

Vendor Letter

June 1, 2020

Dear Vendor,

Yesterday, Templar Energy LLC (“Templar”) took an important step in our efforts to address substantial challenges facing our Company and industry as a whole. Over the last several months, we have made every effort to mitigate the adverse effects of declining commodity prices exacerbated by the COVID-19 pandemic. Despite these efforts, Templar’s existing debt burden has proven to be insurmountable.

To address these challenges, on June 1, 2020 Templar’s board of managers, with the unanimous support of our RBL lenders, took an important step toward relieving our financial burden by voluntarily seeking protection under chapter 11 of the U.S. Bankruptcy Code.

The company intends to seek approval to effectuate a sale of all or substantially all of its assets pursuant to section 363 of the U.S. Bankruptcy Code. Interested potential purchasers will have the opportunity to participate in a competitive, court-supervised bidding and auction process. We anticipate that this sale process will allow Templar to eliminate approximately \$426 million in aggregate principal amount of secured debt along with approximately \$[20] million in annual interest expense. The Company’s board of managers believes that this course of action will produce the best possible outcome for all of Templar’s stakeholders.

While in chapter 11, Templar will continue to operate in the ordinary course of business. We have obtained a commitment for a debtor-in-possession loan that will provide the necessary liquidity to support the Company’s day-to-day operations during the chapter 11 cases. **As a result, upon court authorization, Templar anticipates paying its vendors for all post-filing services provided in the ordinary course of business throughout the chapter 11 cases.** We are asking that our vendors support us through this process by continuing to provide goods and services on normal terms.

In addition, we have requested authority from the bankruptcy court to pay certain obligations that were outstanding on June 1, 2020 and were owed to production and marketing vendors, joint interest billing partners, land owners, and other critical vendors. We intend to make such payments shortly after we obtain court approval. Our bankruptcy financing budget assumes that such obligations will be made in full.

Additional information regarding the chapter 11 cases may be found in the attached FAQ. We have also established a Templar Information Hotline for interested parties at (866) 515-4713 (U.S./Canada) or (781) 575-2042 (International). Court filings and information about the claims process can be found on the website maintained by Templar’s claim agent, KCC, at <http://www.kccllc.net/TemplarEnergy>.



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Finally, please know that we value our relationship with you. We are working to complete this process as quickly and prudently as possible. When we have updates to share, we will be sure to keep you informed. I also invite you to reach out any time with questions or concerns.

As we move forward, maintaining a strong partnership with you remains a top priority for us. Thank you again for your support.

Sincerely

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Brian Simmons,
President and CEO