer and Swing Line Lender to make such payments to Administrative Agent and, in the event that Administrative Agent shall consent to the making of such payments directly to Lenders, L/C Issuer, and Swing Line Lender, as applicable, to pay to Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Administrative Agent and its agents and counsel, and any other amounts due Administrative Agent under **Section 11.1** or **Section 11.2**.

Section 10.9 **Collateral and Guaranty Matters**.

(a) The Secured Parties irrevocably authorize Administrative Agent, at its option and in its discretion:

(i) to release any Lien on any Property granted to or held by Administrative Agent under any Loan Document (A) upon termination of all Commitments and payment in full of all Obligations (other than (1) contingent indemnification obligations and (2) obligations and liabilities under Bank Product

Agreements as to which arrangements satisfactory to the applicable Bank Product Provider shall have been made) and the expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to Administrative Agent and L/C Issuer shall have been made), (B) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted under the Loan Documents, or (C) if approved, authorized or ratified in writing by Required Lenders or all Lenders, as applicable, under **Section 11.10**;

(ii) to subordinate any Lien on any Property granted to or held by Administrative Agent under any Loan Document to the holder of any Lien on such Property that is permitted by **Section 7.2**; and

(iii) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted under the Loan Documents.

Upon request by Administrative Agent at any time, Required Lenders will confirm in writing Administrative Agent's authority to release or subordinate its interest in particular types or items of Property, or to release any Guarantor from its obligations under the Guaranty pursuant to this **Section 10.9**. Upon the occurrence of any of the events specified in **Section 10.9(a)(i)(A), (B) or (C)** or **Section 10.9(a)(iii)**, at Borrowers' expense, Administrative Agent shall execute and deliver to Borrowers such documentation as Borrowers shall reasonably request to release the applicable Collateral from the Liens created by the Loan Documents and/or release the applicable Guarantor from its obligations under its Guaranty, as the case may be.

(b) Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of Administrative Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall Administrative Agent be responsible or liable to Lenders for any failure to monitor or maintain any portion of the Collateral.

Section 10.10 Bank Product Agreements. No Bank Product Provider who obtains the benefits of **Section 9.3**, any Guaranty or any Collateral by virtue of the provisions hereof or of any Guaranty or any Security Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) (or to notice of or to consent to any amendment, waiver or modification of the provisions hereof or of the Guaranty or any Security Document) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this **Article 10** to the contrary, Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Bank Product Obligations unless Administrative Agent has received written notice of such Bank Product Obligations, together with such supporting documentation as Administrative Agent may request, from the applicable Bank Product Provider. Administrative Agent shall not be required to verify the

payment of, or that other satisfactory arrangements have been made with respect to, Bank Product Obligations arising under Bank Product Agreements upon termination of all Commitments and payment in full of all Obligations under the Loan Documents (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to Administrative Agent and L/C Issuer shall have been made).

Section 10.11 **Certain ERISA Matters.**

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and its respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrowers or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using “plan assets” (within the meaning of the Plan Asset Regulations) of one or more Benefit Plans with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrowers or any other Loan Party, that none of the Administrative Agent, the Arranger or any other arranger of this Agreement or any amendment thereto, or any of their respective Affiliates is a fiduciary with respect to the Collateral or the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

(c) The Administrative Agent hereby informs the Lenders that each such Person is not undertaking to provide investment advice or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Letters of Credit, the Commitments, this Agreement and any other Loan Documents, (ii) may recognize a gain if it extended the Loans, the Letters of Credit or the Commitments for an amount less than the amount being paid for an interest in the Loans, the Letters of Credit or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

Section 10.12 **Acknowledgement with Respect to Erroneous Payments.**

(a) Each Lender hereby agrees that (i) if the Administrative Agent notifies such Lender that the Administrative Agent has determined in its sole discretion that any funds received by such Lender from the Administrative Agent or any of its Affiliates (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, an "***Erroneous Payment***") were erroneously transmitted to such Lender (whether or not known to such Lender), and demands the return of such Erroneous Payment (or a portion thereof), such Lender shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such

Lender to the date such amount is repaid to the Administrative Agent at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (ii) to the extent permitted by applicable Law, such Lender shall not assert, and hereby waives, as to the Administrative Agent, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payments received, including without limitation any defense based on “discharge for value” or any similar doctrine. A notice of the Administrative Agent to any Lender under this **Section 10.12** shall be conclusive, absent manifest error.

(b) Each Lender hereby further agrees that if it receives an Erroneous Payment from the Administrative Agent or any of its Affiliates (i) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such Erroneous Payment (a “**Payment Notice**”) or (ii) that was not preceded or accompanied by a Payment Notice, it shall be on notice, in each such case, that an error has been made with respect to such Erroneous Payment. Each Lender agrees that, in each such case, or if it otherwise becomes aware an Erroneous Payment (or portion thereof) may have been sent in error, such Lender shall promptly notify the Administrative Agent of such occurrence and, upon demand from the Administrative Agent, it shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(c) The Borrower hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) are not recovered from any Lender that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent shall be subrogated to all the rights of such Lender with respect to such amount and (y) an Erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or any other Loan Party.

(d) Each party’s obligations under this **Section 10.12** shall survive the resignation or replacement of the Administrative Agent or any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations under any Loan Document.

ARTICLE 11. MISCELLANEOUS

Section 11.1 Expenses.

(a) Each Borrower hereby agrees to pay on demand: (i) all reasonable out-of-pocket costs and expenses of Arranger, Administrative Agent, L/C Issuer, Swing Line Lender and their Related Parties in connection with the syndication and distribution of the Revolving Credit Facility and the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents and any and all amendments, modifications, renewals, extensions, supplements, waivers, consents and ratifications thereof and thereto, including, without limitation, the reasonable fees and expenses of legal counsel, advisors, consultants, and auditors for Administrative Agent, L/C Issuer, Swing Line Lender and their Related Parties; (ii) all reasonable costs and expenses of Administrative Agent, L/C Issuer, Swing Line Lender and each Lender in connection with any Default and the enforcement of this Agreement or any other Loan Document, including, without limitation, court costs and fees and expenses of legal counsel, advisors, consultants, and auditors for Administrative Agent, L/C Issuer, Swing Line Lender and each Lender; (iii) all reasonable costs and expenses incurred by L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder; (iv) all transfer, stamp, documentary, or other similar taxes, assessments, or charges levied by any Governmental Authority in respect of this Agreement or any of the other Loan Documents; (v) all reasonable costs, expenses, assessments, and other charges incurred in connection with any filing, registration, recording, or perfection of any Lien contemplated by this Agreement or any other Loan Document; and (vi) all other reasonable costs and expenses incurred by Administrative Agent, L/C Issuer, Swing Line Lender and any Lender in connection with the enforcement or protection of its rights under this Agreement or any other Loan Document, any workout or restructuring (including the negotiations thereof), any litigation, dispute, suit, proceeding or action, the enforcement of its rights and remedies, and the protection of its interests in bankruptcy, insolvency or other legal proceedings, including, without limitation, all costs, expenses, and other charges (including Administrative Agent's and such Lender's, L/C Issuer's, and Swing Line Lender's internal charges) incurred in connection with evaluating, observing, collecting, examining, auditing, appraising, selling, liquidating, or otherwise disposing of the Collateral or other assets of the Loan Parties. Borrowers shall be responsible for all expenses described in this **clause (a)** whether or not any Credit Extension is ever made. Any amount to be paid under this **Section 11.1** shall be a demand obligation owing by Borrowers and if not paid within ten (10) days of demand shall bear interest, to the extent not prohibited by and not in violation of applicable Law, from the date of expenditure until paid at a rate per annum equal to the Default Interest Rate. The obligations of Borrowers under this **Section 11.1** shall survive payment of the Notes and other obligations hereunder and the assignment of any right hereunder.

(b) To the extent that Borrowers for any reason fail to indefeasibly pay any amount required under **Section 11.1(a)** or **Section 11.2** to be paid by it to Administrative

Agent, L/C Issuer, or Swing Line Lender (or any sub-agent thereof) or any Related Party of Administrative Agent, L/C Issuer, or Swing Line Lender (or any sub-agent thereof), each Lender severally agrees to pay to Administrative Agent, L/C Issuer, or Swing Line Lender (or any such sub-agent) or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Revolving Credit

Exposure at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against Administrative Agent, L/C Issuer, or Swing Line Lender (or any such sub-agent) or against any Related Party of Administrative Agent, L/C Issuer, or Swing Line Lender (or any sub-agent thereof) acting for Administrative Agent, L/C Issuer, or Swing Line Lender (or any such sub-agent) in connection with such capacity. **EACH LENDER ACKNOWLEDGES THAT SUCH PAYMENTS MAY BE IN RESPECT OF LOSSES, CLAIMS, DAMAGES, LIABILITIES OR RELATED EXPENSES ARISING OUT OF OR RESULTING FROM THE SOLE, CONTRIBUTORY, COMPARATIVE, CONCURRENT OR ORDINARY NEGLIGENCE OF THE PERSON (OR THE REPRESENTATIVES OF THE PERSON) TO WHOM SUCH PAYMENTS ARE TO BE MADE.**

Section 11.2 **INDEMNIFICATION.** EACH BORROWER SHALL INDEMNIFY ARRANGER, ADMINISTRATIVE AGENT, L/C ISSUER, SWING LINE LENDER, EACH LENDER AND EACH RELATED PARTY THEREOF (EACH, AN "**INDEMNITEE**") FROM, AND HOLD EACH OF THEM HARMLESS AGAINST, ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES) TO WHICH ANY OF THEM MAY BECOME SUBJECT WHICH DIRECTLY OR INDIRECTLY ARISE FROM OR RELATE TO (A) THE NEGOTIATION, EXECUTION, DELIVERY, PERFORMANCE, ADMINISTRATION, OR ENFORCEMENT OF ANY OF THE LOAN DOCUMENTS, (B) ANY OF THE TRANSACTIONS CONTEMPLATED BY THE LOAN DOCUMENTS, (C) ANY BREACH BY ANY BORROWER OF ANY REPRESENTATION, WARRANTY, COVENANT, OR OTHER AGREEMENT CONTAINED IN ANY OF THE LOAN DOCUMENTS, (D) THE PRESENCE, RELEASE, THREATENED RELEASE, DISPOSAL, REMOVAL, OR CLEANUP OF ANY HAZARDOUS MATERIAL LOCATED ON, ABOUT, WITHIN, OR AFFECTING ANY OF THE PROPERTIES OR ASSETS OF HOLDINGS OR ANY OF ITS SUBSIDIARIES OR ANY OTHER LOAN PARTY, (E) ANY LOAN OR LETTER OF CREDIT OR USE OR PROPOSED USE OF THE PROCEEDS THEREFROM (INCLUDING ANY REFUSAL BY THE L/C ISSUER TO HONOR A DEMAND FOR PAYMENT UNDER A LETTER OF CREDIT IF THE DOCUMENTS PRESENTED IN CONNECTION WITH SUCH DEMAND DO NOT STRICTLY COMPLY WITH THE TERMS OF SUCH LETTER OF CREDIT) OR (F) ANY INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY THREATENED OR PROSPECTIVE INVESTIGATION, LITIGATION, OR OTHER PROCEEDING, RELATING TO ANY OF THE FOREGOING, WHETHER BROUGHT BY A THIRD PARTY OR BY ANY LOAN PARTY. WITHOUT LIMITING ANY PROVISION OF THIS AGREEMENT OR OF ANY OTHER LOAN DOCUMENT, IT IS THE EXPRESS INTENTION OF THE PARTIES HERETO THAT EACH INDEMNITEE SHALL BE INDEMNIFIED FROM AND

HELD HARMLESS AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES) ARISING OUT OF OR RESULTING FROM THE SOLE, CONTRIBUTORY, COMPARATIVE, CONCURRENT OR ORDINARY NEGLIGENCE OF SUCH INDEMNITEE (OR THE REPRESENTATIVES OF SUCH PERSON); *provided* that such indemnity shall not, as to any Indemnatee, be available to the

extent such losses, liabilities, claims, damages, penalties, judgments, disbursements, costs and expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnatee or (y) result from a claim not involving an act or omission of any Loan Party and that is brought by an Indemnatee against another Indemnatee (other than against the Arranger or Administrative Agent in their capacities as such). Any amount to be paid under this **Section 11.2** shall be a demand obligation owing by Borrowers and if not paid within fifteen (15) days after demand therefor shall bear interest, to the extent not prohibited by and not in violation of applicable Law, from the date of expenditure until paid at a rate per annum equal to the Default Interest Rate. The obligations of Borrowers under this **Section 11.2** shall survive payment of the Notes and other obligations hereunder and the assignment of any right hereunder.

Section 11.3 **Limitation of Liability**. None of Administrative Agent, L/C Issuer, Swing Line Lender, or any Lender, or any of their Related Parties, shall have any liability with respect to, and each Loan Party hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages (whether in contract, tort or otherwise) suffered or incurred by any Loan Party in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents. Each Loan Party hereby waives, releases, and agrees not to sue Arranger, Administrative Agent, L/C Issuer, Swing Line Lender, or any Lender, or any of their Related Parties, for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents.

Section 11.4 **No Duty**. All attorneys, accountants, appraisers, and other professional Persons and consultants retained by Arranger, Administrative Agent, any Lender, L/C Issuer, or Swing Line Lender shall have the right to act exclusively in the interest of Arranger or Administrative Agent or such Lender, L/C Issuer, or Swing Line Lender and shall have no duty of disclosure, duty of loyalty, duty of care, or other duty or obligation of any type or nature whatsoever to any Loan Party or any of such Loan Party's equity holders, Affiliates, officers, employees, attorneys, agents, or any other Person.

Section 11.5 **Lenders Not Fiduciary**. The relationship between Borrowers and each other Loan Party on the one hand, and Administrative Agent, Arranger and each Lender, L/C Issuer, and Swing Line Lender is solely that of debtor and creditor, and none of Administrative Agent, Arranger, any Lender, L/C Issuer, or Swing Line Lender, on the other hand, has any fiduciary or other special relationship with Borrowers or any other Loan Party, and no term or condition of any of the Loan Documents shall be construed so as to deem the relationship between Borrowers and each other Loan Party on the one hand, and Administrative Agent,

Arranger and each Lender, L/C Issuer, and Swing Line Lender, on the other hand, to be other than that of debtor and creditor.

Section 11.6 **Equitable Relief**. Each Loan Party recognizes that in the event Borrowers or any other Loan Party fails to pay, perform, observe, or discharge any or all of the Obligations, any remedy at law may prove to be inadequate relief to Administrative Agent or Lenders, L/C Issuer, or Swing Line Lender. Each Loan Party therefore agrees that Administrative Agent, any

Lender, L/C Issuer, or Swing Line Lender, if Administrative Agent or such Lender, L/C Issuer, or Swing Line Lender so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

Section 11.7 **No Waiver; Cumulative Remedies**. No failure on the part of Administrative Agent, any Lender, L/C Issuer, or Swing Line Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, remedy, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. The rights and remedies provided for in this Agreement and the other Loan Documents are cumulative and not exclusive of any rights and remedies provided by Law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, Administrative Agent in accordance with **Section 9.2** for the benefit of all the Lenders; *provided, however*, that the foregoing shall not prohibit (a) Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as Swing Line Lender) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with **Section 4.2** (subject to the terms of **Section 11.22**), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and *provided, further*, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to Administrative Agent pursuant to **Section 9.2** and (ii) in addition to the matters set forth in **clauses (b), (c) and (d)** of the preceding proviso and subject to **Section 11.22**, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

Section 11.8 **Successors and Assigns**.

(a) **Successors and Assigns Generally**. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Loan Party may assign or otherwise transfer any of its rights, duties, or obligations under this Agreement or the other Loan Documents without the prior written consent of Administrative Agent and

each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of **Section 11.8(b)**, (ii) by way of participation in accordance with the provisions of **Section 11.8(d)**, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of **Section 11.8(e)** (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in **Section 11.8(d)** and, to the extent expressly contemplated hereby, the Related Parties of each of Administrative Agent and Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) **Assignments by Lenders.** Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment(s) and the Loans at the time owing to it); *provided* that any such assignment shall be subject to the following conditions:

(i) **Minimum Amounts.** (A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment(s) and/or the Loans at the time owing to it or contemporaneous assignments to related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in **Section 11.8(b)(i)(B)** in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and (B) in any case not described in **Section 11.8(b)(i)(A)**, the aggregate amount of the Commitment(s) (which for this purpose includes Loans outstanding hereunder) or, if the applicable Commitment is not then in effect, the Outstanding Amount of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than \$5,000,000, unless each of Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower Representative otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) **Proportionate Amounts.** Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment(s) assigned.

(iii) **Required Consents.** No consent shall be required for any assignment except to the extent required by **Section 11.8(b)(i)(B)** and, in addition: (A) the consent of the Borrower Representative shall be required (such consent not to be unreasonably withheld or delayed) unless (x) an Event of Default under **Section 9.1(a)**, **Section 9.1(b)** (solely to the extent resulting from any failure to comply with **Section 6.1(c)**), **Section 9.1(c)** (solely to the extent resulting from any representations and warranties made in any Borrowing Base Report and any other

supporting information delivered in connection therewith being false, misleading or erroneous in any material respect), **Section 9.1(e)** or **Section 9.1(f)** has occurred and is continuing at the time of such assignment, or (y) such assignment is to an existing Lender, an Affiliate of an existing Lender or an Approved Fund; *provided* that (I) to the extent the aggregate amount of the Commitments of the Lenders then in effect is less than \$30,000,000, the Borrower Representative shall be deemed to have consented to any such assignment to any

Person that is not a Qualified Financial Institution unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof, and (II) in any other event, the Borrower Representative shall be deemed to have consented to any such assignment to any Person unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof; (B) the consent of Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Commitment or Revolving Credit Loans if such assignment is to a Person that is not a Lender with a Commitment, an Affiliate of such Lender or an Approved Fund with respect to such Lender; and (C) the consent of L/C Issuer and Swing Line Lender shall be required for any assignment in respect of the Revolving Credit Facility.

(iv) **Assignment and Assumption.** The parties to each assignment shall execute and deliver to Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; *provided* that Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment; and *provided further* that Borrowers shall not be obligated to pay for such processing and recording fee except in the case of any assignment made pursuant to the request of the Borrower Representative under **Section 3.6(b)**. The assignee, if it is not a Lender, shall deliver to Administrative Agent an Administrative Questionnaire.

(v) **No Assignment to Certain Persons.** No such assignment shall be made to (A) any Loan Party, or to either of their Affiliates or Subsidiaries or (B) any Defaulting Lender or any of its Affiliates, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this **clause (b)**.

(vi) **No Assignment to Natural Persons.** No such assignment shall be made to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person).

(vii) **Certain Additional Payments.** In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to such assignment shall make such additional payments to Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions,

including funding, with the consent of the Borrower Representative and Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by such Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to: (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to Administrative Agent or any Lender hereunder (and interest accrued thereon) and (B) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in

Letters of Credit and Swing Line Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by Administrative Agent pursuant to **Section 11.8(c)**, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of **Section 3.1**, **Section 3.2**, **Section 11.1** and **Section 11.2** with respect to facts and circumstances occurring prior to the effective date of such assignment; *provided that*, except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this **subsection** shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with **Section 11.8(d)**. Upon the consummation of any assignment pursuant to this **Section 11.8(b)**, if requested by the transferor or transferee Lender, the transferor Lender, Administrative Agent and Borrowers shall make appropriate arrangements so that replacement Notes are issued to such transferor Lender (if applicable) and new Notes or, as appropriate, replacement Notes, are issued to the assignee.

(c) **Register.** Administrative Agent, acting solely for this purpose as a non- fiduciary agent of Borrowers, shall maintain at one of its offices in Dallas, Texas a copy of each Assignment and Assumption delivered to it and a Register. The entries in the Register shall be conclusive absent manifest error, and Borrowers, Administrative Agent and Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) **Participations.** Any Lender may at any time, without the consent of, or notice to, any Loan Party or Administrative Agent, sell participations to a Participant in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment(s) and/or the Loans owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) each Loan Party, Administrative Agent, and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under **Section 11.1(b)** without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in **Section 11.10** which requires the consent of all Lenders and affects such Participant. Each Borrower agrees that each Participant shall be entitled to the benefits of **Sections 3.1, 3.4** and **3.5** (subject to the requirements and limitations therein, including the requirements under **Section 3.4(g)** (it being understood that the documentation required under **Section 3.4(g)** shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; *provided* that such Participant (A) agrees to be subject to the provisions of **Section 3.6** as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under **Sections 3.1** or **3.4**, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at Borrowers' request and expense, to use reasonable efforts to cooperate with Borrowers to effectuate the provisions of **Section 3.6** with respect to any Participant. To the extent permitted by Law, each Participant also shall be entitled to the benefits of **Section 11.24** as though it were a Lender; *provided* that such Participant agrees to pay to Administrative Agent any amount set-off for application to the Obligations under the Loan Documents as required pursuant to **Section 11.24**; *provided further* that such Participant agrees to be subject to **Section 11.22** as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrowers, maintain a Participant Register; *provided* that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such

participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) **Certain Pledges.** Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) **Dissemination of Information.** Each Loan Party authorizes Administrative Agent and each Lender to disclose to any actual purchaser or prospective purchaser, assignee or other recipient of a Lender's Commitment, any and all information in Administrative Agent's or such Lender's possession concerning Borrowers, the other Loan Parties and their respective Affiliates, in each case subject to **Section 11.25** hereof.

Section 11.9 **Survival.** All representations and warranties made in this Agreement or any other Loan Document or in any document, statement, or certificate furnished in connection with this Agreement shall survive the execution and delivery of this Agreement and the other Loan Documents, and no investigation by Administrative Agent or any Lender or any closing shall affect the representations and warranties or the right of Administrative Agent or any Lender to rely upon them. Without prejudice to the survival of any other obligation of any Loan Party hereunder, the obligations of Borrowers under **Sections 11.1** and **11.2** shall survive repayment of the Obligations and termination of the Commitments.

Section 11.10 **Amendment.** Subject to **Section 3.3(b)**, the provisions of this Agreement and the other Loan Documents to which Borrowers or any other Loan Party is a party (other than the Issuer Documents) may be amended or waived only by an instrument in writing signed by Required Lenders (or by Administrative Agent with the consent of Required Lenders) and each Loan Party thereto and acknowledged by Administrative Agent; *provided, however*, that no such amendment or waiver shall:

(a) waive any condition set forth in **Section 4.1**, without the written consent of each Lender;

(b) extend or increase any Commitment of any Lender (or reinstate any Commitment terminated pursuant to **Section 9.2**) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayment) of principal, interest, fees or other amounts due to Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby; *provided, however*,

that (i) any amendment or modification of the financial covenants in this Agreement (or any defined term used therein) shall not constitute a reduction in the rate of interest or fees for purposes of this **clause (d)** and (ii) only the consent of Required Lenders shall be necessary to adjust the Default Interest Rate or to waive any obligation of Borrowers to pay interest at such rate;

(e) change any provision of this **Section 11.10** or the definition of “*Required Lenders*” or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

(f) change **Section 9.3** in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender; or

(g) release any Guaranty or all or substantially all of the Collateral (in each case, except as provided herein) without the written consent of each Lender;

and, *provided further*, that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of the L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by Administrative Agent in addition to Lenders required above, affect the rights or duties of Administrative Agent under this Agreement or any other Loan Document; (iv) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto; and (v) Borrowers and Administrative Agent may amend this Agreement or any other Loan Document without the consent of Lenders (unless the Required Lenders object in writing within five (5) Business Days of notice by Administrative Agent of such amendment) in order to (A) correct, amend or cure any ambiguity, inconsistency or defect or correct any typographical error or other manifest error in any Loan Document or (B) comply with local Law or advice of local counsel in any jurisdiction the Laws of which govern any Security Document or that are relevant to the creation, perfection, protection and/or priority of any Lien in favor of Administrative Agent, (C) effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties, (D) make administrative or operational changes not adverse to any Lender or (E) add a Guarantor or Collateral or otherwise enhance the rights and benefits of the Lenders.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment(s) of any Defaulting Lender may not be increased or extended without the consent of such Lender; and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any

Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

Section 11.11 **Notices.**

(a) **Notices Generally.** Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in **Section 11.11(b)**), all notices and other communications provided for herein shall be in

writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or, solely in the case of notices and other communications to the Loan Parties, by e-mail, in each case as set forth on **Schedule 11.11** (*provided, however*, that any notice or communication sent by facsimile to a Loan Party shall also be delivered in writing via a separate method provided in this **Section 11.11(a)**). Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications, to the extent provided in **Section 11.11(b)** shall be effective as provided in **Section 11.11(b)**.

(b) **Electronic Communications.** Notices and other communications to Lenders and hereunder may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by Administrative Agent, *provided* that the foregoing shall not apply to notices to any Lender pursuant to **Article 2** if such Lender has notified Administrative Agent that it is incapable of receiving notices under **Article 2** by electronic communication. Administrative Agent may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; *provided* that approval of such procedures may be limited to particular notices or communications.

Unless Administrative Agent otherwise prescribes, notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); *provided* that, if such e-mail communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) **Change of Address, etc.** Any party hereto may change its address, facsimile number or e-mail address for notices and other communications hereunder by notice to the other parties hereto, **Schedule 11.11** shall be deemed to be amended by each such change, and Administrative Agent is authorized, in its discretion, from time to time to reflect each such change in an amended **Schedule 11.11** provided by Administrative Agent to each party hereto.

(d) **Platform.**

(i) Each Loan Party agrees that Administrative Agent may, but shall not be obligated to, make the Communications (as defined below) available to the Lenders, L/C Issuer or Swing Line Lender by posting the Communications on the Platform.

(ii) The Platform is provided “as is” and “as available.” The Agent Parties do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Agent Parties have any liability to any Loan Party, any Lender or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Loan Party’s or Administrative Agent’s transmission of Communications through the Platform.

(iii) Each Loan Party (by its, his or her execution of a Loan Document) hereby authorizes Administrative Agent, each Lender, Swing Line Lender and their respective counsel and agents and Related Parties (each an “**Authorized Party**”) to communicate and transfer documents and other information (including confidential information) concerning this transaction or any Loan Party and the business affairs of such Loan Parties via the internet or other electronic communication method. In no event shall any Authorized Party have any liability to any Loan Party, any Lender or any other Person or entity for damages of any kind (whether in tort, contract or otherwise) arising out of any such communications or transmissions, except to the extent that such damages are determined by a court of competent jurisdiction in a final and nonappealable judgment to have directly resulted from the gross negligence or willful misconduct of such Authorized Party; *provided, however*, that in no event shall any Authorized Party have any liability for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

Section 11.12 **Governing Law; Venue; Service of Process.**

(a) **Governing Law.** This Agreement and the other Loan Documents and any claims, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the Laws of the Texas (without reference to applicable rules of conflicts of Laws), except to the extent the Laws of any jurisdiction where Collateral is located require application of such Laws with respect to such Collateral.

(b) **Jurisdiction.** Each Loan Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against Administrative Agent, any Lender, L/C Issuer, Swing Line Lender or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than any U.S. federal or Texas state court sitting in Dallas County, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such Texas state court or, to the fullest extent permitted by applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Nothing in this Agreement or in any other Loan Document shall affect any right that Administrative Agent, any Lender, L/C Issuer or Swing Line Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Borrower or any of the other Loan Parties or their Properties in the courts of any jurisdiction.

(c) **Waiver of Venue.** Each Loan Party irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in **paragraph (b)** of this **Section**. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) **Service of Process.** Each party hereto irrevocably consents to service of process by the mailing thereof, in the manner provided for the mailing of notices in **Section 11.11**. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by applicable Law.

Section 11.13 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Except as provided in **Section 4.1**, this Agreement shall become effective when it shall have been executed by Administrative Agent and when Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic imaging means (e.g. “pdf” or “tif”) shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 11.14 **Severability.** Any provision of this Agreement or any other Loan Document held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Agreement and the effect thereof shall be confined to the provision held to be invalid or illegal. Furthermore, in lieu of such invalid or unenforceable provision there shall be added as a part of this Agreement or the other Loan Documents a

provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

Section 11.15 **Headings**. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 11.16 **Construction**. Each Loan Party, Administrative Agent and each Lender acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement and the other Loan Documents with its legal counsel and that this Agreement and the other Loan Documents shall be construed as if jointly drafted by each Loan Party, Administrative Agent and each Lender.

Section 11.17 **Independence of Covenants**. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default if such action is taken or such condition exists.

Section 11.18 **WAIVER OF JURY TRIAL**. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS **SECTION 11.18**.

Section 11.19 **Additional Interest Provision; Ceiling Election**.

(a) It is expressly stipulated and agreed to be the intent of each Loan Party, Administrative Agent and each Lender at all times to comply strictly with the applicable Law governing the maximum rate or amount of interest payable on the indebtedness evidenced by any Note, any other Loan Document, and the Related Indebtedness (or applicable United States federal Law to the extent that it permits any Lender to contract for, charge, take, reserve or receive a greater amount of interest than under applicable Law). If the applicable Law is ever judicially interpreted so as to render usurious any amount (a) contracted for, charged, taken, reserved or received pursuant to any Note, any of the other Loan Documents or any other communication or writing by or between any Borrower or any other Loan Party and any Lender related to the transaction or transactions that are the subject matter of the Loan Documents, (b) contracted for, charged, taken, reserved or received by reason of Administrative Agent's or any Lender's exercise of the option to accelerate the maturity of any Note and/or the Related Indebtedness, or (c) any Loan Party will have paid or Administrative Agent or any Lender will

have received by reason of any voluntary prepayment by Borrowers or any other Loan Party of any Note and/or the Related Indebtedness, then it is Borrowers' and each other Loan Party's, Administrative Agent's and Lenders' express intent that all amounts charged in excess of the Maximum Rate shall be automatically canceled, ab initio, and all amounts in excess of the Maximum Rate theretofore collected by Administrative Agent or any Lender shall be credited on the principal balance of any Note and/or the Related Indebtedness (or, if any Note and all Related Indebtedness have been or would thereby be paid in full, refunded to Borrowers or such

other Loan Party, as applicable), and the provisions of any Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable Law, but so as to permit the recovery of the fullest amount otherwise called for hereunder and thereunder; *provided, however*, if any Note or Related Indebtedness has been paid in full before the end of the stated term thereof, then Borrowers, each other Loan Party, Administrative Agent and each Lender agree that Administrative Agent or any Lender, as applicable, shall, with reasonable promptness after Administrative Agent or such Lender discovers or is advised by any Loan Party that interest was received in an amount in excess of the Maximum Rate, either refund such excess interest to such Loan Party, as applicable, and/or credit such excess interest against such Note and/or any Related Indebtedness then owing by Borrowers and the other Loan Parties to Administrative Agent or such Lender. Each Loan Party hereby agrees that as a condition precedent to any claim seeking usury penalties against Administrative Agent or such Lender, such Loan Party will provide written notice to Administrative Agent or any Lender, advising Administrative Agent or such Lender in reasonable detail of the nature and amount of the violation, and Administrative Agent or such Lender shall have sixty (60) days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to such Loan Parties, as applicable, or crediting such excess interest against the Note to which the alleged violation relates and/or the Related Indebtedness then owing by the Loan Parties to Administrative Agent or such Lender. All sums contracted for, charged, taken, reserved or received by Administrative Agent or any Lender for the use, forbearance or detention of any debt evidenced by any Note and/or the Related Indebtedness shall, to the extent permitted by applicable Law, be amortized or spread, using the actuarial method, throughout the stated term of such Note and/or the Related Indebtedness (including any and all renewal and extension periods) until payment in full so that the rate or amount of interest on account of any Note and/or the Related Indebtedness does not exceed the Maximum Rate from time to time in effect and applicable to such Note and/or the Related Indebtedness for so long as debt is outstanding. Notwithstanding anything to the contrary contained herein or in any of the other Loan Documents, it is not the intention of Administrative Agent or any Lender to accelerate the maturity of any interest that has not accrued at the time of such acceleration or to collect unearned interest at the time of such acceleration.

(b) To the extent that any Lender is relying on Chapter 303 of the Texas Finance Code to determine the Maximum Rate payable on any Note and/or any other portion of the Obligations under the Loan Documents, such Lender will utilize the weekly ceiling from time to time in effect as provided in such Chapter 303. To the extent United States federal Law permits any Lender to contract for, charge, take, receive or reserve a greater amount of interest than under Texas Law, such Lender will rely on United States federal Law instead of such Chapter 303 for the purpose of determining the Maximum Rate. Additionally, to the extent permitted by applicable Law now or hereafter in effect, any Lender may, at its option and from

time to time, utilize any other method of establishing the Maximum Rate under such Chapter 303 or under other applicable Law by giving notice, if required, to the Borrowers as provided by applicable Law now or hereafter in effect.

Section 11.20 **USA Patriot Act Notice.** Administrative Agent and each Lender hereby notifies each Loan Party that pursuant to the requirements of the Patriot Act, it is required to

obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow Administrative Agent and such Lender to identify each Loan Party in accordance with the Patriot Act. In addition, each Loan Party agrees to (a) ensure that no Person who owns a controlling interest in or otherwise controls any Loan Party or any Subsidiary of Holdings or any other Loan Party is or shall be a Sanctioned Person, (b) not to use or permit the use of proceeds of the Obligations to violate any Anti-Corruption Laws, Anti-Terrorism Laws or any applicable Sanctions, and (c) comply, or cause its Subsidiaries to comply, with the applicable Laws.

Section 11.21 **Defaulting Lenders.**

(a) **Adjustments.** Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) **Waivers and Amendments.** Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and in **Section 11.10**.

(ii) **Defaulting Lender Waterfall.** Any payment of principal, interest, fees or other amounts received by Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to **Article 9** or otherwise) or received by Administrative Agent from a Defaulting Lender shall be applied at such time or times as may be determined by Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to L/C Issuer or Swing Line Lender hereunder; *third*, to Cash Collateralize L/C Issuer's Fronting Exposure, if any, with respect to such Defaulting Lender in accordance with **Section 2.7**; *fourth*, as Borrowers may request (so long as no Default or Event of Default is continuing), to the funding of any Revolving Credit Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by Administrative Agent; *fifth*, if so determined by Administrative Agent and Borrowers, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Revolving Credit Loans under this Agreement and (y) Cash Collateralize L/C Issuer's future Fronting Exposure, if any, with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with **Section 2.7**; *sixth*, to the payment of any amounts owing to Lenders, L/C Issuer or Swing Line Lender

as a result of any judgment of a court of competent jurisdiction obtained by any Lender, L/C Issuer or Swing Line Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default is continuing, to the payment of any amounts owing to Borrowers as a result of any judgment of a court of competent jurisdiction obtained by Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; *provided* that, if (x) such payment is a payment of the principal amount of any Loans or L/C Borrowings in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in **Section 4.2** were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Obligations owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or L/C Obligations owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations and Swing Line Loans are held by Lenders pro rata in accordance with the Commitments under the Revolving Credit Facility without giving effect to **Section 11.21(a)(iv)**. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this **Section 11.21(a)(ii)** shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) **Certain Fees.**

(A) No Defaulting Lender shall be entitled to receive any fee payable under **Section 2.4(c)** for any period during which that Lender is a Defaulting Lender (and Borrowers shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive Letter of Credit Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to **Section 2.7**.

(C) With respect to any fee payable under **Section 2.4(c)** or to any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to **clause (A)** or **(B)** above, Borrowers shall (x) pay to each Lender that is a Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations or Swing Line Loans that has been reallocated to such Non-Defaulting Lender pursuant to **clause (iv)** below, (y) pay to L/C Issuer and Swing Line Lender, as

applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such L/C Issuer's or Swing Line Lender's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) **Reallocation of Applicable Percentages to Reduce Fronting Exposure.** All or any part of such Defaulting Lender's participation in L/C Obligations and Swing Line Loans shall be reallocated among the Lenders that are Non-Defaulting Lenders in accordance with their respective Applicable Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that such reallocation does not cause the aggregate Revolving Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. Subject to **Section 11.22**, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) **Cash Collateral, Repayment of Swing Line Loans.** If the reallocation described in **clause (a)(iv)** above cannot, or can only partially, be effected, Borrowers shall, without prejudice to any right or remedy available to it hereunder or under applicable Law, (x) first, prepay Swing Line Loans in an amount equal to Swing Line Lender's Fronting Exposure and (y) second, Cash Collateralize L/C Issuers' Fronting Exposure in accordance with the procedures set forth in **Section 2.7**.

(b) **Defaulting Lender Cure.** If Borrowers, Administrative Agent, Swing Line Lender and L/C Issuer agree in writing that a Lender is no longer a Defaulting Lender, Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a pro rata basis by Lenders in accordance with their Applicable Percentages (without giving effect to **Section 11.21(a)(iv)**), whereupon such Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of Borrowers while that Lender was a Defaulting Lender; and *provided, further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

Section 11.22 **Sharing of Payments by Lenders.** If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it or other obligations hereunder, resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans and accrued interest

thereon greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall:

(a) notify Administrative Agent of such fact; and

(b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this **Section 11.22** shall not be construed to apply to: (A) any payment made by or on behalf of Borrowers pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender); or (B) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations in L/C Obligations or Swing Line Loans to any assignee or participant, other than an assignment to any Borrower or any Affiliate thereof (as to which the provisions of this **Section 11.22** shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party, as applicable, rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

Section 11.23 Payments Set Aside. To the extent that any payment by or on behalf of any Loan Party is made to Administrative Agent, L/C Issuer or any Lender, or Administrative Agent, L/C Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Administrative Agent, L/C Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and L/C Issuer severally agrees to pay to Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of Lenders and L/C Issuer under **clause (b)** of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

Section 11.24 **Setoff**. If an Event of Default has occurred and is continuing, Administrative Agent and each Lender shall have the right to set off against the Obligations under the Loan Documents, at any time and without notice to any Loan Party, any and all

deposits (general or special, time or demand, provisional or final) or other sums at any time credited by or owing from Administrative Agent or such Lender to such Loan Party whether or not the Obligations under the Loan Documents are then due; *provided* that in the event that any Defaulting Lender shall exercise any such right of setoff: (a) all amounts so set off shall be paid over immediately to Administrative Agent for further application in accordance with the provisions of **Section 11.21** and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of Administrative Agent and Lenders; and (b) such Defaulting Lender shall provide promptly to Administrative Agent a statement describing in reasonable detail the Obligations under the Loan Documents owing to such Defaulting Lender as to which it exercised such right of setoff. Each amount set off shall be paid to Administrative Agent for application to the Obligations under the Loan Documents in the order set forth in **Section 9.3**. As further security for the Obligations, each Loan Party hereby grants to Administrative Agent and each Lender a security interest in all money, instruments, and other Property of such Loan Party, as applicable, now or hereafter held by Administrative Agent or such Lender, including, without limitation, Property held in safekeeping. In addition to Administrative Agent's and each Lender's right of setoff and as further security for the Obligations, each Loan Party hereby grants to Administrative Agent and each Lender a security interest in all deposits (general or special, time or demand, provisional or final) and other accounts of such Loan Party now or hereafter on deposit with or held by Administrative Agent or such Lender and all other sums at any time credited by or owing from Administrative Agent or such Lender to such Loan Party. The rights and remedies of Administrative Agent and each Lender hereunder are in addition to other rights and remedies (including, without limitation, other rights of setoff) which Administrative Agent or such Lender may have.

Section 11.25 **Confidentiality**. Each of Administrative Agent, L/C Issuer, Swing Line Lender and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential or shall otherwise be subject to confidentiality provisions generally), (b) to any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners) or any Governmental Authority, quasi-Governmental Authority or legislative committee, (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement or any other Loan Document, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to its being under a duty of confidentiality no less restrictive than this **Section 11.25**, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (ii) any actual or prospective counterparty (or its Related Parties) to any Bank Product relating to any Loan Party and its obligations, (iii) any actual or prospective purchaser of a Lender or its holding company, (iv) any rating agency or any similar organization in connection with the rating of any Loan Party or the Revolving Credit Facility or (v) the CUSIP Service Bureau or any similar organization in connection with the issuance and

monitoring of CUSIP numbers with respect to the Revolving Credit Facility, (g) with the consent of Borrowers or such other applicable Loan Parties, or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this **Section 11.25**

or (ii) becomes available to Administrative Agent, L/C Issuer, Swing Line Lender, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than Borrowers. In addition, Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to Administrative Agent and the Lenders in connection with the administration of this Agreement, the other Loan Documents, and the Commitments. For purposes of this **Section 11.25**, “**Information**” means all information received from any Borrower or any other Loan Party or any Subsidiary thereof relating to any Borrower or any other Loan Party or any Subsidiary thereof or any of their respective businesses which is clearly identified as confidential, other than any such information that is available to Administrative Agent, L/C Issuer, Swing Line Lender or any Lender on a nonconfidential basis prior to disclosure by any Borrower or any other Loan Party or any Subsidiary thereof; *provided* that, in the case of information received from any Borrower or any other Loan Party or any Subsidiary thereof after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this **Section 11.25** shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. Each Loan Party hereto agrees and confirms that, as between such Loan Party and Texas Capital Bank, the obligations of Texas Capital Bank under this **Section 11.25** supersede and replace in their respective entireties all confidentiality, non-disclosure and similar obligations of Texas Capital Bank, if any, set forth in any previous agreement between such Loan Party and Texas Capital Bank notwithstanding anything to the contrary contained therein.

Each Loan Party hereby authorizes Administrative Agent, with the written consent of the Borrower Representative, to publish the name and logo of any Loan Party and the amount of the credit facility provided hereunder in any “tombstone” or comparable advertisement which Administrative Agent desires to publish; provided, however, that Administrative Agent may provide industry trade organizations information necessary for inclusion in league table measurements without the written consent of, but with notice to, the Borrower Representative.

Section 11.26 **Electronic Execution of Assignments and Certain Other Documents**. The words “execute”, “execution”, “signed”, “signature”, and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state Laws based on the Uniform Electronic Transactions Act.

Section 11.27 **Acknowledgement and Consent to Bail-In of Affected Financial Institutions**. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

Section 11.28 **Keepwell**. Each Qualified ECP Guarantor party hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of such other Loan Party's (a) Swap Obligations and (b) obligations under the Guaranty including those with respect to Swap Obligations (*provided, however*, that each Qualified ECP Guarantor shall only be liable under this Section for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section, or otherwise under this Agreement or any other Loan Document, voidable under applicable Law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect until the Obligations (other than contingent indemnification obligations that survive the termination of this Agreement) have been paid in full and the Commitments have expired or terminated. Each Qualified ECP Guarantor intends that this Section constitute, and this Section shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(ii) of the Commodity Exchange Act.

Section 11.29 **NOTICE OF FINAL AGREEMENT**. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR

SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

Section 11.30 **Acknowledgement Regarding Any Supported QFCs.** To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedge Agreements or any other agreement or instrument that is a QFC (such support, “***QFC Credit Support***” and each such QFC a “***Supported QFC***”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “***U.S. Special Resolution Regimes***”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of Texas and/or of the United States or any other state of the United States):

In the event a Covered Entity that is party to a Supported QFC (each, a “***Covered Party***”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regimes if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States.

ARTICLE 12. GUARANTY

Section 12.1 **Guaranty.** In consideration of the Loans, advances and other credit heretofore or hereafter granted by the Secured Parties to Borrowers pursuant to this Agreement and the other Loan Documents and in further consideration of any Bank Product Agreements, Guarantors hereby, jointly and severally, unconditionally, absolutely and irrevocably, guarantee to the Secured Parties, the due and punctual payment at maturity, whether by acceleration or otherwise, and the due fulfillment and performance of the Obligations. Each Guarantor is jointly and severally liable for the full payment and performance of the Obligations as a primary obligor.

Section 12.2 **Payment.** If any of the Obligations is not punctually paid when such indebtedness becomes due and payable, either by its terms or as a result of the exercise of any power to accelerate, Guarantors shall, immediately on demand and without presentment, protest,

notice of protest, notice of nonpayment, notice of intent to accelerate, notice of acceleration or any other notice whatsoever (all of which are expressly waived in accordance with **Section 12.3** hereof), pay the amount due and payable thereon to Administrative Agent, at its Principal Office.

It is not necessary for Administrative Agent, in order to enforce such payment by Guarantors, first to institute suit or exhaust its remedies against Borrowers or others liable on the Obligations, or to enforce its rights against any security given to secure such Obligations. Administrative Agent is not required to mitigate damages or take any other action to reduce, collect or enforce the Obligations. No setoff, counterclaim, reduction or diminution of any obligation, or any defense of any kind which any Guarantor has or may have against any Borrower or any Secured Party shall be available hereunder to Guarantors. No payment by any Guarantor shall discharge the liability of Guarantors hereunder until the Obligations have been fully satisfied and the Release Date shall have occurred. If Administrative Agent must rescind or restore any payment, or any part thereof, received by Administrative Agent on any part of the Obligations, any prior release or discharge from the terms of this Guaranty given Guarantors by Administrative Agent or any reduction of any Guarantor's liability hereunder shall be without effect, and this Guaranty shall remain in full force and effect.

Section 12.3 **Agreements and Waivers.** Each Guarantor

(a) agrees to all terms and agreements heretofore or hereafter made by Borrowers with Administrative Agent and/or any other Secured Party;

(b) agrees that Administrative Agent may without impairing its rights or the obligations of such Guarantor hereunder (i) waive or delay the exercise of any of its rights or remedies against or release Borrowers or any other Person, including, without limitation, any other party who is or whose Property is liable with respect to the Obligations or any part thereof (Guarantors and any such other Person or Persons are hereafter collectively called the "**Sureties**" and individually called a "**Surety**"); (ii) take or accept any other security, collateral or guaranty, or other assurance of the payment of all or any part of the Obligations; (iii) release, surrender, exchange, subordinate or permit or suffer to exist any deterioration, waste, loss or impairment (including without limitation negligent, willful, unreasonable or unjustified impairment) of any collateral, Property or security, at any time existing in connection with, or assuring or securing payment of, all or any part of the Obligations or the liability of such Guarantor or any other Surety; (iv) increase, renew, extend, or modify the terms of any of the Obligations or any instrument or agreement evidencing the same; (v) apply payments by Borrowers, any Surety, or any other Person, to any of the Obligations; (vi) bring suit against any one or more Sureties without joining any other Surety or Borrowers in such proceeding; (vii) compromise or settle with any one or more Sureties in whole or in part for such consideration or no consideration as Administrative Agent may deem appropriate; or (viii) partially or fully release any Guarantor or any other Surety from liability hereunder;

(c) agrees that the obligations of such Guarantor under this Guaranty shall not be released, diminished, or adversely affected by any of the following: (i) the insolvency, bankruptcy, rearrangement, adjustment, composition, liquidation, disability, dissolution or lack of power of Borrowers or any Surety; (ii) the invalidity, illegality or unenforceability of all or any part of the Obligations or any document or agreement executed in connection

with the Obligations, for any reason, or the fact that any debt included in the Obligations exceeds the amount permitted by Law; (iii) the failure of Administrative Agent or any other party to exercise diligence or reasonable care or to act in a commercially reasonable manner in the preservation, protection, enforcement, sale or other handling or treatment of all or any part of such collateral, Property or security; (iv) the fact that any collateral, security or Lien contemplated or intended to be given, created or granted as security for the repayment of the Obligations is not properly perfected or created, or proves to be unenforceable or subordinate to any other Lien; (v) the fact that any Borrower has any defense to the payment of all or any part of the Obligations; (vi) any payment by Borrowers or any Surety to Administrative Agent and/or any other Secured Party is a preference under applicable Debtor Relief Laws, or for any reason Administrative Agent and/or any other Secured Party is required to refund such payment or pay such amounts to Borrowers, any such Surety, or someone else; (vii) any defenses which Borrowers could assert on the Obligations, including but not limited to failure of consideration, breach of warranty, fraud, payment, accord and satisfaction, strict foreclosure, statute of frauds, bankruptcy, statute of limitations, lender liability and usury; or (viii) any other action taken or omitted to be taken with respect to this Agreement, the Loan Documents, the Obligations, the security and collateral therefor whether or not such action or omission prejudices such Guarantor or any Surety, or increases the likelihood that such Guarantor will be required to pay the Obligations pursuant to the terms hereof;

(d) agrees that such Guarantor is obligated to pay the Obligations when due, notwithstanding any occurrence, circumstance, event, action or omission whatsoever, whether or not particularly described herein, except for the full and final payment and satisfaction of the Obligations;

(e) to the extent allowed by applicable Law, waives all rights and remedies now or hereafter accorded by applicable Law to guarantors or sureties, including without limitation any defense, right of offset or other claim which such Guarantor may have against Borrowers or which Borrowers may have against Administrative Agent and/or the Lenders;

(f) waives all notices whatsoever with respect to this Guaranty or with respect to the Obligations, including, but without limitation, notice of (i) Administrative Agent's and/or any other Secured Party's acceptance hereof or its intention to act, or its action, in reliance hereon; (ii) the present existence, future incurring, or any amendment of the provisions of any of the Obligations or any terms or amounts thereof or any change therein in the rate of interest thereon; (iii) any default by Borrowers or any Surety; or (iv) the obtaining, enforcing, or releasing of any guaranty or surety agreement (in addition hereto), pledge, assignment or other security for any of the Obligations;

(g) waives notice of presentment for payment, notice of protest, protest, demand, notice of intent to accelerate, notice of acceleration and notice of nonpayment, protest in relation to any instrument evidencing any of the Obligations, and any demands and notices required by Law, except as such waiver may be expressly prohibited by Law, and diligence in bringing suits against any Surety; and

(h) waives each right to which it may be entitled by virtue of the Laws of the State of Texas governing or relating to suretyship and guaranties, including, without limitation, any rights under Rule 31, Texas Rules of Civil Procedure, Chapter 51 of the

Texas Property Code, Section 17.001 of the Texas Civil Practice and Remedies Code, Section 3.605 of the Uniform Commercial Code, and Chapter 43 of the Texas Civil Practice and Remedies Code, as any or all the same may be amended or construed from time to time, or the common law of the State of Texas at all relevant times.

Section 12.4 **Liability**. The liability of each Guarantor under this Guaranty is irrevocable, absolute and unconditional, without regard to the liability of any other Person, and shall not in any manner be affected by reason of any action taken or not taken by Administrative Agent and/or any other Secured Party, which action or inaction is herein consented and agreed to, nor by the partial or complete unenforceability or invalidity of any other guaranty or surety agreement, pledge, assignment or other security for any of the Obligations. No delay in making demand on Sureties or any of them for satisfaction of the liability hereunder shall prejudice Administrative Agent's right to enforce such satisfaction. All of Administrative Agent's rights and remedies shall be cumulative and any failure of Administrative Agent to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any time, and from time to time, thereafter. This is a continuing guaranty of payment, not a guaranty of collection, and this Guaranty shall be binding upon Guarantors regardless of how long before or after the date hereof any of the Obligations were or are incurred.

Section 12.5 **Subordination**. If a Borrower or any other Loan Party is now or hereafter becomes indebted to one or more Guarantors (such indebtedness and all interest thereon is referred to as the "***Affiliated Debt***"), such Affiliated Debt shall be subordinate in all respects to the full payment and performance of the Obligations, and no Guarantor shall be entitled to enforce or receive payment with respect to any Affiliated Debt until the Release Date. Each Guarantor agrees that any Liens, mortgages, deeds of trust, security interests, judgment liens, charges or other encumbrances upon any Loan Party's assets securing the payment of the Affiliated Debt shall be and remain subordinate and inferior to any Liens, mortgages, deeds of trust, security interests, judgment liens, charges or other encumbrances upon any Loan Party's assets securing the payment of the Obligations, and without the prior written consent of Administrative Agent, no Guarantor shall exercise or enforce any creditor's rights of any nature against any Loan Party to collect the Affiliated Debt (other than demand payment therefor). In the event of the receivership, bankruptcy, reorganization, arrangement, debtor's relief or other insolvency proceedings involving any Borrower or any applicable Loan Party as a debtor, Administrative Agent has the right and authority, either in its own name or as attorney-in-fact for any applicable Guarantor, to file such proof of debt, claim, petition or other documents and to take such other steps as are necessary to prove its rights hereunder and receive directly from the receiver, trustee or other court custodian, payments, distributions or other dividends which would otherwise be payable upon the Affiliated Debt. Each Guarantor hereby assigns such payments, distributions and dividends to Administrative Agent, and irrevocably appoints Administrative Agent as its true and lawful attorney-in-fact with authority to make and file in the name of such Guarantor any proof of debt, amendment of proof of debt, claim, petition or other document in such proceedings and to receive payment of any sums becoming distributable on account of the Affiliated Debt, and to execute such other documents and to give acquittances therefor and to do and perform all such other acts and things for and on behalf of such Guarantor as may be

necessary in the opinion of Administrative Agent in order to have the Affiliated Debt allowed in any such proceeding and to receive payments, distributions or dividends of or on account of the Affiliated Debt.

Section 12.6 **Subrogation**. No Guarantor waives or releases any rights of subrogation, reimbursement or contribution which such Guarantor may have, after full and final payment of the Obligations, against others liable on the Obligations. Each Guarantor's rights of subrogation and reimbursement are subordinate in all respects to the rights and claims of Administrative Agent and the other Secured Parties, and no Guarantor may exercise any rights it may acquire by way of subrogation under this Guaranty, by payment made hereunder or otherwise, until the Release Date. If any amount is paid to any Guarantor on account of such subrogation rights prior to the Release Date, such amount shall be held in trust for the benefit of Administrative Agent and/or the other Secured Parties to be credited and applied on the Obligations, whether matured or unmatured.

Section 12.7 **Other Indebtedness or Obligations of Guarantors**. If any Guarantor is or becomes liable for any indebtedness owed by any Loan Party to the Lenders by endorsement or otherwise than under this Guaranty, such liability shall not be affected by this Guaranty, and the rights of Administrative Agent and the Lenders hereunder shall be cumulative of all other rights that Administrative Agent and the Lenders may have against such Guarantor. The exercise by Administrative Agent of any right or remedy hereunder or under any other instrument or at law or in equity shall not preclude the concurrent or subsequent exercise of any other instrument or remedy at law or in equity and shall not preclude the concurrent or subsequent exercise of any other right or remedy. Further, without limiting the generality of the foregoing, this Guaranty is given by Guarantors as an additional guaranty to all guaranties heretofore or hereafter executed and delivered to Administrative Agent and/or the Lenders by Guarantors in favor of Administrative Agent and/or the Lenders relating to the indebtedness of the Loan Parties to the Secured Parties, and nothing herein shall be deemed to replace or be in lieu of any other of such previous or subsequent guaranties.

Section 12.8 **Costs and Expenses**. Guarantors jointly and severally agree to pay to Administrative Agent and the Lenders, upon demand, all losses and costs and expenses, including attorneys' fees, that may be incurred by Administrative Agent and the Lenders in attempting to cause the Obligations to be satisfied or in attempting to cause satisfaction of Guarantors' liability under this Guaranty.

Section 12.9 **Exercising Rights, Etc.** No notice to or demand upon any Guarantor in any case shall, of itself, entitle such Guarantor or any other Guarantor to any other or further notice or demand in similar or other circumstances. No delay or omission by Administrative Agent in exercising any power or right hereunder shall impair such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such power preclude other or further exercise thereof, or the exercise of any other right or power hereunder.

Section 12.10 **Benefit; Binding Effect**. This Guaranty shall inure to the benefit of Administrative Agent and each other Secured Party and their respective successors and assigns, and to any interest in any of the Obligations. All of the obligations of Guarantors arising

hereunder shall be jointly and severally binding on each of the Persons signing this Guaranty, and their respective successors and assigns (*provided, however*, that no Guarantor may, without the prior written consent of Administrative Agent in each instance, assign or delegate any of its rights, powers, duties or obligations hereunder, and any attempted assignment or delegation

made without Administrative Agent's prior written consent shall be void ab initio and of no force or effect).

Section 12.11 **Multiple Guarantors**. It is specifically agreed that Administrative Agent may enforce the provisions hereof with respect to one or more Guarantors without seeking to enforce the same as to all or any Guarantors. If one or more additional guaranty agreements ("**Other Guaranties**") are executed by one or more additional guarantors ("**Other Guarantors**"), which guarantee, in whole or in part, any of the Obligations, it is specifically agreed that Administrative Agent may enforce the provisions of this Guaranty or of the Other Guaranties with respect to one or more of Guarantors or any one or more of Other Guarantors under the Other Guaranties without seeking to enforce the provisions of this Guaranty or the Other Guaranties as to all or any of Guarantors or Other Guarantors. Each Guarantor hereby waives any requirement of joinder of all or any other Guarantor or all or any of the Other Guarantors in any suit or proceeding to enforce the provisions of this Guaranty or of the Other Guaranties. The liability hereunder of all Guarantors hereunder shall be joint and several.

Section 12.12 **Additional Guarantors**. From time to time subsequent to the date hereof, additional Persons may become parties hereto as additional Guarantors (each, an "**Additional Guarantor**"), by executing a Joinder Agreement. Upon delivery of any such Joinder Agreement to Administrative Agent, notice of which is hereby waived by Guarantors, each Additional Guarantor shall be a Guarantor and shall be as fully a party hereto as if Additional Guarantor were an original signatory hereto. Each Guarantor expressly agrees that its obligations arising hereunder shall not be affected or diminished by the addition or release of any other Guarantor hereunder, nor by any election of Administrative Agent not to cause any Subsidiary or Affiliate of Holdings to become an Additional Guarantor hereunder. This Guaranty shall be fully effective as to any Guarantor that is or becomes a party hereto regardless of whether any other Person becomes or fails to become or ceases to be a Guarantor hereunder.

Section 12.13 **Reinstatement**. Notwithstanding anything contained in this Agreement or the other Loan Documents, the obligations of each Guarantor under this **Article 12** shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor agrees that it will indemnify each Secured Party on demand for all reasonable costs and expenses (including, without limitation, reasonable fees of counsel) incurred by such Person in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any Debtor Relief Law.

Section 12.14 **Maximum Liability**. Anything in this Guaranty to the contrary notwithstanding, the obligations of each Guarantor hereunder shall be limited to a maximum aggregate amount equal to the largest amount that would not render its obligations hereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the

United States Code or any applicable provisions of comparable Law (collectively, the “**Fraudulent Transfer Laws**”), in each case after giving effect to all other liabilities of such Guarantor, contingent or otherwise, that are relevant under the Fraudulent Transfer Laws (specifically excluding, however, any liabilities of such Guarantor in respect of intercompany indebtedness to other Loan Parties or Affiliates of other Loan Parties to the extent that such indebtedness would be discharged in an amount equal to the amount paid or Property conveyed by such Guarantor under the Loan Documents) and after giving effect as assets, subject to **Section 12.6**, to the value (as determined under the applicable provisions of the Fraudulent Transfer Laws) of any rights to subrogation or contribution of such Guarantor pursuant to (a) applicable Law or (b) any agreement providing for an equitable allocation among such Guarantor and other Loan Parties of obligations arising under the Loan Documents and Bank Product Agreements.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

EXECUTED to be effective as of the date first written above.

BORROWERS:

NATURAL GAS SERVICES GROUP, LLC,

a Colorado corporation

By : /s/ Stephen C. Taylor

Name : Stephen C. Taylor

Title : Chief Executive Officer

GUARANTORS:

NGSG PROPERTIES, LLC,

a Colorado limited liability company

By : /s/ Stephen C. Taylor

Name : Stephen C. Taylor

Title : Chief Executive Officer

ADMINISTRATIVE AGENT:

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION,

as Administrative Agent, Swing Line Lender, L/C Issuer, and a Lender

By: /s/ Jeff A. Tompkins

Name: Jeff A. Tompkins

Title: Senior Vice President

[SIGNATURE PAGE TO CREDIT AGREEMENT – NATURAL GAS SERVICES GROUP, INC.]

[SIGNATURE PAGE TO CREDIT AGREEMENT – NATURAL GAS SERVICES

SCHEDULE 2.1

Commitments and Applicable Percentages

<u>Lender</u>	<u>Commitment</u>	<u>Applicable Percentage</u>
Texas Capital Bank, National Association	\$20,000,000	100.00%
Total:	\$20,000,000	100.00%

SCHEDULE 2.11**Deposit Accounts, Blocked Accounts**

Name of Loan Party	Name of Institution	Account Number	Description of Account	Excluded Account as of the Closing Date (Yes/No)
Natural Gas Services Group, Inc.	JPMorgan Chase Bank, N.A.	887288181	Control Account – Commercial Checking with Interest	No
Natural Gas Services Group, Inc.	JPMorgan Chase Bank, N.A.	473239940	ZBA - Commercial Checking- Payroll Account	Yes
Natural Gas Services Group, Inc.	JPMorgan Chase Bank, N.A.	657911918	ZBA - Commercial Checking – Credit Card Account	Yes
Natural Gas Services Group, Inc.	JPMorgan Chase Bank, N.A.	2951350491	Premium Commercial Money Market	No
NGSG Properties, LLC	JPMorgan Chase Bank, N.A.	196250937	Commercial Checking - Primary Real Estate Sub Account	No

SCHEDULE 5.5

Litigation and Judgments

None.

SCHEDULE 5.6(b)

Owned Real Property

<u>Owner</u>	<u>Street Address</u>	<u>Description</u>
Natural Gas Services Group, Inc.	12301 W CR 125 Odessa, TX 79765	Office and Fab\Service
Natural Gas Services Group, Inc.	4925 S CR 1303 Odessa, TX 79765	Old service location being used to house records
Natural Gas Services Group, Inc.	3900 N. 1 st Bloomfield, NM 87413	Office and Parts\Service
Natural Gas Services Group, Inc.	3690 CR 491 Lewiston, MI 49756	Rental\Service
NGSG Properties, LLC	404 Veterans Airpark Ln. Midland, TX 79705	Headquarters
Natural Gas Services Group, Inc.	5725 Birdcreek Avenue Catoosa, OK 74015	Fab

SCHEDULE 5.6(c)

Leased Real Property (Lessee)

Lessee	Property Address	Lessor	Monthly Lease Amount	Expiration Date
Natural Gas Services Group, Inc.	107 PR 1420 Bridgeport, TX 76426	Wise Commercial Properties	\$2,000.00	Month to Month
Natural Gas Services Group, Inc.	4721 N. Hwy. 171 Cleburne, TX 76033	Klement-Wes Partnership, Ltd	\$5,600.00	Month to Month
Natural Gas Services Group, Inc.	5757 Bird Creek Avenue Catoosa, OK 74015	Industrial Leasing Company, L.L.C.	\$7,425.00	11/14/2021
Natural Gas Services Group, Inc.	1400 S. 1200 E Vernal, Utah 84078	R&P Enterprises	\$950.00	Month to Month
Natural Gas Services Group, Inc.	120 W. Oklahoma Wheeler, TX 79096	Sandy Basin Properties, Ltd.	\$1,100.00	11/30/2022
Natural Gas Services Group, Inc.	24852 1 st Street Galeton, CO 80622	4 S's Holdings, LLC	\$3,943.30	2/28/2022
Natural Gas Services Group, Inc.	280 Industrial Dr. Carrollton, OH 44615	Lewis & Lewis Rentals	\$2,300.00	Month to Month
Natural Gas Services Group, Inc.	2200 Pool Rd. Ste. 104 Grapevine, TX 76051	First Tyrant	\$1,450.00	9/30/2021
Natural Gas Services Group, Inc.	402 Energy Ave, Unit "F" Carlsbad, NM 88220	RMI Properties, LLC	\$2,000.00	9/30/2022

SCHEDULE 5.9

Taxes

None.

SCHEDULE 5.13

Subsidiaries

<u>Loan Party</u>	<u>Jurisdiction of Organization</u>	<u>Ownership</u>
NGSG Properties, LLC	Colorado	Natural Gas Services Group, Inc. – 100%

Excluded Subsidiary

<u>Excluded Subsidiary</u>	<u>Jurisdiction of Organization</u>	<u>Ownership</u>
The Rabbi Trust under the Natural Gas Services Group, Inc. Deferred Compensation Plan	Texas	Natural Gas Services Group, Inc. – 100%

SCHEDULE 5.26

Material Agreements

None.

SCHEDULE 7.1

Existing Debt

None.

SCHEDULE 7.2

Existing Liens

None.

SCHEDULE 7.5

Existing Investments

None.

SCHEDULE 11.11

Notices

Notices under this Agreement shall be given:

- (a) if to Holdings, any Borrower or any other Loan Party, to it in the care of the Borrower Representative:

c/o Natural Gas Services Group, Inc.
404 Veterans Airpark Lane, Suite 300
Midland, Texas 79705
Attention: Stephen Taylor, President and Chief Executive Officer
E-mail: steve.taylor@ngsgi.com

- (b) if to Administrative Agent, to Texas Capital Bank, National Association at its Principal Office at:

Texas Capital Bank, National Association
2000 McKinney Avenue
Suite 700 Dallas, Texas 75201
Attention: ABL Portfolio Manager
E-Mail: ABL@texascapitalbank.com

with a copy to (which shall not constitute notice): Vinson & Elkins L.L.P.

2001 Ross Avenue, Suite 3900
Dallas, Texas 75201
Attention: Erec Winandy
E-Mail: ewinandy@velaw.com

Reporting Items:

Attention: ABL Portfolio Manager
Facsimile No.: (214) 210-3047
Telephone No.: (469) 399-8553
E-mail: Agency@TexasCapitalBank.com

Borrowing Requests, Repayments & Conversions: Attention: Loan Operations/PSE
Facsimile No. (877) 839-0609; Telephone No. (972) 656-6432;

- (c) if to L/C Lender - Same as (b);

- (d) if to Swing Line Lender Same as (b);

- (e) if to a Lender (other than Texas Capital Bank), to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

PLEDGE AND SECURITY AGREEMENT

This PLEDGE AND SECURITY AGREEMENT (as it may be amended, restated, supplemented or modified from time to time, this “Security Agreement”) is entered into as of May 11, 2021, by and among each of the undersigned identified on the signature pages hereto as Grantors (together with any other entity that may become a party hereto as provided herein, each a “Grantor, and collectively, the “Grantors”), and TEXAS CAPITAL BANK, NATIONAL ASSOCIATION, in its capacity as administrative agent (the “Administrative Agent”) for the Lenders and the other Secured Parties.

PRELIMINARY STATEMENTS

A. Reference is made to that certain Credit Agreement dated as of May 11, 2021, among NATURAL GAS SERVICES GROUP, INC., a Colorado corporation (“Holdings”, and together with any Domestic Subsidiary of Holdings that becomes party thereto from time to time as a “Borrower”, each a “Borrower” and collectively, the “Borrowers”), the other Loan Parties from time to time party thereto, the Administrative Agent, and the banks and other financial institutions from time to time party thereto as lenders (the “Lenders”) (as amended, restated, supplemented or otherwise modified from time to time, the “Credit Agreement”), pursuant to which the Lenders have agreed to make loans and other extensions of credit to the Borrowers for the purposes set forth therein.

B. The Loan Parties and/or certain of their Subsidiaries and certain Bank Product Providers have or may enter into certain Bank Product Agreements, including without limitation, Hedge Agreements (the “Secured Bank Product Agreements”).

C. The Guarantors have provided a guarantee under the Credit Agreement or may from time to time execute a written guaranty whether by means of a joinder or assumption agreement related thereto or otherwise (such guarantee and such written guaranty, joinders and assumption agreements, as they may from time to time be amended, restated, replaced, modified or supplemented, are collectively the “Guaranty”), pursuant to which, upon the terms and conditions stated therein, the Guarantors party thereto have agreed to guarantee the obligations of the Borrowers and the other Loan Parties under the Credit Agreement, the other Loan Documents and the Secured Bank Product Agreements. The Credit Agreement, the Guaranty, the other Loan Documents and the Secured Bank Product Agreements are collectively referred to herein as the “Secured Transaction Documents”.

D. The Administrative Agent and the other Secured Parties have conditioned their obligations under the Secured Transaction Documents upon the execution and delivery by the Grantors of this Security Agreement, and the Grantors have agreed to enter into this Security Agreement to secure all obligations owing to the Administrative Agent and the other Secured Parties under the Secured Transaction Documents.

E. Each Grantor has determined that valuable benefits will be derived by it as a result of the Credit Agreement and the extension of credit made (and to be made) by the Lenders thereunder.

ACCORDINGLY, the Grantors and the Administrative Agent, on behalf of the Secured Parties, hereby agree as follows:

ARTICLE I DEFINITIONS

1.1 Terms Defined in Credit Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

1.2 Terms Defined in UCC. Terms defined in the UCC which are not otherwise defined in this Security Agreement are used herein as defined in the UCC.

1.3 Definitions of Certain Terms Used Herein. As used in this Security Agreement, in addition to the terms defined in the introductory paragraph hereto and in the Preliminary Statements, the following terms shall have the following meanings:

“Account Debtor” means a Person who is obligated on an Account.

“Accounts” shall have the meaning set forth in Article 9 of the UCC.

“Amendment” shall have the meaning set forth in Section 4.4 hereof.

“Article” means a numbered article of this Security Agreement, unless another document is specifically referenced.

“Assigned Contracts” means, collectively, all of the Grantors’ rights and remedies under, and all moneys and claims for money due or to become due to any Grantor under all material contracts, and any and all amendments, supplements, extensions, and renewals thereof including all rights and claims of the Grantors now or hereafter existing: (a) under any insurance, indemnities, warranties, and guarantees provided for or arising out of or in connection with any of the foregoing agreements; (b) for any damages arising out of or for breach or default under or in connection with any of the foregoing contracts; (c) to all other amounts from time to time paid or payable under or in connection with any of the foregoing agreements; or (d) to exercise or enforce any and all covenants, remedies, powers and privileges thereunder.

“Assumption Agreement” means an Assumption Agreement substantially in the form of Annex 1 hereto.

“Chattel Paper” shall have the meaning set forth in Article 9 of the UCC.

“Collateral” shall have the meaning set forth in Article II.

“Collateral Report” means any certificate, report or other document delivered by any Grantor to the Administrative Agent or any Lender with respect to the Collateral pursuant to any Loan Document, including the Borrowing Base Report.

“Commercial Tort Claims” shall have the meaning set forth in Article 9 of the UCC.

“Commodity Account Control Agreement” means an agreement, in form and substance reasonably satisfactory to the Administrative Agent, among any Grantor, a commodity intermediary holding such Grantor’s assets, including funds and commodity contracts, and the Administrative Agent with respect to collection and control of all deposits, commodity contracts and other balances held in a Commodity Account maintained by any Grantor with such commodity intermediary.

“Commodity Accounts” shall have the meaning set forth in Article 9 of the UCC.

“Compressor Location” means, at any time, any customer location where a Grantor’s Compressor Unit is in the possession of a customer pursuant to a gas compression agreement entered into by a Grantor and such Person in the ordinary course of business.

“Control” shall have the meaning set forth in Article 8 or, if applicable, in Section 9.104, 9.105,

9.106 or 9.107 of Article 9 of the UCC.

“Copyrights” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following: (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications; (b) all renewals of any of the foregoing; (c) all income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; and (e) all rights corresponding to any of the foregoing throughout the world.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Deposit Account Control Agreement” means an agreement, in form and substance reasonably satisfactory to the Administrative Agent, among any Grantor, a banking institution holding such Grantor’s funds, and the Administrative Agent with respect to collection and control of all deposits and balances held in a Deposit Account maintained by any Grantor with such banking institution.

“Deposit Accounts” shall have the meaning set forth in Article 9 of the UCC.

“Documents” shall have the meaning set forth in Article 9 of the UCC.

“Effective Date” means (a) with respect to the Borrowers and each other Grantor party hereto on the date hereof, the “Closing Date” as defined in the Credit Agreement, and (b) with respect to each other Grantor, the “Effective Date” as defined in the Assumption Agreement by means of which such Grantor becomes a party hereto.

“Equipment” shall have the meaning set forth in Article 9 of the UCC.

“Event of Default” means an event described in Section 5.1 hereof.

“Excluded Payments” shall have the meaning set forth in Section 4.6(c)(iii) hereof.

“Exhibit” refers to a specific exhibit to this Security Agreement (unless another document is specifically referenced) as from time to time supplemented by any Assumption Agreements.

“Fixtures” shall have the meaning set forth in Article 9 of the UCC.

“General Intangibles” shall have the meaning set forth in Article 9 of the UCC.

“Goods” shall have the meaning set forth in Article 9 of the UCC.

“Instruments” shall have the meaning set forth in Article 9 of the UCC.

“Inventory” shall have the meaning set forth in Article 9 of the UCC.

“Investment Property” shall have the meaning set forth in Article 9 of the UCC.

“Letter-of-Credit Rights” shall have the meaning set forth in Article 9 of the UCC.

“Licenses” means, with respect to any Person, all of such Person’s right, title, and interest in and to (a) any and all licensing agreements or similar arrangements in and to its Patents, Copyrights, or

Trademarks, (b) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, and (c) all rights to sue for past, present, and future breaches thereof.

“Patents” means, with respect to any Person, all of such Person’s right, title, and interest in and to: (a) any and all patents and patent applications; (b) all inventions and improvements described and claimed therein; (c) all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof; (d) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements thereof; and (f) all rights corresponding to any of the foregoing throughout the world.

“Pledged Collateral” means all Instruments, Securities and other Investment Property of the Grantors, whether or not physically delivered to the Administrative Agent pursuant to this Security Agreement.

“Proceeds” shall have the meaning set forth in Article 9 of the UCC and, in any event shall include, without limitation all dividends or other income from the Pledged Collateral, collections thereon and distributions or payments with respect thereto.

“Receivables” means the Accounts, Chattel Paper, Documents, Investment Property, Instruments and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

“Section” means a numbered section of this Security Agreement, unless another document is specifically referenced.

“Securities Account Control Agreement” means an agreement, in form and substance reasonably satisfactory to the Administrative Agent, among any Grantor, a securities intermediary holding such Grantor’s assets, including funds and securities, or an issuer of Securities, and the Administrative Agent with respect to collection and control of all deposits, securities and other balances held in a Securities Account maintained by any Grantor with such securities intermediary.

“Securities Accounts” shall have the meaning set forth in Article 8 of the UCC.

“Security” shall have the meaning set forth in Article 8 of the UCC.

“Stock Rights” means all dividends, instruments or other distributions and any other right or property which the Grantors shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest and any right to receive earnings, in which the Grantors now have or hereafter acquire any right, issued by an issuer of such Equity Interest.

“Supporting Obligations” shall have the meaning set forth in Article 9 of the UCC.

“Trademarks” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following: (a) all trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing; (b) all licenses of the foregoing, whether as licensee or licensor; (c) all renewals of the foregoing; (d) all income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements of the

foregoing, including the right to settle suits involving claims and demands for royalties owing; and (f) all rights corresponding to any of the foregoing throughout the world.

“UCC” means the Uniform Commercial Code, as in effect from time to time, of the State of Texas or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection or priority of, or remedies with respect to, Administrative Agent’s or any Secured Party’s Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

GRANT OF SECURITY INTEREST

Each Grantor hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Secured Parties, a security interest in all of its right, title and interest in, to and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of such Grantor (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, such Grantor, and regardless of where located (all of which will be collectively referred to as the “Collateral”), including:

(i) all Pledged Collateral now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest and whether now existing or hereafter coming into existence;

(ii) all Accounts;

(iii) all Chattel Paper;

(iv) all Copyrights, Patents, Trademarks and other intellectual property; (v) all Documents;

(vi) all Equipment; (vii) all Fixtures;

(viii) all General Intangibles; (ix) all Goods;

(x) all Instruments;

(xi) all Inventory (including Compressor Units); (xii) all Investment Property;

(xiii) all cash or cash equivalents;

(xiv) all letters of credit, Letter-of-Credit Rights and Supporting Obligations;

(xv) all Deposit Accounts;

(xvi) all Commercial Tort Claims listed on Exhibit J hereto;

(xvii) all Securities Accounts; (xviii) all Commodity Accounts;

(xix) all Assigned Contracts;

(xx) all Hedge Agreements; and

(xxi) all accessions to, substitutions for and replacements, Proceeds (including Stock Rights), insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing;

to secure the prompt and complete payment and performance of the Obligations; provided, however, that "Collateral" shall not include any Excluded Assets; and provided further, that (x) Excluded Assets shall not include any proceeds, products, substitutions, or replacements of Excluded Assets unless such proceeds, products, substitutions, or replacements of Excluded Assets would otherwise constitute Excluded Assets and (y) if and when any such item, category or type of property shall cease to be an Excluded Asset, such property shall be deemed at all times from and after such date to constitute Collateral.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Each Grantor represents and warrants to the Administrative Agent and the Secured Parties that:

3.1 Title, Authorization, Validity, Enforceability, Perfection and Priority. Such Grantor has good and valid rights in or the power to transfer the Collateral and title to the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Liens permitted under Section 4.1(e), and has full power and authority to grant to the Administrative Agent the security interest in such Collateral pursuant hereto. The execution and delivery by such Grantor of this Security Agreement has been duly authorized by proper corporate, limited liability company, partnership, or other similar organizational actions, as applicable, of such Grantor, and this Security Agreement constitutes a legal valid and binding obligation of such Grantor and creates a security interest which is enforceable against such Grantor in all Collateral it now owns or hereafter acquires, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law. When financing statements have been filed in the appropriate offices against such Grantor in the locations listed on Exhibit H and all filing and recordation fees associated therewith have been paid, the Administrative Agent will have a validly perfected first priority security interest in that Collateral of the Grantor in which a security interest may be perfected by filing, subject only to Liens permitted under Section 4.1(e).

3.2 Type and Jurisdiction of Organization, Organizational and Identification Numbers. The type of entity of such Grantor, its state of organization, the organizational number issued to it by its state of organization and its federal employer identification number are set forth on Exhibit A.

3.3 Principal Location. Such Grantor's mailing address and the location of its place of business (if it has only one) or its chief executive office (if it has more than one place of business), are disclosed in Exhibit A.

3.4 Collateral Locations. All of such Grantor's locations where Collateral is located, excluding Compressor Locations, are listed on Exhibit A. All of said locations are owned by such Grantor except for locations (a) which are leased by the Grantor as lessee and designated in Part II(b) of Exhibit A and (b) at which Inventory or other Collateral is held in a public warehouse or is otherwise held by a bailee or on consignment as designated in Part II(c) of Exhibit A.

3.5 Deposit Accounts, Commodity Accounts and Securities Accounts. All of such Grantor's Deposit Accounts, Commodity Accounts and Securities Accounts (including any Excluded Accounts) as of the Effective Date are listed on Exhibit B.

3.6 Exact Names. As of the Effective Date, such Grantor's name in which it has executed this Security Agreement is the exact name as it appears in such Grantor's organizational documents, as amended, as filed with such Grantor's jurisdiction of organization. Except as may be described in Exhibit A, such Grantor has not, during the past five years, been known by or used any other corporate or fictitious name, or been a party to any merger or consolidation, or been a party to any acquisition.

3.7 Letter-of-Credit Rights and Chattel Paper. As of the Effective Date, Exhibit C lists all Letter-of-Credit Rights and Chattel Paper (including any customer contracts) of such Grantor as of the Effective Date. All action by such Grantor necessary or desirable to protect and perfect the Administrative Agent's Lien on each item listed on Exhibit C (including the delivery of all originals (other than with respect to any customer contracts) and the placement of a legend on all Chattel Paper as required hereunder) has been duly taken. The Administrative Agent will have a fully perfected first priority security interest in the Collateral listed on Exhibit C, subject only to Liens permitted under Section 4.1(e).

3.8 Accounts and Chattel Paper.

(a) The names of the obligors, amounts owing, due dates and other information with respect to its Accounts and Chattel Paper are and will be correctly stated in all material respects in all records of such Grantor relating thereto and in all invoices and Collateral Reports with respect thereto furnished to the Administrative Agent by such Grantor from time to time. As of the time when each Account or each item of Chattel Paper arises, such Grantor shall be deemed to have represented and warranted that such Account or Chattel Paper, as the case may be, and all records relating thereto, are genuine and in all respects what they purport to be.

(b) With respect to its Accounts, except as specifically disclosed on the most recent Collateral Report, (i) all Accounts are Eligible Accounts; (ii) to such Grantor's knowledge, there are no facts, events or occurrences which in any way impair the validity or enforceability thereof or could reasonably be expected to reduce the amount payable thereunder as shown on such Grantor's books and records and any invoices, statements and Collateral Reports with respect thereto; (iii) such Grantor has not received any notice of proceedings or actions which are threatened or pending against any Account Debtor which might result in any adverse change in such Account Debtor's financial condition; and (iv) such Grantor has no knowledge that any Account Debtor is unable generally to pay its debts as they become due.

(c) In addition, with respect to all of its Accounts, (i) the amounts shown on all invoices, statements and Collateral Reports with respect thereto are actually and absolutely owing to such Grantor as indicated thereon and are not in any way contingent; (ii) no payments have been or shall be made thereon except payments immediately delivered to a Blocked Account subject to a Deposit Account

Control Agreement as required by Section 2.11 of the Credit Agreement; and (iii) to such Grantor's knowledge, all Account Debtors have the capacity to contract.

3.9 Inventory. With respect to any Inventory of any Loan Party scheduled or listed on the most recent Collateral Report, (a) such Inventory (other than Inventory in transit, Inventory located at a Compressor Location or Inventory subject to maintenance or repair) is located at one of such Grantor's locations set forth on Exhibit A, (b) no Inventory (other than Inventory in transit, Inventory located at a Compressor Location or Inventory subject to maintenance or repair) is now, or shall at any time or times hereafter be stored at any other location except as permitted by Section 4.1(g), (c) such Grantor has good, indefeasible and merchantable title to such Inventory and such Inventory is not subject to any Lien or security interest whatsoever except for the Lien granted to the Administrative Agent, for the benefit of the Administrative Agent and Secured Parties, and except for Permitted Liens, (d) except as specifically disclosed in the most recent Collateral Report delivered to the Administrative Agent, to the knowledge of such Grantor, such Inventory is Eligible Inventory and (e) such Inventory is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreements with any third parties which would require any consent of any third party upon sale or disposition of that Inventory or the payment of any monies to any third party upon such sale or other disposition.

3.10 Intellectual Property. As of the Effective Date, such Grantor does not have any interest in, or title to, any Patent, Trademark or Copyright except as set forth in Exhibit D. This Security Agreement is effective to create a valid and continuing Lien and, upon filing of appropriate financing statements in the offices listed on Exhibit H and this Security Agreement (or, if applicable, such short-form intellectual property security agreements as the parties may agree upon) with the United States Copyright Office and the United States Patent and Trademark Office, fully perfected first priority security interests in favor of the Administrative Agent on such Grantor's Patents, Trademarks and Copyrights, such perfected security interests are enforceable as such as against any and all creditors of and purchasers from such Grantor; and all action necessary or desirable to protect and perfect the Administrative Agent's Lien on such Grantor's Patents, Trademarks or Copyrights shall have been duly taken.

3.11 Filing Requirements. As of the Effective Date, none of its Equipment is covered by any certificate of title, except for the vehicles and other rolling stock described in Part I of Exhibit E. None of the Collateral owned by it is of a type for which security interests or liens may be perfected by filing under any federal statute except for (a) the vehicles described in Part II of Exhibit E and (b) Patents, Trademarks and Copyrights held by such Grantor and described in Exhibit D. The legal description, county and street address of each property on which any Fixtures are located is set forth in Exhibit F together with the name and address of the record owner of each such property.

3.12 No Financing Statements, Security Agreements. No financing statement or security agreement describing all or any portion of the Collateral which has not lapsed or been terminated naming such Grantor as debtor has been filed or is of record in any jurisdiction except (a) for financing statements or security agreements naming the Administrative Agent on behalf of the Secured Parties as the secured party and (b) as permitted by Section 4.1(e).

3.13 Pledged Collateral.

(a) Exhibit G sets forth a complete and accurate list of all Pledged Collateral owned by such Grantor as of the Effective Date. Such Grantor is the direct, sole beneficial owner and sole holder of record of the Pledged Collateral listed on Exhibit G as being owned by it, free and clear of any Liens, except for the security interest granted to the Administrative Agent for the benefit of the Secured Parties

hereunder. Such Grantor further represents and warrants that (i) all Pledged Collateral owned by it constituting an Equity Interest has been (to the extent such concepts are relevant with respect to such

Pledged Collateral) duly authorized, validly issued, are fully paid and non-assessable, (ii) with respect to any certificates delivered to the Administrative Agent representing an Equity Interest, either such certificates are Securities as defined in Article 8 of the UCC as a result of actions by the issuer or otherwise, or, if such certificates are not Securities, such Grantor has so informed the Administrative Agent so that the Administrative Agent may take steps to perfect its security interest therein as a General Intangible, (iii) all such Pledged Collateral held by a securities intermediary is covered by a Securities Account Control Agreement and (iv) all Pledged Collateral which represents indebtedness owed to such Grantor has been duly authorized, authenticated or issued and delivered by the issuer of such indebtedness, is the legal, valid and binding obligation of such issuer and such issuer is not in default thereunder.

(b) In addition, (i) none of the Pledged Collateral owned by it has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject, (ii) except as disclosed in the Credit Agreement, there are existing no options, warrants, calls or commitments of any character whatsoever relating to such Pledged Collateral or which obligate the issuer of any Equity Interest included in the Pledged Collateral to issue additional Equity Interests, and (iii) no consent, approval, authorization, or other action by, and no giving of notice, filing with, any Governmental Authority or any other Person is required for the pledge by such Grantor of such Pledged Collateral pursuant to this Security Agreement or for the execution, delivery and performance of this Security Agreement by such Grantor, or for the exercise by the Administrative Agent of the voting or other rights provided for in this Security Agreement or for the remedies in respect of the Pledged Collateral pursuant to this Security Agreement, except as may be required in connection with such disposition by laws affecting the offering and sale of securities generally.

(c) Except as set forth in Exhibit G, as of the Effective Date, such Grantor owns 100% of the issued and outstanding Equity Interests which constitute Pledged Collateral owned by it and none of the Pledged Collateral which represents indebtedness owed to such Grantor is subordinated in right of payment to other indebtedness or subject to the terms of an indenture.

ARTICLE IV COVENANTS

From the date of this Security Agreement and thereafter until this Security Agreement is terminated pursuant to the terms hereof, each Grantor party hereto as of the date hereof agrees, and from and after the effective date of any Assumption Agreement applicable to any Grantor (and after giving effect to supplements, if any, to each of the Exhibits hereto with respect to such subsequent Grantor as attached to such Assumption Agreement), each such additional Grantor agrees that:

4.1 General.

(a) Collateral Records. Such Grantor will maintain complete and accurate books and records in all material respects with respect to the Collateral owned by it, and furnish to the Administrative Agent, with sufficient copies for each of the Lenders, such reports relating to such Collateral as the Administrative Agent shall be entitled to request pursuant to the Credit Agreement.

(b) Authorization to File Financing Statements; Ratification. Such Grantor hereby authorizes the Administrative Agent to file, and if requested will deliver to the Administrative Agent, all financing statements and other documents and take such other actions as may from time to time be requested by the Administrative Agent in order to maintain a first priority perfected security interest in

and, if applicable, Control of, the Collateral owned by such Grantor. Any financing statement filed by the Administrative Agent may be filed in any filing office in any UCC jurisdiction and may (i) indicate such Grantor's Collateral (A) as all assets of the Grantor or words of similar effect, regardless of whether any

particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC or such jurisdiction, or (B) by any other description which reasonably approximates the description contained in this Security Agreement, and (ii) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including whether such Grantor is an organization, the type of organization and any organization identification number issued to such Grantor. Such Grantor also agrees to furnish any of such information to the Administrative Agent promptly upon request. Such Grantor also ratifies its authorization for the Administrative Agent to have filed in any UCC jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(c) Further Assurances. Such Grantor will, if so requested by the Administrative Agent, furnish to the Administrative Agent, as often as the Administrative Agent reasonably requests, statements and schedules further identifying and describing the Collateral owned by it and such other reports and information in connection with its Collateral as the Administrative Agent may reasonably request, all in such detail as the Administrative Agent may specify, including, without limitation, any updates or supplements to the information contained in Exhibit A through Exhibit H and Exhibit J attached hereto, all in such detail as the Administrative Agent may specify. Such Grantor also agrees to take any and all actions necessary to defend title to the Collateral against all persons and to defend the security interest of the Administrative Agent in its Collateral and the priority thereof against any Lien not expressly permitted hereunder.

(d) Disposition of Collateral. Such Grantor will not sell, lease or otherwise dispose of the Collateral owned by it except for dispositions specifically permitted pursuant to Section 7.8 of the Credit Agreement.

(e) Liens. Such Grantor will not create, incur, or suffer to exist any Lien on the Collateral owned by it except (i) the security interest created by this Security Agreement, and (ii) other Permitted Liens.

(f) Other Financing Statements. Such Grantor will not authorize the filing of any financing statement naming it as debtor covering all or any portion of the Collateral owned by it, except as permitted by Section 4.1(e). Such Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of the Administrative Agent, subject to such Grantor's rights under Section 9.509(d)(2) of the UCC.

(g) Locations. Such Grantor will not (i) maintain any Collateral owned by it (other than Collateral in transit and Collateral subject to maintenance or repair) at any location other than those locations listed on Exhibit A and Compressor Locations, (ii) otherwise change, or add to, such locations (other than Compressor Locations) without prior written notice to the Administrative Agent within ten (10) days after such change (and such Grantor will promptly therewith obtain a Collateral Access Agreement for each such location to the extent required by Section 4.13), or (iii) change its principal place of business or chief executive office from the location identified on Exhibit A, other than as permitted by Section 4.15 and the Credit Agreement.

(h) Compliance with Terms. Such Grantor will perform and comply in all material respects with all obligations in respect of the Collateral owned by it and all agreements to which it is a party or by which it is bound relating to such Collateral.

4.2 Receivables.

(a) Certain Agreements on Receivables. Such Grantor will not make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except that such Grantor may reasonably reduce the amount of Accounts arising from the sale of Inventory in accordance with its present policies and in the ordinary course of business.

(b) Collection of Receivables. Except as otherwise provided in this Security Agreement, such Grantor will collect and enforce, at such Grantor's sole expense, all amounts due or hereafter due to such Grantor under the Receivables owned by it.

(c) Delivery of Invoices. Promptly after the request of the Administrative Agent, such Grantor will deliver to the Administrative Agent duplicate invoices with respect to each Account owned by it bearing such language of assignment as the Administrative Agent shall specify.

(d) Disclosure of Counterclaims on Receivables. If (i) any discount, credit or agreement to make a rebate or to otherwise reduce the amount owing on any Receivable owned by such Grantor exists and such discount, credit or rebate exceeds \$30,000 or (ii) if, to the knowledge of such Grantor, any dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened with respect to any such Receivable is in excess of \$30,000 individually and \$100,000 in the aggregate, such Grantor will promptly disclose such fact to the Administrative Agent in the next Borrowing Base Report submitted by it.

(e) Electronic Chattel Paper. Such Grantor shall take all steps necessary to grant the Administrative Agent Control of all electronic chattel paper in accordance with the UCC and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

4.3 Inventory and Equipment.

(a) Maintenance of Goods. Such Grantor will do all things necessary to maintain, preserve, protect and keep its Inventory in saleable condition and its Equipment in good repair and working and saleable condition, except for damaged or defective goods and consumption of Inventory arising in the ordinary course of such Grantor's business and except for ordinary wear and tear in respect of the Equipment.

(b) Returned Inventory. All returned Inventory shall be subject to the Administrative Agent's Liens thereon. Whenever any Inventory is returned, the related Account shall be deemed ineligible to the extent of the amount owing by the Account Debtor with respect to such returned Inventory.

(c) Equipment. Such Grantor shall not permit any Equipment to become a fixture with respect to real property or to become an accession with respect to other personal property with respect to which real or personal property the Administrative Agent does not have a Lien. Such Grantor will not, without the Administrative Agent's prior written consent (such consent not to be unreasonably withheld, conditioned or delayed), alter or remove any identifying symbol or number on any of such Grantor's Equipment constituting Collateral. Such Grantor will maintain a perpetual compressor fleet reporting system at all times.

(d) Vehicles and other Rolling Stock. Within 30 days (or such later date agreed to by the Administrative Agent) after the Administrative Agent's written request therefor, the applicable Grantor will deliver to the Administrative Agent or its agent or other designee, the original certificate of title of any vehicle or other rolling stock title certificate, and, in each case, provide and/or file all other documents or

instruments necessary to have the Lien of the Administrative Agent noted on any such certificate or with the appropriate state office. Notwithstanding the foregoing, the Grantors shall not be required to deliver to the Administrative Agent the original certificates of title with respect to any vehicles and other rolling stock that are not included in the Borrowing Base with an aggregate net book value of less than \$150,000 on an individual basis and \$1,500,000 in the aggregate.

4.4 Delivery of Instruments, Securities, Chattel Paper and Documents. Such Grantor will (a) deliver to the Administrative Agent certificates representing any Equity Interests constituting Pledged Collateral together with an undated stock power for each such certificate executed in blank by a duly authorized officer of such Grantor, (b) deliver to the Administrative Agent immediately upon execution of this Security Agreement, the originals of all Chattel Paper (other than any customer contracts), Securities and other Instruments, in each case with a value in excess of \$100,000, constituting Collateral owned by it on the Effective Date (if any then exist), (c) hold in trust for the Administrative Agent upon receipt and, promptly within five days thereafter deliver to the Administrative Agent any such Chattel Paper (other than any customer contracts), Securities and Instruments, in each case with a value in excess of \$100,000, constituting Collateral, (d) not permit the aggregate value of all Chattel Paper (other than any customer contracts), Securities and other Instruments constituting Collateral and owned by the Grantors for which the originals have not been delivered to the Administrative Agent pursuant to the foregoing clauses (b) and (c) to exceed \$500,000, (e) promptly within five Business Days of the Administrative Agent's request, deliver to the Administrative Agent (and thereafter hold in trust for the Administrative Agent upon receipt and immediately deliver to the Administrative Agent) any Document evidencing or constituting Collateral, (f) mark conspicuously all original Chattel Paper, Instruments and Documents (other than any delivered to the Administrative Agent) with an appropriate reference to the security interest of the Administrative Agent and (g) promptly within five Business Days of the Administrative Agent's request, deliver to the Administrative Agent a duly executed amendment to this Security Agreement, in the form of Exhibit I hereto (the "Amendment"), pursuant to which such Grantor will pledge such additional Collateral. Such Grantor hereby authorizes the Administrative Agent to attach each Amendment to this Security Agreement and agrees that all additional Collateral owned by it set forth in such Amendments shall be considered to be part of the Collateral. Notwithstanding the foregoing, upon the Administrative Agent's written request, such Grantor will deliver to the Administrative Agent the originals of any customer contract constituting Chattel Paper with a value in excess of \$100,000 and take any of the foregoing actions as may be requested by the Administrative Agent.

4.5 Uncertificated Pledged Collateral. Such Grantor will permit the Administrative Agent from time to time to cause the appropriate issuers (and, if held with a securities intermediary, such securities intermediary) of uncertificated securities or other types of Pledged Collateral owned by it not represented by certificates to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Pledged Collateral not represented by certificates and all rollovers and replacements therefor to reflect the Lien of the Administrative Agent granted pursuant to this Security Agreement. With respect to any Pledged Collateral owned by it, such Grantor will take any actions necessary to cause (a) the issuers of uncertificated securities which are Pledged Collateral and (b) any securities intermediary which is the holder of any such Pledged Collateral, to cause the Administrative Agent to have and retain Control over such Pledged Collateral. Without limiting the foregoing, such Grantor will, with respect to any such Pledged Collateral held with a securities intermediary, cause such

securities intermediary to enter into a Securities Account Control Agreement unless such Pledged Collateral is held in an Excluded Account.

4.6 Pledged Collateral.

(a) Grantors as Issuers. In the case of each Grantor that is an issuer of Pledged Collateral, such Grantor agrees that it will be bound by the terms of this Security Agreement relating to the Pledged Collateral issued by it and will comply with such terms insofar as such terms are applicable to it.

(b) Registration of Pledged Collateral. Such Grantor will permit any registerable Pledged Collateral owned by it to be registered in the name of the Administrative Agent or its nominee at any time at the option of the Required Lenders.

(c) Exercise of Rights in Pledged Collateral.

(i) Without in any way limiting the foregoing and subject to clause (ii) below, such Grantor shall have the right to exercise all voting rights or other rights relating to the Pledged Collateral owned by it for all purposes not inconsistent with this Security Agreement, the Credit Agreement or any other Loan Document; *provided however, that* no vote or other right shall be exercised or action taken which would have the effect of impairing the rights of the Administrative Agent in respect of such Pledged Collateral.

(ii) Such Grantor will permit the Administrative Agent or its nominee at any time after the occurrence of an Event of Default, without notice, to exercise all voting rights or other rights relating to the Pledged Collateral owned by it, including, without limitation, exchange, subscription or any other rights, privileges, or options pertaining to any Equity Interest or Investment Property constituting such Pledged Collateral as if it were the absolute owner thereof.

(iii) Such Grantor shall be entitled to collect and receive for its own use all cash dividends and interest paid in respect of the Pledged Collateral owned by it to the extent not in violation of the Credit Agreement other than any of the following distributions and payments (collectively referred to as the “Excluded Payments”): (A) dividends and interest paid or payable other than in cash in respect of such Pledged Collateral, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Pledged Collateral; (B) dividends and other distributions paid or payable in cash in respect of such Pledged Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in capital of an issuer; and (C) cash paid, payable or otherwise distributed, in respect of principal of, or in redemption of, or in exchange for, such Pledged Collateral; *provided however, that* until actually paid, all rights to such distributions shall remain subject to the Lien created by this Security Agreement.

(iv) All Excluded Payments and all other distributions in respect of any of the Pledged Collateral owned by such Grantor, whenever paid or made, shall be delivered to the Administrative Agent to hold as Pledged Collateral and shall, if received by such Grantor, be received in trust for the benefit of the Administrative Agent, be segregated from the other property or funds of such Grantor and be forthwith delivered to the

Administrative Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

4.7 Intellectual Property.

(a) If requested by the Administrative Agent, such Grantor will use commercially reasonable efforts to secure all consents and approvals necessary or appropriate for the assignment to or benefit of the Administrative Agent of any License held by such Grantor and to enforce the security interests granted hereunder.

(b) Such Grantor shall notify the Administrative Agent immediately if it knows or has reason to know that any application or registration relating to any Patent, Trademark or Copyright (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding such Grantor's ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same.

(c) In no event shall such Grantor, either directly or through any agent, employee, licensee or designee, file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without giving the Administrative Agent prior written notice thereof, and, upon request of the Administrative Agent, such Grantor shall execute and deliver any and all security agreements as the Administrative Agent may request to evidence the Administrative Agent's first priority security interest on such Patent, Trademark or Copyright, and the General Intangibles of such Grantor relating thereto or represented thereby.

(d) Such Grantor shall take all actions necessary or requested by the Administrative Agent to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of its Patents, Trademarks and Copyrights (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings, unless such Grantor and the Administrative Agent shall determine that such Patent, Trademark or Copyright is not material to the conduct of such Grantor's business.

(e) Such Grantor shall, unless it shall reasonably determine that such Patent, Trademark or Copyright is in no way material to the conduct of its business or operations, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as the Administrative Agent shall deem appropriate under the circumstances to protect such Patent, Trademark or Copyright. In the event that such Grantor institutes suit because any of its Patents, Trademarks or Copyrights constituting Collateral is infringed upon, or misappropriated or diluted by a third party, such Grantor shall comply with Section 4.8.

4.8 Commercial Tort Claims. Such Grantor shall (a) promptly, and in any event within ten (10) days after the same is acquired by it, notify the Administrative Agent of any commercial tort claim (as defined in the UCC) acquired by it that could reasonably be expected to result in a judgment or settlement in such Grantor's favor in excess of \$100,000 and, unless the Administrative Agent otherwise consents, such Grantor shall enter into an amendment to this Security Agreement, in the form of Exhibit I hereto, granting to Administrative Agent a first priority security interest in such Commercial Tort Claim and (b) not permit the aggregate expected amount of judgments or settlements in favor of the Grantors in respect

of all Commercial Tort Claims for which the Administrative Agent has not been granted a first priority security interest pursuant to clause (a) to exceed \$500,000.

4.9 Letter-of-Credit Rights. If such Grantor is or becomes the beneficiary of a letter of credit with a face amount in excess of \$100,000, it shall promptly, and in any event within two Business Days after becoming a beneficiary, notify the Administrative Agent thereof and cause the issuer and/or confirmation bank to (a) consent to the assignment of any Letter-of-Credit Rights to the Administrative Agent and (b) agree to direct all payments thereunder to a Blocked Account for application to the Obligations, in accordance with Section 2.5(d) of the Credit Agreement, all in form and substance reasonably satisfactory to the Administrative Agent. No Grantor shall permit the aggregate face amounts of all letters of credit for which the Grantors are beneficiary and for which the applicable Grantor has not taken the steps set forth in the immediately preceding sentence to exceed \$500,000.

4.10 Federal, State or Municipal Claims. Such Grantor will promptly notify the Administrative Agent of any Collateral which constitutes a claim against the United States government or any state or local government or any instrumentality or agency thereof, the assignment of which claim is restricted by federal, state or municipal law.

4.11 No Interference. Such Grantor agrees that it will not interfere with any right, power and remedy of the Administrative Agent provided for in this Security Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by the Administrative Agent of any one or more of such rights, powers or remedies.

4.12 Insurance. Each Grantor shall maintain insurance in accordance with the requirements of Section 6.5 of the Credit Agreement. All premiums on any such insurance shall be paid when due by such Grantor, and copies of the policies delivered to the Administrative Agent. If such Grantor fails to obtain any insurance as required by this Section, the Administrative Agent may obtain such insurance at such Grantor's expense. By purchasing such insurance, the Administrative Agent shall not be deemed to have waived any Default arising from such Grantor's failure to maintain such insurance or pay any premiums therefor.

4.13 Collateral Access Agreements.

(a) For any location leased by a Grantor or where any Inventory of such Grantor is in the possession or control of any Person other than a Grantor or any of its Subsidiaries (other than a Compressor Location), such Grantor shall obtain Collateral Access Agreements in accordance with Section 6.15 of the Credit Agreement; provided that to the extent a Collateral Access Agreement has not been provided for such location in the timeframes provided in the Credit Agreement, a Rent Reserve for rent, charges and other amounts due or to become due with respect to such location may, subject to the terms of the Credit Agreement, be established by the Administrative Agent in its Permitted Discretion. Such Grantor shall timely and fully pay and perform its material obligations under all leases and other agreements with respect to each leased location or third party warehouse where any Collateral is or may be located.

(b) For each Compressor Location, such Grantor (i) shall not prepare, draft, amend, supplement or modify any gas compression agreement for any Compressor Unit in a manner that adversely affects the rights and security interests of the Administrative Agent hereunder, and (ii) with respect to any gas compression agreement entered into by such Grantor after the Closing Date for any Compressor Location, such Grantor shall use commercially reasonable efforts to include the following provision or a similar provision reasonably acceptable to the Administrative Agent in each such gas compression agreement: ***“Customer shall provide Natural Gas Services Group, Inc., a Colorado***

corporation (“Company”), and its officers, representatives, agents and lenders with access to the site at all times while Company’s Equipment is present on Customer’s locations; provided that, any party not an officer, representative or agent of Company shall (i) not enter the site without the prior consent of Customer, which consent shall not be unreasonably withheld; (ii) adhere to the safety requirements of Customer and Company; and (iii) be accompanied by an officer, representative or agent of Company at all times.” Notwithstanding the foregoing, the refusal of any third party to a gas compression agreement to accept such provision shall not be a Default or Event of Default after the exercise of commercially reasonable efforts thereof.

4.14 Control Agreements. Subject to Section 6.12 of the Credit Agreement, for each Deposit Account, Securities Account and Commodity Account (in each case, other than Excluded Accounts) that such Grantor at any time maintains, such Grantor will, substantially contemporaneously with the opening of such Deposit Account, Securities Account or Commodity Account (other than Excluded Accounts), or within ninety (90) days after the Closing Date for such accounts existing as of the Closing Date, pursuant to a Control Agreement in form and substance satisfactory to the Administrative Agent, pursuant to which such Control Agreement shall cause the depository bank that maintains such Deposit Account, securities intermediary that maintains such Securities Account, or commodities intermediary that maintains such Commodity Account, as applicable, to agree to comply at any time with instructions from the Administrative Agent to such depository bank, securities intermediary or commodities intermediary directing the disposition of funds from time to time credited to such Deposit Account, Securities Account or Commodity Account, without further consent of such Grantor, or take such other action as the Administrative Agent may approve in order to perfect the Administrative Agent’s security interest in such Deposit Account, Securities Account or Commodity Account.

4.15 Change of Name or Location; etc. Such Grantor shall not (a) change its name as it appears in official filings in the state of its incorporation or organization, (b) change its chief executive office, principal place of business or mailing address, (c) change the type of entity that it is, (d) change its organization identification number, if any, issued by its state of incorporation or other organization, or (e) change its state of incorporation or organization, in each case, unless the Administrative Agent shall have received at least thirty (30) days prior written notice of such change and the Administrative Agent shall have acknowledged in writing that either (1) such change will not adversely affect the validity, perfection or priority of the Administrative Agent’s security interest in the Collateral, or (2) any reasonable action requested by the Administrative Agent in its Permitted Discretion in connection therewith has been completed or taken (including any action to continue the perfection of any Liens in favor of the Administrative Agent, on behalf of the Secured Parties, in any Collateral), provided that, any new location shall be in the continental U.S. Such Grantor shall not change its fiscal year which currently ends on December 31 without the prior written consent of the Administrative Agent.

4.16 Assigned Contracts. If requested by the Administrative Agent, such Grantor will use commercially reasonable efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of the Administrative Agent of any Assigned Contract held by such Grantor and to enforce the security interests granted hereunder. Such Grantor shall fully perform all of its obligations under each of its Assigned Contracts, and shall enforce all of its rights and remedies thereunder, in each case, as it deems appropriate in its business judgment; *provided however, that* such Grantor shall not take any action or fail to take any action with respect to its Assigned Contracts which would cause the termination of an Assigned Contract. Without limiting the generality of the foregoing, such Grantor shall take all action necessary or appropriate to permit, and shall not take any action which would have any materially adverse effect upon, the full enforcement of all indemnification rights under its Assigned Contracts. Such Grantor shall notify the Administrative Agent and the Lenders in writing, promptly after such Grantor becomes aware thereof, of any event or fact which could give rise to a

material claim by it for indemnification under any of its Assigned Contracts, and shall diligently pursue such right and report to the Administrative Agent on all further developments with respect thereto. Such Grantor shall deposit into a Deposit Account subject to a Deposit Account Control Agreement, all amounts received by such Grantor as indemnification or otherwise pursuant to its Assigned Contracts. If such Grantor shall fail after the Administrative Agent's demand to pursue diligently any right under its Assigned Contracts, or if an Event of Default then exists, the Administrative Agent may, and at the direction of the Required Lenders shall, directly enforce such right in its own or such Grantor's name and may enter into such settlements or other agreements with respect thereto as the Administrative Agent or the Required Lenders, as applicable, shall determine. In any suit, proceeding or action brought by the Administrative Agent for the benefit of the Secured Parties under any Assigned Contract for any sum owing thereunder or to enforce any provision thereof, such Grantor shall indemnify and hold the Administrative Agent and Secured Parties harmless from and against all expense, loss or damage suffered by reason of any defense, setoff, counterclaims, recoupment, or reduction of liability whatsoever of the obligor thereunder arising out of a breach by such Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing from such Grantor to or in favor of such obligor or its successors. All such obligations of such Grantor shall be and remain enforceable only against such Grantor and shall not be enforceable against the Administrative Agent or the Secured Parties. Notwithstanding any provision hereof to the contrary, such Grantor shall at all times remain liable to observe and perform all of its duties and obligations under its Assigned Contracts, and the Administrative Agent's or any Secured Party's exercise of any of their respective rights with respect to the Collateral shall not release such Grantor from any of such duties and obligations. Neither the Administrative Agent nor any Secured Party shall be obligated to perform or fulfill any of such Grantor's duties or obligations under its Assigned Contracts or to make any payment thereunder, or to make any inquiry as to the nature or sufficiency of any payment or property received by it thereunder or the sufficiency of performance by any party thereunder, or to present or file any claim, or to take any action to collect or enforce any performance, any payment of any amounts, or any delivery of any property.

4.17 Additional Grantors. Each Grantor agrees to cause each Domestic Subsidiary that is required to become a party to this Security Agreement pursuant to Section 6.13 of the Credit Agreement to become a Grantor for all purposes of this Security Agreement upon execution and delivery by such Domestic Subsidiary of an Assumption Agreement in the form of Annex 1 hereto.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

5.1 Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default hereunder:

(a) If any "Event of Default" under, and as defined in, the Credit Agreement shall occur and be continuing.

(b) Any Equity Interest which is included within the Collateral shall at any time constitute a Security or the issuer of any such Equity Interest shall take any action to have such interests treated as a Security unless (i) all certificates or other documents constituting such Security have been delivered to the Administrative Agent and such Security is properly defined as such under Article 8 of the UCC of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise, or (ii) the Administrative Agent has entered into a Securities Account Control Agreement with the issuer of such Security or with a securities intermediary relating to such Security and such Security is defined as such under Article 8 of the UCC of the applicable jurisdiction, whether as a result of actions by the issuer thereof or otherwise.

5.2 Remedies.

(a) If any Event of Default shall occur and be continuing, the Administrative Agent may, or at the direction of the Required Lenders, shall exercise any or all of the following rights and remedies:

(i) those rights and remedies provided in this Security Agreement, the Credit Agreement, or any other Loan Document; *provided that*, this Section 5.2(a) shall not be understood to limit any rights or remedies available to the Administrative Agent and the Secured Parties prior to an Event of Default;

(ii) those rights and remedies available to a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement;

(iii) give notice of sole control or any other instruction under any Control Agreement and take any action therein with respect to such Collateral;

(iv) without notice (except as specifically provided in Section 7.1 or elsewhere herein or in the Credit Agreement), demand or advertisement of any kind to any Grantor or any other Person, enter the premises of any Grantor where any Collateral is located (through self-help and without judicial process) to collect, receive, assemble, process, appropriate, sell, lease, assign, grant an option or options to purchase or otherwise dispose of, deliver, or realize upon, the Collateral or any part thereof in one or more parcels at public or private sale or sales (which sales may be adjourned or continued from time to time with or without notice and may take place at any Grantor's premises or elsewhere), for cash, on credit or for future delivery without assumption of any credit risk, and upon such other terms as the Administrative Agent may deem commercially reasonable; and

(v) concurrently with written notice to the applicable Grantor, transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral, to exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations, to exercise the voting and all other rights as a holder with respect thereto, to collect and receive all cash dividends, interest, principal and other distributions made thereon and to otherwise act with respect to the Pledged Collateral as though the Administrative Agent was the outright owner thereof.

(b) The Administrative Agent, on behalf of the Secured Parties, may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(c) The Administrative Agent shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase for the benefit of the Administrative Agent and the Secured Parties, the whole or any part of the Collateral so sold, free of any right of equity redemption, which equity redemption the Grantor hereby expressly releases.

(d) Until the Administrative Agent is able to effect a sale, lease, or other disposition of Collateral, the Administrative Agent shall have the right to hold or use Collateral, or any part thereof, to

the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by the Administrative Agent. The Administrative Agent may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of the Administrative Agent's remedies (for the benefit of the Administrative Agent and Secured Parties), with respect to such appointment without prior notice or hearing as to such appointment.

(e) Notwithstanding the foregoing, neither the Administrative Agent nor any Secured Party shall be required to (i) make any demand upon, or pursue or exhaust any of their rights or remedies against, any Grantor, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Obligations or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof, (ii) marshal the Collateral or any guarantee of the Obligations or to resort to the Collateral or any such guarantee in any particular order, or (iii) effect a public sale of any Collateral.

(f) Each Grantor recognizes that the Administrative Agent may be unable to effect a public sale of any or all the Pledged Collateral and may be compelled to resort to one or more private sales thereof in accordance with clause (a) above. Each Grantor also acknowledges that any private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of such sale being private. The Administrative Agent shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit any Grantor or the issuer of the Pledged Collateral to register such securities for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws, even if the applicable Grantor and the issuer would agree to do so.

5.3 Grantor's Obligations Upon Event of Default. Upon the request of the Administrative Agent after the occurrence and during the continuance of an Event of Default, each Grantor will:

(a) assemble and make available to the Administrative Agent the Collateral and all books and records relating thereto at any place or places reasonably specified by the Administrative Agent, whether at a Grantor's premises or elsewhere;

(b) permit the Administrative Agent, by the Administrative Agent's representatives and agents, to enter, occupy and use any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral or the books and records relating thereto, or both, to remove all or any part of the Collateral or the books and records relating thereto, or both, and to conduct sales of the Collateral, without any obligation to pay the Grantor for such use and occupancy;

(c) prepare and file, or cause an issuer of Pledged Collateral to prepare and file, with the Securities and Exchange Commission or any other applicable government agency, registration statements, a prospectus and such other documentation in connection with the Pledged Collateral as the Administrative Agent may request, all in form and substance satisfactory to the Administrative Agent, and furnish to the Administrative Agent, or cause an issuer of Pledged Collateral to furnish to the Administrative Agent, any information regarding the Pledged Collateral in such detail as the Administrative Agent may specify;

(d) take, or cause an issuer of Pledged Collateral to take, any and all actions necessary to register or qualify the Pledged Collateral to enable the Administrative Agent to consummate a public sale or other disposition of the Pledged Collateral;

(e) at its own expense, cause the independent certified public accountants then engaged by each Grantor to prepare and deliver to the Administrative Agent and each Lender, at any time, and from time to time, promptly upon the Administrative Agent's request, the following reports with respect to the applicable Grantor: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts; and

(f) deliver to the Administrative Agent the originals or copies of all customer contracts constituting Collateral.

5.4 Grant of Intellectual Property License. For the purpose of enabling the Administrative Agent to exercise the rights and remedies under this Article V, each Grantor hereby (a) grants to the Administrative Agent, for the benefit of the Administrative Agent and the Secured Parties, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to any Grantor) to use, license or sublicense any intellectual property rights now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof and (b) irrevocably agrees that the Administrative Agent may sell any of such Grantor's Inventory directly to any person, including without limitation persons who have previously purchased the Grantor's Inventory from such Grantor and in connection with any such sale or other enforcement of the Administrative Agent's rights under this Security Agreement, may sell Inventory which bears any Trademark owned by or licensed to such Grantor and any Inventory that is covered by any Copyright owned by or licensed to such Grantor and the Administrative Agent may (but shall have no obligation to) finish any work in process and affix any Trademark owned by or licensed to such Grantor and sell such Inventory as provided herein.

ARTICLE VI

ACCOUNT VERIFICATION; ATTORNEY IN FACT; PROXY

6.1 Account Verification. The Administrative Agent may at any time, in the Administrative Agent's own name, in the name of a nominee of the Administrative Agent, or in the name of any Grantor communicate (by mail, telephone, facsimile or otherwise) with the Account Debtors of any such Grantor, parties to contracts with any such Grantor and obligors in respect of Instruments of any such Grantor to verify with such Persons, to the Administrative Agent's satisfaction, the existence, amount, terms of, and any other matter relating to, Accounts, Instruments, Chattel Paper, payment intangibles and/or other Receivables.

6.2 Authorization for Secured Party to Take Certain Action.

(a) Each Grantor irrevocably authorizes the Administrative Agent at any time and from time to time while an Event of Default is continuing (except no Event of Default shall be required with respect to clauses (i), (iii), (iv), (v) and (xvi) below) in the sole discretion of the Administrative Agent and appoints the Administrative Agent as its attorney in fact (i) to execute on behalf of such Grantor as debtor and to file financing statements necessary or desirable in the Administrative Agent's sole discretion to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (ii) to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Administrative Agent in its sole discretion deems necessary or desirable to perfect and to maintain the

perfection and priority of the Administrative Agent's security interest in the Collateral, (iv) to contact and enter into one or more agreements with the issuers of uncertificated securities which are Pledged Collateral or with securities intermediaries holding Pledged Collateral as may be necessary or advisable to give the Administrative Agent Control over such Pledged Collateral, (v) to apply the proceeds of any Collateral received by the Administrative Agent to the Obligations as provided in Section 2.5(d) of the Credit Agreement, (vi) to discharge past due taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder), (vii) to contact Account Debtors for any reason, (viii) to demand payment or enforce payment of the Receivables in the name of the Administrative Agent or such Grantor and to endorse any and all checks, drafts, and other instruments for the payment of money relating to the Receivables, (ix) to sign such Grantor's name on any invoice or bill of lading relating to the Receivables, drafts against any Account Debtor of the Grantor, assignments and verifications of Receivables, (x) to exercise all of such Grantor's rights and remedies with respect to the collection of the Receivables and any other Collateral, (xi) to settle, adjust, compromise, extend or renew the Receivables, (xii) to settle, adjust or compromise any legal proceedings brought to collect Receivables, (xiii) to prepare, file and sign such Grantor's name on a proof of claim in bankruptcy or similar document against any Account Debtor of such Grantor, (xiv) to prepare, file and sign such Grantor's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Receivables, (xv) to change the address for delivery of mail addressed to such Grantor to such address as the Administrative Agent may designate and to receive, open and dispose of all mail addressed to such Grantor, and (xvi) to do all other acts and things necessary to carry out this Security Agreement, including all acts necessary or desirable in the Administrative Agent's sole discretion to perfect and maintain the perfection and priority of the Administrative Agent's security interests in the Collateral; and such Grantor agrees to reimburse the Administrative Agent on demand for any payment made or any expense incurred by the Administrative Agent in connection with any of the foregoing; *provided that*, this authorization shall not relieve such Grantor of any of its obligations under this Security Agreement, the Credit Agreement or under any other Loan Document.

(b) All acts of said attorney or designee are hereby ratified and approved. The powers conferred on the Administrative Agent, for the benefit of the Administrative Agent and Secured Parties, under this Section 6.2 are solely to protect the Administrative Agent's interests in the Collateral and shall not impose any duty upon the Administrative Agent or any Secured Party to exercise any such powers. The Administrative Agent agrees that, except for the powers granted in Section 6.2(a)(i), Section 6.2(a)(iii) through (vi) and Section 6.2(a)(xvi), it shall not exercise any power or authority granted to it unless an Event of Default has occurred and is continuing.

6.3 Proxy. EACH GRANTOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS THE ADMINISTRATIVE AGENT AS ITS PROXY AND ATTORNEY-IN-FACT (AS SET FORTH IN SECTION 6.2 ABOVE) WITH RESPECT TO ITS PLEDGED COLLATERAL, INCLUDING THE RIGHT TO VOTE SUCH PLEDGED COLLATERAL, WITH FULL POWER OF SUBSTITUTION TO DO SO. IN ADDITION TO THE RIGHT TO VOTE ANY SUCH PLEDGED COLLATERAL, THE APPOINTMENT OF THE ADMINISTRATIVE AGENT AS PROXY AND ATTORNEY-IN-FACT SHALL INCLUDE THE RIGHT TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF SUCH PLEDGED COLLATERAL WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS, CALLING SPECIAL MEETINGS OF SHAREHOLDERS AND VOTING AT SUCH MEETINGS). SUCH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY SUCH PLEDGED COLLATERAL ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF SUCH PLEDGED COLLATERAL OR ANY OFFICER OR

AGENT THEREOF), UPON THE OCCURRENCE AND DURING THE CONTINUANCE OF AN EVENT OF DEFAULT.

6.4 Nature of Appointment; Limitation of Duty. THE APPOINTMENT OF THE ADMINISTRATIVE AGENT AS PROXY AND ATTORNEY-IN-FACT IN THIS ARTICLE VI IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE DATE ON WHICH THIS SECURITY AGREEMENT IS TERMINATED IN ACCORDANCE WITH SECTION 7.14. NOTWITHSTANDING ANYTHING CONTAINED HEREIN, NEITHER THE ADMINISTRATIVE AGENT, NOR ANY SECURED PARTY, NOR ANY OF THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL HAVE ANY DUTY TO EXERCISE ANY RIGHT OR POWER GRANTED HEREUNDER OR OTHERWISE OR TO PRESERVE THE SAME AND SHALL NOT BE LIABLE FOR ANY FAILURE TO DO SO OR FOR ANY DELAY IN DOING SO, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION; PROVIDED THAT, IN NO EVENT SHALL THEY BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

ARTICLE VII GENERAL PROVISIONS

7.1 Waivers. Each Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Grantors, addressed as set forth in Article VIII, at least ten days prior to (a) the date of any such public sale or (b) the time after which any such private sale or other disposition may be made. To the maximum extent permitted by applicable law, each Grantor waives all claims, damages, and demands against the Administrative Agent or any Secured Party arising out of the repossession, retention or sale of the Collateral, except such as (x) arise solely out of the gross negligence or willful misconduct of the Administrative Agent or such Secured Party as finally determined by a court of competent jurisdiction or (y) result from a claim not involving an act or omission of any Loan Party and that is brought by an Indemnitee against another Indemnitee (other than against the Arranger or Administrative Agent in their capacities as such). To the extent it may lawfully do so, each Grantor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Administrative Agent or any Secured Party, any valuation, stay, appraisal, extension, moratorium, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Security Agreement, or otherwise. Except as otherwise specifically provided herein, each Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

7.2 Limitation on Administrative Agent's and any Secured Party's Duty with Respect to the Collateral. The Administrative Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale. The Administrative Agent and each Secured Party shall use reasonable care with respect to the Collateral in its possession or under its control. Neither the Administrative Agent nor any Secured Party shall have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of the Administrative Agent or such Secured Party, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. To the extent that applicable law imposes duties on the Administrative Agent to exercise remedies in a commercially reasonable manner, each Grantor acknowledges and agrees that it is commercially

reasonable for the Administrative Agent (a) to fail to incur expenses deemed significant by the Administrative Agent to prepare Collateral for disposition or otherwise to transform raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against Account Debtors or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral, (d) to exercise collection remedies against Account Debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other Persons, whether or not in the same business as such Grantor, for expressions of interest in acquiring all or any portion of such Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (h) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (k) to purchase insurance or credit enhancements to insure the Administrative Agent against risks of loss, collection or disposition of Collateral or to provide to the Administrative Agent a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by the Administrative Agent, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Administrative Agent in the collection or disposition of any of the Collateral. Each Grantor acknowledges that the purpose of this Section 7.2 is to provide non-exhaustive indications of what actions or omissions by the Administrative Agent would be commercially reasonable in the Administrative Agent's exercise of remedies against the Collateral and that other actions or omissions by the Administrative Agent shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 7.2. Without limitation upon the foregoing, nothing contained in this Section 7.2 shall be construed to grant any rights to any Grantor or to impose any duties on the Administrative Agent that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section 7.2.

7.3 Compromises and Collection of Collateral. The Grantors and the Administrative Agent recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, each Grantor agrees that the Administrative Agent may at any time and from time to time, if an Event of Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Administrative Agent in its sole discretion shall determine or abandon any Receivable, and any such action by the Administrative Agent shall be commercially reasonable so long as the Administrative Agent acts within its Permitted Discretion based on information known to it at the time it takes any such action.

7.4 Secured Party Performance of Debtor Obligations. Without having any obligation to do so, the Administrative Agent may perform or pay any obligation which any Grantor has agreed to perform or pay in this Security Agreement and the Grantors shall reimburse the Administrative Agent for any amounts paid by the Administrative Agent pursuant to this Section 7.4. The Grantors' obligation to reimburse the Administrative Agent pursuant to the preceding sentence shall constitute Obligations payable on demand.

7.5 Specific Performance of Certain Covenants. Each Grantor acknowledges and agrees that a breach of any of the covenants contained in Sections 4.1(d), 4.1(e), 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 5.3 or 7.7 that continues beyond applicable cure periods will cause irreparable injury to the Administrative Agent and the Secured Parties, that the Administrative Agent and Secured Parties have no adequate remedy at law in respect of such breaches and therefore agrees, without limiting the right of the Administrative Agent or the Secured Parties to seek and obtain specific performance of other obligations of the Grantors contained in this Security Agreement, that the covenants of the Grantors contained in the Sections referred to in this Section 7.5 shall be specifically enforceable against the Grantors.

7.6 Dispositions Not Authorized. No Grantor is authorized to sell or otherwise dispose of the Collateral except as set forth in Section 4.1(d).

7.7 No Waiver; Amendments; Cumulative Remedies. No delay or omission of the Administrative Agent or any Lender to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever (other than any Amendment or Assumption Agreement) shall be valid unless in writing signed by the Administrative Agent with the concurrence or at the direction of the Lenders required under Section 11.10 of the Credit Agreement and then only to the extent in such writing specifically set forth. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Administrative Agent and the Secured Parties until the Obligations have been paid in full.

7.8 Limitation by Law; Severability of Provisions. All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable or not entitled to be recorded or registered, in whole or in part. Any provision in this Security Agreement that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of this Security Agreement are declared to be severable.

7.9 Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

7.10 Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Grantors, the Administrative Agent and the Secured Parties

and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that no Grantor shall have the right to assign its rights or delegate its obligations under this Security Agreement or any interest herein, without the prior written consent of the Administrative Agent. No sales of participations, assignments, transfers, or other dispositions of any agreement governing the Obligations or any portion thereof or interest therein shall in any manner impair the Lien granted to the Administrative Agent, for the benefit of the Administrative Agent and the Secured Parties, hereunder.

7.11 Survival of Representations. All representations and warranties of the Grantors contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

7.12 Taxes and Expenses. Any taxes (including income taxes) payable or ruled payable by Federal or State authority in respect of this Security Agreement shall be paid by the Grantors, together with interest and penalties, if any. The Grantors shall reimburse the Administrative Agent for any and all reasonable out-of-pocket expenses and internal charges (including reasonable attorneys', auditors' and accountants' fees and reasonable time charges of attorneys, paralegals, auditors and accountants who may be employees of the Administrative Agent) paid or incurred by the Administrative Agent in connection

with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement and in the audit, analysis, administration, collection, preservation or sale of the Collateral (subject to the terms of the Credit Agreement, which may also include the expenses and charges associated with any periodic or special audit of the Collateral). Any and all costs and expenses incurred by the Grantors in the performance of actions required pursuant to the terms hereof shall be borne solely by the Grantors.

7.13 Headings. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

7.14 Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Obligations outstanding) until (a) the Credit Agreement has terminated pursuant to its express terms and (b) all of the Obligations have been indefeasibly paid and performed in full (or (i) with respect to any outstanding Letters of Credit, a cash deposit or supporting letter of credit has been delivered to the Administrative Agent as required by the Credit Agreement or (ii) with respect to any Obligations that are due and payable under a Secured Bank Product Agreement, such Obligations shall have been paid in full or other arrangements reasonably satisfactory to the applicable Bank Product Provider shall have been made) and no commitments of the Administrative Agent or the Secured Parties which would give rise to any Obligations are outstanding.

7.15 Entire Agreement. This Security Agreement embodies the entire agreement and understanding between the Grantors and the Administrative Agent relating to the Collateral and supersedes all prior agreements and understandings between the Grantors and the Administrative Agent relating to the Collateral.

7.16 **CHOICE OF LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS.**

7.17 **CONSENT TO JURISDICTION. EACH GRANTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR TEXAS STATE COURT, IN EITHER CASE, SITTING IN DALLAS COUNTY, TEXAS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT AND EACH GRANTOR HEREBY**

IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY SECURED PARTY TO BRING PROCEEDINGS AGAINST ANY GRANTOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY GRANTOR AGAINST THE ADMINISTRATIVE AGENT OR ANY SECURED PARTY OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY SECURED PARTY INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN DALLAS COUNTY, TEXAS.

7.18 WAIVER OF JURY TRIAL. EACH GRANTOR, THE ADMINISTRATIVE AGENT AND EACH SECURED PARTY HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

7.19 Indemnity. Section 11.2 of the Credit Agreement is hereby incorporated by reference *mutatis mutandis*, as if stated verbatim herein as agreements and obligations of each Grantor.

7.20 Counterparts. This Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Security Agreement by signing any such counterpart. Delivery of an executed counterpart of this Security Agreement by fax or other electronic transmission (e.g. .pdf) shall be effective as delivery of a manually executed counterpart of this Security Agreement.

7.21 Lien Absolute. All obligations of each Grantor hereunder, shall be absolute and unconditional irrespective of:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any of the Obligations, by operation of law or otherwise, or any obligation of any other guarantor of any of the Obligations, or any default, failure or delay, willful or otherwise, in the payment or performance of the Obligations;

(b) any lack of validity or enforceability relating to or against Borrowers, any other Loan Party or any other guarantor of any of the Obligations, for any reason related to the Credit Agreement, any other Loan Document or any other agreement or instrument governing or evidencing any Obligations, or any applicable Law purporting to prohibit the payment by Borrowers, any other Loan Party or any other guarantor of the Obligations of the principal of or interest on the Obligations;

(c) any modification or amendment of or supplement to the Credit Agreement or any other Loan Document;

(d) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument governing or evidencing any Obligations, including any increase or decrease in the rate of interest thereon;

(e) any change in the corporate existence, structure or ownership of the Borrowers, any other Loan Party or any other guarantor of any of the Obligations, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting Borrowers, any other Loan Party or any other guarantor of the Obligations, or any of their assets or any resulting release of discharge of any obligation of Borrowers, any other Loan Party or any other guarantor or any of the Obligations;

(f) any present or future law, regulation or order of any jurisdiction (whether of right or in fact) or of any agency thereof purporting to reduce, amend, restructure or otherwise affect any term of any Loan Document or Obligations;

(g) any other setoff, defense or counterclaim whatsoever (in any case, whether based on contract, tort or any other theory) with respect to the Credit Agreement, any other Loan Document, any other agreement or instrument or the transactions contemplated thereby which might constitute a legal or equitable defense available to, or discharge of any Grantor; or

(h) any other act or omission to act or delay of any kind by Borrowers, any other Loan Party, any other guarantor of the Obligations, the Administrative Agent, any Lender or any other Person or

any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of any Grantor's obligations hereunder.

7.22 Release. Each Grantor consents and agrees that the Administrative Agent may at any time, or from time to time, in its discretion:

(a) renew, extend or change the time of payment, and/or the manner, place or terms of payment of all or any part of the Obligations; and

(b) exchange, release and/or surrender all or any of the Collateral (including the Pledged Collateral), or any part thereof, by whomsoever deposited, which is now or may hereafter be held by the Administrative Agent in connection with all or any of the Obligations; all in such manner and upon such terms as the Administrative Agent may deem proper, and without notice to or further assent from any Grantor, it being hereby agreed that each Grantor shall be and remain bound upon this Security Agreement, irrespective of the value or condition of any of the Collateral, and notwithstanding any such change, exchange, settlement, compromise, surrender, release, renewal or extension, and notwithstanding also that the Obligations may, at any time, exceed the aggregate principal amount thereof set forth in the Credit Agreement, or any other agreement governing any Obligations.

ARTICLE VIII

NOTICES

8.1 Sending Notices. Any notice required or permitted to be given under this Security Agreement shall be given in accordance with Section 11.11 of the Credit Agreement, with each notice to each Grantor other than the Borrowers being given in the same manner as notice to the Borrowers under the Credit Agreement, provided that such notice shall in each case be addressed to the Grantors at the notice address set forth on Exhibit A.

8.2 Change in Address for Notices. Each of the Grantors, the Administrative Agent and the Lenders may change the address for service of notice upon it by a notice in writing to the other parties.

ARTICLE IX
THE ADMINISTRATIVE AGENT

Texas Capital Bank, National Association has been appointed Administrative Agent for the Secured Parties hereunder pursuant to Article 10 of the Credit Agreement. It is expressly understood and agreed by the parties to this Security Agreement that any authority conferred upon the Administrative Agent hereunder is subject to the terms of the delegation of authority made by the Secured Parties to the Administrative Agent pursuant to the Credit Agreement, and that the Administrative Agent has agreed to act (and any successor Administrative Agent shall act) as such hereunder only on the express conditions contained in such Article 10. Any successor Administrative Agent appointed pursuant to Article 10 of the Credit Agreement shall be entitled to all the rights, interests and benefits of the Administrative Agent hereunder.

ARTICLE XI
CONSENT TO PLEDGED EQUITY

11.1 Each Grantor and each of its Subsidiaries, in its respective capacity as an issuer of Pledged Collateral (in such capacity, an “Issuer”), hereby (a) consents to the grant by each other Grantor to the Administrative Agent, for the benefit of the Secured Parties, of a security interest in and lien on all of the Pledged Collateral, (b) represents to the Administrative Agent that it has no rights of setoff or other claims against any of the Pledged Collateral, (c) acknowledges and agrees that it shall, upon demand by the Administrative Agent, pay to the Administrative Agent, for the benefit of the Secured Parties, any dividends and distributions due to any Grantor in accordance with the terms hereof, and (d) consents to the transfer of such Pledged Collateral to the Administrative Agent or its nominee following an Event of Default and to the substitution of the Administrative Agent or its nominee as a partner in any partnership or as a member in any limited liability company with all the rights and powers related thereto.

11.2 Each Grantor hereby authorizes and instructs each Issuer to comply with any instruction received by it from the Administrative Agent in writing that (a) states that an Event of Default has occurred and (b) is otherwise in accordance with the terms of this Security Agreement, without any other or further instructions from such Grantor.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Grantors and the Administrative Agent have executed this Security Agreement as of the date first above written.

GRANTORS:

NATURAL GAS SERVICES GROUP, INC.

By : /s/ Stephen C. Taylor

Name: Stephen C. Taylor

Title : Chief Executive Officer

NGSG PROPERTIES, LLC

By : /s/ Stephen C. Taylor

Name: Stephen C. Taylor

Title : Chief Executive Officer

ADMINISTRATIVE AGENT:

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: /s/ Jeff A. Tompkins

Name: Jeff A. Tompkins

Title: Senior Vice President

EXHIBIT A

(See Sections 3.2, 3.3, 3.4, 3.9, 4.1 and 8.1 of Security Agreement)

NOTICE ADDRESS FOR ALL GRANTORS

PART I – GRANTOR INFORMATION

c/o Natural Gas Services Group, Inc.
404 Veterans Airpark Lane, Suite 300
Midland, TX 79705
Attention: Stephen Taylor, President and Chief Executive Officer

INFORMATION AND COLLATERAL LOCATIONS

Name of Grantor	Jurisdiction of Organization and Type of Entity	Organizational Identification Number	Federal Identification Number	Chief Executive Office or Principal Place of Business	Former names	Locations of Collateral
Natural Gas Services Group, Inc.	Colorado corporation	19981223954	75-2811855	404 Veterans Airpark Lane, Suite 300 Midland, TX 79705	N/A	See Part II, Sections (a) and (b)
NGSG Properties, LLC	Colorado limited liability company	20171593146	75-2811855 (disregarded entity, owned 100% by Holdings)	404 Veterans Airpark Lane, Suite 300 Midland, TX 79705	N/A	See Part II, Sections (a) and (b)

PART II – LOCATIONS OF COLLATERAL FOR ALL GRANTORS:

(a) Properties Owned by any Grantor:

<u>Owner</u>	<u>Street Address</u>	<u>Description</u>
Natural Gas Services Group, Inc.	12301 W CR 125 Odessa, TX 79765	Office and Fab\Service
Natural Gas Services Group, Inc.	4925 S CR 1303 Odessa, TX 79765	Old service location being used to house records
Natural Gas Services Group, Inc.	3900 N. 1 st Bloomfield, NM 87413	Office and Parts\Service
Natural Gas Services Group, Inc.	3690 CR 491 Lewiston, MI 49756	Rental\Service
NGSG Properties, LLC	404 Veterans Airpark Ln. Midland, TX 79705	Headquarters
Natural Gas Services Group, Inc.	5725 Birdcreek Avenue Catoosa, OK 74015	Fab

(b) Properties Leased by any Grantor (other than Compressor Locations) (Include Landlord's name):

<u>Lessee</u>	<u>Property Address</u>	<u>Lessor</u>	<u>Location</u>	<u>Monthly Lease Amount</u>	<u>Expiration Date</u>
Natural Gas Services Group, Inc.	107 PR 1420 Bridgeport, TX 76426	Wise Commercial Properties	Bridgeport, TX	\$2,000	Month to Month
Natural Gas Services Group, Inc.	4721 N. Hwy. 171 Cleburne, TX 76033	Klement-Wes Partnership, Ltd	Cleburne, TX	\$5,600	Month to Month
Natural Gas Services Group, Inc.	5757 Bird Creek Avenue Catoosa, OK 74015	Industrial Leasing Company, L.L.C.	Catoosa, OK	\$7,425	11/14/21
Natural Gas Services Group, Inc.	1400 S. 1200 E Vernal, Utah 84078	R&P Enterprises	Vernal, UT	\$950	Month to Month
Natural Gas Services Group, Inc.	120 W. Oklahoma Wheeler, TX 79096	Sandy Basin Properties, Ltd.	Wheeler, TX	\$1,100	11/30/22

Lessee	Property Address	Lessor	Location	Monthly Lease Amount	Expiration Date
Natural Gas Services Group, Inc.	24852 1st Street Galeton, CO 80622	4 S's Holdings, LLC	Galeton, CO	\$3,943.30	2/28/22
Natural Gas Services Group, Inc.	280 Industrial Dr. Carrollton, OH 44615	Lewis & Lewis Rentals	Carrollton, OH	\$2,300	Month to Month
Natural Gas Services Group, Inc.	2200 Pool Rd. Ste. 104 Grapevine, TX 76051	First Tyrant	Grapevine, TX	\$1,450	9/30/21
Natural Gas Services Group, Inc.	402 Energy Ave, Unit "F" Carlsbad, NM 88220	RMI Properties, LLC	Carlsbad, NM	\$2,000	9/30/22

(c) Public Warehouses or other Locations pursuant to Bailment or Consignment Arrangements (Include name of Warehouse Operator or other Bailee or Consignee):

Lessee	Property Address	Operator	Property Description	Monthly Amount	Expiration Date
N/A	N/A	N/A	N/A	N/A	N/A

(d) Collateral not always located on real property listed in clauses (a), (b) and (c) above: See Schedule 1 attached hereto.

SCHEDULE I
TO
EXHIBIT A [Attached]

EXHIBIT B
(See Section 3.5 of Security Agreement)

DEPOSIT ACCOUNTS

Name of Grantor	Name of Institution	Account Number	Description of Account	Excluded Account as of the Effective Date (Yes/No)
Natural Gas Services Group, Inc.	JPMorgan Chase Bank, N.A.	887288181	Control Account – Commercial Checking with Interest	No
Natural Gas Services Group, Inc.	JPMorgan Chase Bank, N.A.	473239940	ZBA - Commercial Checking-Payroll Account	Yes
Natural Gas Services Group, Inc.	JPMorgan Chase Bank, N.A.	657911918	ZBA - Commercial Checking – Credit Card Account	Yes
Natural Gas Services Group, Inc.	JPMorgan Chase Bank, N.A.	2951350491	Premium Commercial Money Market	No
NGSG Properties, LLC	JPMorgan Chase Bank, N.A.	196250937	Commercial Checking -Primary Real Estate Sub Account	No

COMMODITY ACCOUNTS

Name of Grantor	Name of Institution	Account Number	Description of Account	Excluded Account as of the Effective Date (Yes/No)
N/A	N/A	N/A	N/A	N/A

SECURITIES ACCOUNTS

Name of Grantor	Name of Institution	Account Number	Description of Account	Excluded Account as of the Effective Date (Yes/No)
N/A	N/A	N/A	N/A	N/A

EXHIBIT C

(See Section 3.7 of Security Agreement)

LETTER OF CREDIT RIGHTS None

CHATTEL PAPER (including any customer contracts) None

EXHIBIT D
(See Sections 3.10 and 3.11 of Security Agreement)
INTELLECTUAL PROPERTY RIGHTS PATENTS

<u>Name of Grantor</u>	<u>Patent Description</u>	<u>Patent Number</u>	<u>Issue Date</u>
N/A	N/A	N/A	N/A

PATENT APPLICATIONS

<u>Name of Grantor</u>	<u>Patent Application</u>	<u>Application Filing Date</u>	<u>Application Serial Number</u>
N/A	N/A	N/A	N/A

TRADEMARKS

<u>Name of Grantor</u>	<u>Trademark</u>	<u>Registration Date</u>	<u>Registration Number</u>
N/A	N/A	N/A	N/A

TRADEMARK APPLICATIONS

<u>Name of Grantor</u>	<u>Trademark Application</u>	<u>Application Filing Date</u>	<u>Application Serial Number</u>
N/A	N/A	N/A	N/A

COPYRIGHTS

<u>Name of Grantor</u>	<u>Copyright</u>	<u>Registration Date</u>	<u>Registration Number</u>
N/A	N/A	N/A	N/A

COPYRIGHT APPLICATIONS

<u>Name of Grantor</u>	<u>Copyright Application</u>	<u>Application Filing Date</u>	<u>Application Serial Number</u>
N/A	N/A	N/A	N/A

INTELLECTUAL PROPERTY LICENSES

<u>Name of Grantor</u>	<u>Name of Agreement</u>	<u>Date of Agreement</u>	<u>Parties to Agreement</u>
N/A	N/A	N/A	N/A

EXHIBIT E
(See Section 3.11 of Security Agreement)

TITLE DOCUMENTS

I. Vehicles and other rolling stock subject to certificates of title:

Vehicles / Equipment (not subject to a Lien): Paid Off Vehicles

11	1GCHK24U14E246974	2004	Chevy	2500/4x4/single	Regular
72	1GDE4C3G17F400026	2007	GMC	4500/4x4/Dually	Regular
78	1FTWW31P46ED73950	2006	Ford	F-350/single rear	Crew Cab
93	JFDWF70H9GVA29612	1986	Ford	F-450/4x4/Dually	Regular
96	1FTWW33F62ED16065	2002	Ford	F-350/4x4/Dually	Crew Cab
97	1FTHX26F9VEB82748	1997	Ford	F-250/4x4/ Dually	Flatbed
150	1FTFW1CV6AFC84710	2010	Ford	F-150/4x2/single	Crew Cab
166	1GKS1EEF9BR134413	2011	GMC	Yukon Denali	SUV
204	1FTFW1EF0CFC61898	2012	Ford	F150/4x4/Single	Crew Cab
205	1FD8X3A66CEC56892	2012	Ford	F-350/4x2/Single	SUPER CAB
229	1FTFX1CF9DKF06402	2013	Ford	F150/4X2/SINGLE	SUPER CAB
230	1FTFX1CF7DKF06401	2013	Ford	F150/4X2/SINGLE	SUPER CAB
237	1FTFX1EF6DFC71558	2013	Ford	F150/4x4/Single	SUPER CAB
241	1FT7X2B61EEA55395	2014	Ford	F250/4x4/SINGLE	SUPER CAB
242	1FT7X2B66EEA55411	2014	Ford	F250/4x4/SINGLE	SUPER CAB
248	1FT7X2A69EEB28580	2014	Ford	F250/4x2/SINGLE	SUPER CAB
250	1FD8X3G63EEB28586	2014	Ford	F350/4X2/DUAL	SUPER CAB
255	1FD8X3H60EEB47692	2014	Ford	F350/4x4/Dually	SUPER CAB
260	1FD8X3H68EEB83081	2014	Ford	F350/4x4/Dually	
263	1FD0X4GY4EEA60657	2014	Ford	F450/4X2/DUALLY	SUPER CAB
264	1FD0X4GY9EEB65291	2014	Ford	F450/4X2/DUALLY	SUPER CAB
266	1FDUF5GY0EEA68989	2014	Ford	F550/4X2/DUALLY	Regular
270	1FT7X2A64FEB33283	2015	Ford	F250/4X2/SINGLE	SUPER CAB
273	1FT7X2B67FEB82637	2015	Ford	F250/4X4/SINGLE	SUPER CAB
282	1FD0X4GY0FEC01449	2015	Ford	F450/4X2/DUALLY	SUPER CAB
283	1FD0X4GY7FEC01450	2015	Ford	F450/4X2/DUALLY	SUPER CAB
284	1FD0X4GY9FEC01451	2015	Ford	F450/4X2/DUALLY	SUPER CAB
287	1FD8X3H60FEC01445	2015	Ford	F350/4x4/Dually	SUPER CAB
289	1FTFW1EF9EKG47584	2014	Ford	F150/4X4	SUPER CREW
290	1FTFW1EFXEKF34954	2014	Ford	F150/4X4	SUPER CREW
292	1FD8X3B64FEC70292	2015	Ford	F350/4X4/SRW	SUPER CAB
298	1FD8X3H64FED19174	2015	Ford	F350/4X4/DRW	SUPER CAB
299	1FD8X3H66FED19175	2015	Ford	F350/4X4/DRW	SUPER CAB
300	1FD8X3D63FED19026	2015	Ford	F350/4X4/DRW	SUPER CAB
302	1FT7X2B68FED19018	2015	Ford	F250/4x4/SINGLE	SUPER CAB
304	1FT7X2B68FEB95574	2015	Ford	F250/4X4/SINGLE	SUPER CAB
307	1FD8X3B63GEB44488	2016	Ford	F350/4X4/SINGLE	SUPER CAB

308	1FD8X3B61GEB44490	2016	Ford	F350/4X4/SINGLE	SUPER CAB
309	1FD8X3F64GEB13924	2016	Ford	F350/4X4/SINGLE	SUPER CAB
310	1FTEW1EFXGKE99704	2016	Ford	F150/4X4	SUPER CREW
312	1FTEW1EF5HKC08088	2017	Ford	F150/4x4/Single	Crew Cab
314	1FD8X3B63GEB44491	2016	Ford	F350/4X4/SINGLE	SUPER CAB
316	1FD8X3G63HEB86301	2017	Ford	F-350/4x2/Dually	SUPER CAB
317	1FD8X3G69HEB86299	2017	Ford	F-350/4x2/Dually	SUPER CAB
320	1FD8X3A63HEB86291	2017	Ford	F-350/4x2/Single	SUPER CAB
321	1FD8X3G67HEB86298	2017	Ford	F-350/4x2/Dually	SUPER CAB
322	1FD8X3G65HEB86297	2017	Ford	F-350/4x2/Dually	SUPER CAB
323	1FTEW1EF7HKC08089	2017	Ford	F150/4x4/Single	Crew Cab
324	1FD8X3G61HEB86300	2017	Ford	F-350/4x2/Dually	SUPER CAB
325	1FD8X3B66HEE50389	2017	Ford	F350/4X4/SINGLE	SUPER CAB
326	1FD8X3H61HEC98724	2017	Ford	F350/4X4/DRW	SUPER CAB
327	1FD8X3G65HEE35102	2017	Ford	F-350/4x2/Dually	SUPER CAB
328	1FD8X3A63HEE50383	2017	Ford	F-350/4x2/Single	SUPER CAB
329	1FD8X3B62HEE50387	2017	Ford	F350/4X4/SINGLE	SUPER CAB
330	1FD8X3A67HEE50385	2017	Ford	F-350/4x2/Single	SUPER CAB
331	1FT7X2A6XHEE35101	2017	Ford	F-250/4x2/Single	SUPER CAB
332	1FD8X3A65HEE50384	2017	Ford	F-350/4x2/Single	SUPER CAB
333	1FD8X3B64HEE50388	2017	Ford	F350/4X4/SINGLE	SUPER CAB
334	1FD8X3B62HEE50390	2017	Ford	F350/4X4/SINGLE	SUPER CAB
335	1FD8X3B60HEE50386	2017	Ford	F350/4X4/SINGLE	SUPER CAB
337	1FT7X2A6XJEB23771	2018	Ford	F250/4x2/SINGLE	SUPER CAB
338	1FT7X2A68JEB23770	2018	Ford	F250/4x2/SINGLE	SUPER CAB
339	1FT7X2A63JEB42386	2018	Ford	F250/4x2/SINGLE	SUPER CAB
340	1FT7X2B60JEB84853	2018	Ford	F250/4x4/SINGLE	SUPER CAB
341	1FD8X3B60JEB70893	2018	Ford	F350/4x4/SINGLE	SUPER CAB
342	1FD8X3A65JEB84662	2018	Ford	F350/4x2/SINGLE	SUPER CAB
343	1FT7X2A69JEB84660	2018	Ford	F250/4x2/SINGLE	SUPER CAB
344	1FD8X3G6XJEB84664	2018	Ford	F-350/4x2/Dually	SUPER CAB
345	1FD8X3A63JEB84661	2018	Ford	F350/4x2/SINGLE	SUPER CAB
346	1FD8X3A67JEB84663	2018	Ford	F350/4x2/SINGLE	SUPER CAB
347	1FD0X4GY6JEB92135	2018	Ford	F450/4x2/SINGLE	SUPER CAB
348	1GKS2CKJXR290985	2018	GMC	Yukon Denali	
349	1FTEW1E56JKE22889	2018	Ford	F150/4x4/Single	Crew Cab
3000	1XPHD49X3BD113384	2011	Peterbilt	SEMI	
351	2HSFBGRR1JC012089	1988	INTERNATIONAL	WHINCH TRUCK	
352	D2137JGB12353	1979	INTERNATIONAL	WHINCH TRUCK	
353	1FD8X3B63JEC81437	2018	Ford	F350/4X4/SINGLE	SUPER CAB
354	1FD8X3B64JEC66882	2018	Ford	F350/4X4/SINGLE	SUPER CAB
355	1FD8X3B66JEC66883	2018	Ford	F350/4X4/SINGLE	SUPER CAB
356	1FD8X3B68JEC66884	2018	Ford	F350/4X4/SINGLE	SUPER CAB
357	1FD8X3B6XJEC66885	2018	Ford	F350/4X4/SINGLE	SUPER CAB
358	1FD8X3F62JED06192	2018	Ford	F350/4X4/SINGLE	SUPER CAB
359	1FD8X3F61JED06622	2018	Ford	F350/4X4/SINGLE	SUPER CAB
360	1FD8X3B63KEC90866	2019	Ford	F350/4X4/SINGLE	SUPER CAB

361	1FD8X3B65KEC90867	2019	Ford	F350/4X4/SINGLE	SUPER CAB
362	1FD8X3B69KEC90869	2019	Ford	F350/4X4/SINGLE	SUPER CAB
363	1FD8X3B65KEC90870	2019	Ford	F350/4X4/SINGLE	SUPER CAB
364	1FD8X3B69KEC90872	2019	Ford	F350/4X4/SINGLE	SUPER CAB
365	1FD8X3G62KEC83383	2019	Ford	F-350/4x2/DRW	SUPER CAB
366	1FT8X3B68KEC90818	2019	Ford	F350/4X4/SINGLE	SUPER CAB
367	1FD8X3G66KED01402	2019	Ford	F-350/4x2/DRW	SUPER CAB
368	1FD8X3H6XKED01403	2019	Ford	F-350/4x4/DRW	SUPER CAB
369	1FD8X3B67KEC90871	2019	Ford	F350/4X4/SINGLE	SUPER CAB
370	1FD8X3B67KEC90868	2019	Ford	F350/4X4/SINGLE	SUPER CAB
371	1FT7X2B67KEC83381	2019	Ford	F250/4x4/SINGLE	SUPER CAB
372	1FT7X2B69KEC83382	2019	Ford	F250/4x4/SINGLE	SUPER CAB
373	1FT7X2B67KEC83378	2019	Ford	F250/4x4/SINGLE	SUPER CAB
374	1FT8X3B66KEC90820	2019	Ford	F350/4x4/SINGLE	SUPER CAB
375	1FT8X3B66KEC90817	2019	Ford	F350/4x4/SINGLE	SUPER CAB
376	1FT8X3B6XKEC90819	2019	Ford	F350/4x4/SINGLE	SUPER CAB
377	1FT8X3B68KEC90821	2019	Ford	F350/4x4/SINGLE	SUPER CAB
378	1FTEW1E57KKD30756	2019	Ford	F150/4x4/Single	Crew Cab
379	1FD8X3F64KED30446	2019	Ford	F350/4x4/SINGLE	SUPER CAB
380	1FD8X3B62KEE67911	2019	Ford	F350/4x4/SINGLE	SUPER CAB
381	1FD8X3B60KEE67907	2019	Ford	F350/4x4/SINGLE	SUPER CAB
382	1FT7X2B64KEE33012	2019	Ford	F250/4x4/SINGLE	SUPER CAB
383	1FD8X3H64KEE90212	2019	Ford	F350/4x4/DRW	SUPER CAB
384	1FTEX1EB2KKD34667	2019	Ford	F150/4x4/Single	SUPER CAB
385	1FD8X3H62KEE90211	2019	Ford	F350/4X4/DRW	SUPER CAB
386	1FD8X3G69KEE90210	2019	Ford	F350/4X2/DRW	SUPER CAB
387	1FD8X3G62KEE90209	2019	Ford	F350/4X2/DRW	SUPER CAB
388	1FD8X3B62KEE67908	2019	Ford	F350/4x4/SINGLE	SUPER CAB
389	1FD8X3B60KEE67910	2019	Ford	F350/4x4/SINGLE	SUPER CAB
390	1FD8X3B64KEE67909	2019	Ford	F350/4x4/SINGLE	SUPER CAB
391	1FD8X3B64KEE67912	2019	Ford	F350/4x4/SINGLE	SUPER CAB
392	1FT7X2A68KEC78224	2019	Ford	F350/4x2/SINGLE	SUPER CAB
393	1FT7X2A67KEC54755	2019	Ford	F350/4x2/SINGLE	SUPER CAB
394	1FT7X2A65KEC59632	2019	Ford	F350/4x2/SINGLE	SUPER CAB
395	1FD8X3B69KEF83221	2019	Ford	F350/4x4/SINGLE	SUPER CAB
396	1FD8X3B67KEF83220	2019	Ford	F350/4x4/SINGLE	SUPER CAB
397	1FD8X3B69KEF83218	2019	Ford	F350/4x4/SINGLE	SUPER CAB
398	1FD8X3B60KEF83219	2019	Ford	F350/4x4/SINGLE	SUPER CAB
399	1FTEX1CB9KKD33390	2019	Ford	F150/4x2/SINGLE	SUPER CAB
400	1FD8X3B60KEF83222	2019	Ford	F350/4x4/SINGLE	SUPER CAB
401	1FD8X3B62KEF83223	2019	Ford	F350/4x4/SINGLE	SUPER CAB
402	1FD8X3B64KEF83224	2019	Ford	F350/4x4/SINGLE	SUPER CAB
403	1FD8X3B66KEF83225	2019	Ford	F350/4x4/SINGLE	SUPER CAB
404	1FT7X2B63KEF03826	2019	Ford	F250/4x4/SINGLE	SUPER CAB
405	1FT7X2B62KEG23827	2019	Ford	F250/4x4/SINGLE	SUPER CAB
406	1FT7X2B60KEG23826	2019	Ford	F250/4x4/SINGLE	SUPER CAB
407	1FT7X2B67KEC53751	2019	Ford	F250/4x4/SINGLE	SUPER CAB

408	1FD8X3H66KEF23663	2019	Ford	F350/4X4/DRW	SUPER CAB
409	1FD8X3F66KEE28748	2019	Ford	F350/4x4/SINGLE	SUPER CAB
410	1FT7X2B61KEG40716	2019	Ford	F250/4x4/SINGLE	SUPER CAB
411	1FD8X3H60LEC28706	2020	Ford	F350/4X4/DRW	SUPER CAB
412	1FD8X3B60LEC74609	2020	Ford	F350/4x4/SINGLE	SUPER CAB
413	1FD8X3B67LEC74610	2020	Ford	F350/4x4/SINGLE	SUPER CAB
414	1FD8X3B69LEC74611	2020	Ford	F350/4x4/SINGLE	SUPER CAB
415	1FD8X3B60LEC74612	2020	Ford	F350/4x4/SINGLE	SUPER CAB
416	1FD8X3B64LEC74614	2020	Ford	F350/4x4/SINGLE	SUPER CAB
417	1FD8X3B66LEC74615	2020	Ford	F350/4x4/SINGLE	SUPER CAB
418	1FD8X3B6XLEC74617	2020	Ford	F350/4x4/SINGLE	SUPER CAB
419	1FD8X3B61LEC74618	2020	Ford	F350/4x4/SINGLE	SUPER CAB
420	1FD8X3F69LEC25032	2020	Ford	F350/4x4/SINGLE	SUPER CAB
421	1FD8X3F69LEC25130	2020	Ford	F350/4x4/SINGLE	SUPER CAB
422	1FD8X3G66LED11042	2020	Ford	F350/4x2/DRW	SUPER CAB
423	1FD8X3H61LED11044	2020	Ford	F350/4x4/DRW	SUPER CAB
424	1FD8X3H63LED11045	2020	Ford	F350/4x4/DRW	SUPER CAB
425	1FD8X3H65LED11046	2020	Ford	F350/4x4/DRW	SUPER CAB
426	1FD8X3H67LED11047	2020	Ford	F350/4x4/DRW	SUPER CAB
427	1FD8X3H60LED11049	2020	Ford	F350/4x4/DRW	SUPER CAB
428	1FD8X3G68LED10409	2020	Ford	F350/4x2/DRW	SUPER CAB
429	1FD8X3H66LED10410	2020	Ford	F350/4x4/DRW	SUPER CAB
430	1FD8X3F62LEC64044	2020	Ford	F350/4x4/SINGLE	SUPER CAB
431	1FD8X3F64LEC64045	2020	Ford	F350/4x4/SINGLE	SUPER CAB
432	1FD8X3H62LED12834	2020	Ford	F350/4x2/DRW	SUPER CAB
433	1FTEW1E56LKE24273	2020	Ford	F150/4x4/Single	Crew Cab
434	1FTEW1E40LKE36670	2020	Ford	F150/4x4/Single	Crew Cab
435	1FT7X2B6XMEC20262	2021	Ford	F250/4x4/SINGLE	SUPER
436	1FT7X2B63MEC20264	2021	Ford	F250/4x4/SINGLE	SUPER
437	1FD8X3B62LEC74613	2020	Ford	F350/4x4/SINGLE	SUPER CAB
438	1FD8X3B68LEC74616	2020	Ford	F350/4x4/SINGLE	SUPER CAB
439	1FTFX1E54MFA37829	2021	Ford	F150/4x4/Single	SUPER CAB
440	1FT8X3B60LEE87595	2020	Ford	F350/4x4/SINGLE	SUPER CAB
441	1FT7X2B69MEC79044	2021	Ford	F350/4x4/SINGLE	SUPER CAB
442	1FD8X3B67MED00298	2021	Ford	F350/4x4/SINGLE	SUPER CAB
443	1FD8X3B69MED00299	2021	Ford	F350/4x4/SINGLE	SUPER CAB
444	1FD8X3B61MED00300	2021	Ford	F350/4x4/SINGLE	SUPER CAB
445	1FD8X3B63MED00301	2021	Ford	F350/4x4/SINGLE	SUPER CAB

II. Aircraft/engines/parts, ships, railcars and other vehicles governed by federal statute:

<u>Name of Grantor</u>	<u>Description</u>	<u>Registration Number</u>
N/A	N/A	N/A

EXHIBIT F
(See Section 3.11 of Security Agreement)

FIXTURES

I. Legal description, county and street address of property on which Fixtures are located (by Grantor):

See Exhibit A attached hereto, Part II, Section (a) for a description of all owned real property on which Fixtures are located.

II. Name and Address of Record Owner:

See Exhibit A attached hereto, Part II, Section (a) for the owner and address of all owned real property.

EXHIBIT G

(See Section 3.13 of Security Agreement and Definition of “Pledged Collateral”)

LIST OF PLEDGED COLLATERAL, SECURITIES AND OTHER INVESTMENT PROPERTY

<u>Name of Grantor</u>	<u>Issuer</u>	<u>Certificate Number(s)</u>	<u>Number of Shares/ Interest</u>	<u>Type of Equity Interest</u>	<u>Percentage of Outstanding Equity Interests Owned by Grantor</u>
Natural Gas Services Group, Inc.	NGSG Properties, LLC	N/A	100 units	Membership interest	100%

BONDS

<u>Name of Grantor</u>	<u>Issuer</u>	<u>Number</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>
None	N/A	N/A	N/A	N/A	N/A

GOVERNMENT SECURITIES

<u>Name of Grantor</u>	<u>Issuer</u>	<u>Number</u>	<u>Type</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>
None	N/A	N/A	N/A	N/A	N/A	N/A

OTHER SECURITIES OR OTHER INVESTMENT PROPERTY (CERTIFICATED AND UNCERTIFICATED)

<u>Name of Grantor</u>	<u>Issuer</u>	<u>Description of Collateral</u>	<u>Percentage Ownership Interest</u>
None	N/A	N/A	N/A

EXHIBIT H
(See Sections 3.1 and 3.10 of Security Agreement)

OFFICES IN WHICH FINANCING STATEMENTS HAVE BEEN FILED

Name of Grantor	Filing Office
Natural Gas Services Group, Inc.	Colorado
NGSG Properties, LLC	Colorado

EXHIBIT I
(See Sections 4.4 and 4.8 of Security Agreement)

AMENDMENT

This Amendment, dated, is delivered pursuant to Section [4.4/4.8] of Security Agreement referred to below. All defined terms herein shall have the meanings ascribed thereto or incorporated by reference in the Security Agreement. The undersigned hereby certifies that the representations and warranties in Article III of the Security Agreement are and continue to be true and correct. The undersigned further agrees that this Amendment may be attached to that certain Pledge and Security Agreement dated as of May 11, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “Security Agreement”), between the undersigned, as the Grantors, and Texas Capital Bank, National Association, as the Administrative Agent and that the Collateral listed on Schedule I to this Amendment shall be and become a part of the Collateral referred to in said Security Agreement and shall secure all Obligations referred to in said Security Agreement.

By: Name:
Title:___

**SCHEDULE I TO AMENDMENT
PLEDGED EQUITY**

<u>Name of Grantor</u>	Issuer	<u>Certificate Number(s)</u>	Number of Shares	Type of Equity Interest	Percentage of Outstanding Equity Interests Owned by Grantor

OTHER INSTRUMENTS, SECURITIES AND DOCUMENTS

<u>Name of Grantor</u>	<u>Issuer</u>	<u>Number</u>	<u>Face Amount</u>	<u>Coupon Rate</u>	<u>Maturity</u>

COMMERCIAL TORT CLAIMS

Name of Grantor	Description of Claim	Parties	Case Number; Name of Court where Case was Filed

EXHIBIT J

(See Article II of the Security Agreement)

COMMERCIAL TORT CLAIMS None

ASSUMPTION AGREEMENT, dated as of _____, 20____, by _____, a _____ (the "Additional Grantor"), in favor of TEXAS CAPITAL BANK, NATIONAL ASSOCIATION, as Administrative Agent (in such capacity, the "Administrative Agent") for the Secured Parties. All capitalized terms not defined herein shall have the meaning ascribed to them in the below-referenced Security Agreement.

PRELIMINARY STATEMENTS

A. NATURAL GAS SERVICES GROUP, INC., a Colorado corporation ("Holdings", and together with any Domestic Subsidiary of Holdings that becomes party thereto from time to time as a "Borrower", each a "Borrower" and collectively, the "Borrowers"), the other Loan Parties from time to time party thereto, the Administrative Agent and the banks and other financial institutions from time to time party thereto as lenders (collectively, the "Lenders") have entered into that certain Credit Agreement, dated as of May 11, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

B. In connection with the Credit Agreement, the Loan Parties have entered into the Pledge and Security Agreement, dated as of May 11, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), in favor of the Administrative Agent for the benefit of the Secured Parties.

C. The Credit Agreement requires the Additional Grantor to become a party to the Security Agreement.

D. The Additional Grantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Security Agreement.

ACCORDINGLY, IT IS AGREED:

1. Security Agreement. By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 4.17 of the Security Agreement, hereby becomes a party to the Security Agreement as a "Grantor" thereunder with the same force and effect as if originally named therein as a Grantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Grantor thereunder. The information set forth in Annex 1-A attached hereto is hereby added to the information set forth in the appropriate Exhibits to the Security Agreement. The Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Article III of the Security Agreement is, as to itself, true and correct on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date. The Additional Grantor represents and warrants that the information set forth in Annex 1-A attached hereto is true and correct in all respects and sets forth all information required to be scheduled under the Security Agreement with respect to the Additional Grantor.

2. GOVERNING LAW. THIS ASSUMPTION AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first written above.

[ADDITIONAL GRANTOR]

By: _Name:_Title:

Note

\$20,000,000.00

May 11, 2021

FOR VALUE RECEIVED, Natural Gas Services Group, Inc. (“**Holdings**”, and together with any Domestic Subsidiary of Holdings that becomes a “Borrower” thereto, each a “**Borrower**” and, collectively, the “**Borrowers**”), hereby promise to pay to Texas Capital Bank, National Association (“**Lender**”), in accordance with the provisions of the Credit Agreement (as hereinafter defined), the principal sum of TWENTY MILLION AND 00/100 DOLLARS (\$20,000,000.00) or so much thereof as may be advanced by Lender (in its capacity as Lender or Swing Line Lender, as applicable) from time to time to or for the benefit or account of Borrowers under that certain Credit Agreement dated as of May 11, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “**Credit Agreement**”; the terms defined therein and not otherwise defined herein being used herein as therein defined), among Borrowers, the other Loan Parties from time to time party thereto, the Lenders from time to time party thereto, and Texas Capital Bank, National Association, as Administrative Agent (in such capacity, “**Administrative Agent**”), Swing Line Lender and L/C Issuer.

Borrowers, on a joint and several basis, promise to pay interest on the unpaid principal amount of this Note (this “**Note**”) from the date hereof until the Revolving Credit Loans or Swing Line Loans made by Lender are paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to Administrative Agent for the account of Lender in Dollars in immediately available funds at Administrative Agent’s Principal Office. If any amount is not paid in full when due hereunder, then such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Credit Agreement subject to the terms and conditions provided therein.

This Note is one of the Notes referred to in the Credit Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Note is also entitled to the benefits of any Guaranty. Upon the occurrence and continuation of one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Credit Agreement. The Revolving Credit Loans or Swing Line Loans made by Lender shall be evidenced by an account maintained by Lender in the ordinary course of business. Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of its Revolving Credit Loans or Swing Line Loans and payments with respect thereto.

Each Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE, AND ANY CLAIM, CONTROVERSY, OR DISPUTE ARISING OUT OF OR IN CONNECTION WITH THIS NOTE, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

**[Remainder of Page Intentionally Left Blank
Signature Page Follows]**

IN WITNESS WHEREOF, each Borrower, intending to be legally bound hereby, has duly executed this Note as of the day and year first written above.

BORROWERS:

NATURAL GAS SERVICES GROUP, INC.,
a Colorado corporation

By: /s/ Stephen C. Taylor

Name: Stephen C. Taylor

Title: President and Chief Executive Officer

[Signature Page to Note – Natural Gas Services Group, Inc.]

Certifications

I, Stephen C. Taylor, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Natural Gas Services Group, Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
1. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 14, 2021

Natural Gas Services Group, Inc.

By: /s/ Stephen C. Taylor

Stephen C. Taylor,
President, CEO and Chairman of the Board of Directors
(Principal Executive Officer)

Certifications

I, Micah C. Foster, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Natural Gas Services Group, Inc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 14, 2021

Natural Gas Services Group, Inc.

By: /s/ Micah C. Foster

Micah C. Foster

Vice President and Chief Financial Officer
(Principal Accounting Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Natural Gas Services Group, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephen C. Taylor, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 14, 2021

Natural Gas Services Group, Inc.

By: /s/ Stephen C. Taylor

Stephen C. Taylor,
President, CEO and Chairman of the Board of Directors
(Principal Executive Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Natural Gas Services Group, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Micah C. Foster, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 14, 2021

Natural Gas Services Group, Inc.

By: /s/ Micah C. Foster

Micah C. Foster
Vice President and Chief Financial Officer
(Principal Accounting Officer)

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.