



2. Except as otherwise noted, all facts set forth in this Declaration are based upon my personal knowledge of the Debtors' operations and finances gleaned during the course of Lazard's engagement with the Debtors, my discussions with the Debtors' senior management, certain members of the Lazard team, counsel to the Debtors, Latham & Watkins LLP, and the Debtors' restructuring advisor, Alvarez & Marsal North America, LLC, my review of relevant documents, or my view based upon my experience. I am authorized to submit this Declaration, and if called upon to testify, I would testify to the facts set forth herein.

3. I have been employed at Lazard since 2007 and specialize in advising public and private companies and creditor groups in complex financial restructurings, distressed mergers and acquisitions and in raising capital for troubled businesses. I have advised companies and creditor groups in connection with numerous in-court and out-of-court restructurings and recapitalizations, including LINN Energy, RCS Capital, Millennium Health, RadioShack, Chassix, Momentive, Quiznos, OGX, Eastman Kodak Company, Spanish Broadcasting, Lehman Brothers, iStar Financial, U.S. Concrete, Evraz Group, Plastech Engineered Products and Wellman, among others. I have a B.A. in economics from Northwestern University. I hold a Series 79 Investment Banking Representative license and I am a member of the Turnaround Management Association.

4. Lazard is registered as a broker-dealer with the United States Securities and Exchange Commission and the Financial Industry Regulatory Authority. Together with its predecessors and affiliates, Lazard has been advising clients around the world for over 150 years. Lazard and its professionals have considerable expertise and experience in providing investment banking and financial advisory services to financially distressed companies and to creditors, equity holders, and other constituencies in reorganization proceedings and complex financial

restructurings, both in and out of court. Since 1990, Lazard professionals have been involved in over 500 restructurings, representing over \$1 trillion in debtor assets.

5. On March 7, 2016, the Debtors engaged Lazard as their investment banker. Following its engagement, Lazard assisted the Debtors in exploring a number of strategic transactions to address the Debtors capital structure issues and assisted the Debtors in the development and negotiation of its plan of reorganization. Since its engagement, Lazard has worked closely with the Debtors' management and other professionals retained by the Debtors for these Chapter 11 Cases and has become acquainted with the Debtors' capital structure, liquidity needs, and business operations.

#### **The Debtors' Financial Projections**

6. The Debtors have analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and to maintain sufficient liquidity and capital resources to conduct their businesses following their emergence from chapter 11, as reflected in the financial projections for the years 2017 through 2021 set forth in Exhibit E attached to the Disclosure Statement (the "**Financial Projections**"). The Debtors prepared the Financial Projections based upon estimates and assumptions made by the Debtors' management. The Financial Projections include assumptions in regards to factors such as commodity prices, industry performance, general business, economic, competitive, regulatory, market, and financial conditions, all as more fully set forth therein.

7. Based upon my review of the Financial Projections prepared by the Debtors' management and discussions with Debtors' management, as well as discussions with other members of the Lazard oil and gas team, I believe that the Financial Projections were prepared in good faith. The Financial Projections, as well as certain subsequent projection updates that were prepared by management, which adjusted for revised cash distributions under the Plan, more

recent commodity pricing assumptions, and other operational updates, indicate that the Reorganized Debtors expect to generate free cash flow sufficient to maintain liquidity to fund projected cash interest under the Amended Credit Agreement and on the New Secured Notes post-emergence.

8. The Debtors' Financial Projections reflect that the Reorganized Debtors expect to fulfill all of their obligations under the Plan and to provide value for their future shareholders (*i.e.*, the current holders of Prepetition Notes Claims and Stone Equity Interests). Specifically, the Debtors anticipate having cash in excess of \$450 million just prior to the Effective Date, including estimated proceeds from the sale of the Debtors Appalachian assets, which should be sufficient to fund the \$100 million distribution of the Prepetition Notes Cash, the \$75 million escrow related to projected plugging and abandonment liabilities to be required under the Amended Credit Agreement, the paydown of the Prepetition Banks Cash, and other cash distributions required under the Plan.

9. Based on the Debtors' Financial Projections, strip pricing for crude oil and natural gas as of December 2, 2016, and the terms of the Amended Credit Agreement and the New Secured Notes, I believe there is a reasonable likelihood that the Reorganized Debtors will be able to meet their financial obligations under the Plan in the ordinary course of business, and confirmation of the Plan is not likely to be followed by a liquidation or the need for any further financial reorganization of the Reorganized Debtors.

*[Remainder of page intentionally left blank.]*

I declare under penalty of perjury that the foregoing is true and correct.

Dated this 6<sup>th</sup> day of February, 2017



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Christian Tempke  
Vice President  
Lazard Frères & Co. LLC