

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>	§	
	§	<b>Chapter 11</b>
	§	
<b>APPROACH RESOURCES INC., et al.,</b>	§	<b>Case No. 19-36444 (MI)</b>
	§	
	§	<b>(Jointly Administered)</b>
<b>Debtors. <sup>1</sup></b>	§	
	§	<b>Re: Dkt. No. 6</b>

**FINAL ORDER (I) ESTABLISHING NOTIFICATION PROCEDURES AND  
APPROVING RESTRICTIONS ON CERTAIN TRANSFERS OF STOCK OF, AND  
CLAIMS AGAINST, THE DEBTORS AND (II) GRANTING RELATED RELIEF**

**ATTENTION DIRECT AND INDIRECT HOLDERS OF, AND PROSPECTIVE  
HOLDERS OF, (I) STOCK ISSUED BY APPROACH RESOURCES INC. AND  
(II) CERTAIN CLAIMS AGAINST APPROACH RESOURCES INC.:**

Having considered the *Emergency Motion of Debtors for Interim and Final Orders (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, Debtors and (II) Granting Related Relief* (the “Motion”)<sup>2</sup> of Approach Resources Inc. and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”), pursuant to sections 105, 362, and 541 of title 11 of the United States Code (the “Bankruptcy Code”), the Court finds that: (a) jurisdiction over the matters in the Motion is proper pursuant to 28 U.S.C. § 1334; (b) consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); (c) venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; (d) due and proper notice of the Motion

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>2</sup> All capitalized terms not expressly defined herein shall have the same meaning as ascribed in the Motion.

having been provided to the Notice Parties, and such notice having been adequate and appropriate under the circumstances, and it appearing that no other or further notice need be provided; and (e) good and sufficient cause exists for granting the relief requested in the Motion. The Court having reviewed the Motion; and having held a hearing on the Motion to consider the relief requested in the Motion on November 19, 2019; and the Court having granted interim relief on the Motion on November 20, 2019 [Dkt. No. 38]; and the Court having held a final hearing on the Motion on December 13, 2019 ( the “Hearing”); and all objections, if any, to the Motion having been withdrawn, resolved, or overruled; and upon the First Day Declaration, filed contemporaneously with the Motion, and the record of the Hearing; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their respective estates, creditors, and all parties in interest; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. This is a Final Order.
2. The provisions of this Order shall be effective *nunc pro tunc* to the Petition Date.
3. The restrictions, notification requirements, and other procedures annexed hereto as **Exhibit 1** (the “Procedures”) are hereby **APPROVED** and shall apply to all trading and transfers of stock of, and Claims against, the Debtors; *provided, however*, any party in interest may request emergency relief from the Procedures.
4. Any acquisition, disposition, or trading of Common Stock or Claims against the Debtors in violation of the Procedures shall be null and void *ab initio* as an act in violation of the

automatic stay under section 362 of the Bankruptcy Code and pursuant to this Court's equitable powers under section 105(a) of the Bankruptcy Code.

5. Any person (including any Entity) that acquires, disposes of or trades Common Stock or Claims against the Debtors in violation of this Order or the Procedures or that otherwise fails to comply with their requirements, shall be subject to such sanctions as this Court may consider appropriate pursuant to this Court's equitable power under section 105(a) of the Bankruptcy Code.

6. The notices substantially in the forms annexed hereto as **Exhibit 2**, **Exhibit 3**, **Exhibit 4**, **Exhibit 5**, **Exhibit 6**, **Exhibit 7**, and **Exhibit 8** are hereby approved.

7. Within three (3) business days of the entry of this Order or as soon as reasonably practicable, the Debtors shall send the notice of this Order (the "**Notice of Final Order**") annexed hereto as **Exhibit 8** to all parties that were served with notice of the Motion, publish the Notice of Final Order once in the national edition of *The New York Times* and the *Fort Worth Star-Telegram*, and post the Procedures to the website established by Epiq for these chapter 11 cases (<https://dm.epiq11.com/approachresources>), such notice being reasonably calculated to provide notice to all parties that may be affected by the Procedures, whether known or unknown, and no further notice of the Procedures shall be necessary.

8. Nothing herein shall preclude any person (including any Entity) desirous of purchasing, disposing or transferring any Common Stock in, or Claims against, the Debtors from requesting relief from this Order from this Court, subject to the Debtors' rights to oppose such relief.

9. Notice of the Motion as provided therein shall be deemed good and sufficient notice of the Motion.

10. The relief granted in this Order is intended solely to permit the Debtors to protect, preserve, and maximize the value of their Tax Attributes; accordingly, other than to the extent that this Order expressly conditions or restricts trading and transfers of stock of, or Claims against, the Debtor, nothing in this Order or in the Motion shall, or shall be deemed to, prejudice, impair, or otherwise alter or affect the rights of any holders of stock of, or Claims against, the Debtors, including in connection with the treatment of any such stock or claims under any chapter 11 plan or any applicable bankruptcy court order.

11. Notwithstanding anything to the contrary herein, neither the Procedures nor any of the other relief set forth in this Order shall apply to JPMorgan Chase Bank, N.A., in its capacity as agent and lender under the Debtors' prepetition credit facility, any of the other lenders party thereto, or any of their respective assignees.

12. The requirements set forth in this Order are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate and other laws and do not excuse noncompliance therewith.

13. The entry of this Order shall in no way be deemed a determination that entry of a Sell-Down Notice is necessary or warranted in this chapter 11 cases, and this Court's review of any future request for entry of a Sell-Down Notice shall be without regard to the entry of this Order.

14. The entry of this Order shall in no way prejudice the rights of any party to oppose the entry of a Sell-Down Notice, on any grounds, and all such rights are expressly preserved hereby.

15. Nothing contained in this Order or in the Motion is intended to be or shall be construed as (a) an admission as to the validity of any claim against the Debtors, (b) a waiver of

the Debtors' or any appropriate party in interest's rights to dispute any claim, or (c) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code. Likewise any payment made pursuant to this Order is not intended to be and shall not be construed as an admission of the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

16. Notwithstanding entry of this Order, nothing herein shall create, nor is intended to create, any rights in favor of or enhance the status of any claim held by, any party.

17. The Debtors are authorized to take all steps necessary or appropriate to carry out this Order.

18. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Order.

Dated: \_\_\_\_\_, 2019  
Houston, Texas

---

THE HONORABLE MARVIN ISGUR  
UNITED STATES BANKRUPTCY JUDGE

**Exhibit 1 to Final Order**

**Procedures**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>	§	
	§	<b>Chapter 11</b>
	§	
<b>APPROACH RESOURCES INC., et al.,</b>	§	<b>Case No. 19-36444 (MI)</b>
	§	
	§	<b>(Jointly Administered)</b>
<b>Debtors.<sup>1</sup></b>	§	
	§	<b>Re: Dkt. No. 6</b>

**NOTICES, RESTRICTIONS, AND OTHER PROCEDURES REGARDING  
OWNERSHIP AND TRANSFERS OF STOCK OF, AND CLAIMS AGAINST, THE  
DEBTORS**

**ATTENTION DIRECT AND INDIRECT HOLDERS OF, AND PROSPECTIVE  
HOLDERS OF, (I) STOCK ISSUED BY APPROACH RESOURCES INC. AND  
(II) CERTAIN CLAIMS AGAINST APPROACH RESOURCES INC.:**

**TO ALL PERSONS (INCLUDING ENTITIES) WITH CLAIMS AGAINST OR  
STOCK OWNERSHIP OF THE DEBTORS:**

Pursuant to that certain *Final Order (I) Establishing Notification Procedures and  
Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors and (II)  
Granting Related Relief* (the “Final Order”) entered by the United States Bankruptcy Court for the  
Southern District of Texas (the “Bankruptcy Court”) on \_\_\_\_\_, 2019, Dkt. No. [\_\_\_\_],

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

the following restrictions, notification requirements, and/or other procedures (collectively, the “Procedures”)<sup>2</sup> apply to all trading and transfers of stock of, and Claims<sup>3</sup> against, the Debtors.

**A. Common Stock Restrictions**

(1) Definitions. For purposes of these Procedures, the following terms have the following meanings:

- (a) “Approach” shall mean Approach Resources Inc.
- (b) “Common Stock” shall mean common stock issued by Approach.
- (c) “Option” shall mean any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock, or similar interest regardless of whether it is contingent or otherwise not currently exercisable.
- (d) “Beneficial ownership” of Common Stock and Options to acquire Common Stock shall be determined in accordance with section 382 of the title 26 of the United States Code (the “Tax Code”), the regulations promulgated by the U.S. Department of Treasury under the Tax Code (the “Treasury Regulations”), and rulings issued by the Internal Revenue Service (the “IRS”), and as described herein, and, thus, to the extent provided in those sources, from time to time shall include, without limitation, (i) direct and indirect ownership (but determined without regard to any rule that treats stock of an entity as to which the constructive ownership rules apply as no longer owned by that entity), e.g., a holding company would be considered to beneficially own all stock owned or acquired by its subsidiaries, (ii) ownership by a holder’s family members,

---

<sup>2</sup> The Procedures shall not apply to JPMorgan Chase Bank, N.A., in its capacity as agent and lender under the Debtors’ prepetition credit facility, any of the other lenders party thereto, or any their respective assignees.

<sup>3</sup> Capitalized terms used but not defined herein (in particular, see definitions in paragraphs A(1) and B(1) below) shall have the meanings ascribed to them in the Final Order.

(iii) ownership by any Entity, and (iv) to the extent set forth in Treasury Regulations section 1.382-4, the ownership of an Option to acquire Common Stock.

(e) “Entity” shall mean any “entity” as such term is defined in Treasury Regulations section 1.382-3(a), including any group of persons acting pursuant to a formal or informal understanding among themselves to make a coordinated acquisition of Common Stock.

(f) “Substantial Stockholder” shall mean any person (including any Entity) that beneficially owns at least 4.45 million shares of Common Stock (representing approximately 4.75% of all issued and outstanding shares of Common Stock).

(2) Notice of Substantial Ownership. Any person (including any Entity) that beneficially owns, at any time on or after the Petition Date, Common Stock in an amount sufficient to qualify such person as a Substantial Stockholder shall file with the Bankruptcy Court, and serve upon (a) Approach Resources Inc., 6500 West Freeway, Suite 800 Fort Worth, Texas 76116 (Attn: Josh Dazey); (b) Thompson & Knight LLP, 1722 Routh Street, Suite 1500, Dallas, TX 75201 (Attn: David Bennett) and 811 Main Street, Suite 2500, Houston, TX 77002 (Attn: Demetra Liggins), as proposed counsel to the Debtors; (c) counsel to any statutory committees appointed in the Chapter 11 Cases (each, an “Official Committee”); (d) Vinson & Elkins LLP, 2001 Ross Ave., Suite 3900, Dallas, TX 75201 (Attn: William L. Wallander, Esq. and Bradley R. Foxman, Esq.), counsel to J.P. Morgan Chase Bank, N.A., as administrative agent under the *Amended and Restated Credit Agreement*, dated as of May 7, 2014, as amended; (e) Alston & Bird LLP, 101 South Tryon St., Suite 4000, Charlotte, NC 28280 (Attn: Adam Smith, Esq.), counsel to Wilmington Trust, N.A., as successor trustee under that certain *Senior Indenture*, dated as of June 11, 2013, for the issuance of 7% Senior Notes due 2021, as amended and supplemented; and (f) Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038 (Attn: John F. Storz, Esq.), counsel

to the Wilks Brothers, LLC and SDW Investments, LLC (collectively, the “Disclosure Parties”) a notice of such person’s substantial ownership (a “Substantial Stock Ownership Notice”), in substantially the form annexed to the Final Order as **Exhibit 2**, which describes specifically and in detail such person’s ownership of Common Stock, on or before the date that is the later of (x) twenty (20) calendar days after the entry of the order granting the requested relief or (y) ten (10) business days after such person qualifies as a Substantial Stockholder. At the election of the filing person, the Substantial Stock Ownership Notice to be filed with the Bankruptcy Court and served upon the Disclosure Parties (but not the Substantial Stock Ownership Notice that is served upon the Debtors, the attorneys for the Debtors, and the attorneys for any Official Committee) may be redacted to exclude the taxpayer identification number, the amount of Common Stock and/or Options beneficially owned and the dates on which such Common Stock and/or Options were acquired.

(3) Acquisition of Common Stock. At least twenty (20) business days prior to the proposed date of any transfer of Common Stock or exercise of any Option to acquire Common Stock that would result in an increase in the amount of Common Stock beneficially owned by any person (including any Entity) that currently is or, as a result of the proposed acquisition transaction, would be a Substantial Stockholder (a “Proposed Acquisition Transaction”), such person, or Substantial Stockholder (a “Proposed Transferee”) shall file with the Bankruptcy Court and serve upon the Disclosure Parties a notice of such Proposed Transferee’s intent to purchase, acquire, or otherwise accumulate Common Stock (an “Acquisition Notice”), in substantially the form annexed to the Final Order as **Exhibit 3**, which describes specifically and in detail the Proposed Acquisition Transaction. At the election of the filing person, the Acquisition Notice to be filed with the Bankruptcy Court and served upon the Disclosure Parties (but not the Acquisition Notice that is

served upon the Debtors, the attorneys for the Debtors, and the attorneys for any Official Committee) may be redacted to exclude the taxpayer identification number, the amount of Common Stock and/or Options beneficially owned (or to be beneficially owned) and to be acquired, and the dates on which such Common Stock and/or Options are proposed to be acquired.

(4) Disposition of Common Stock. At least twenty (20) business days prior to the proposed date of any transfer or other disposition of Common Stock that would result in either a decrease in the amount of the Common Stock beneficially owned by a Substantial Stockholder or person's or Entity's ceasing to be a Substantial Stockholder (a "Proposed Disposition Transaction") and, together with a Proposed Acquisition Transaction, a "Proposed Transaction"), such person, Entity or Substantial Stockholder (a "Proposed Transferor") shall file with this Court and serve upon the Disclosure Parties a notice of such Proposed Transferor's intent to sell, trade, or otherwise transfer the Common Stock (a "Disposition Notice" and, together with an Acquisition Notice, a "Trading Notice"), in substantially the form annexed to the Final Order as **Exhibit 4**, which describes specifically and in detail the Proposed Disposition Transaction. At the election of the filing person, the Disposition Notice to be filed with this Court and served upon the Disclosure Parties (but not the Trading Notice that is served upon the Debtors, the attorneys for the Debtors, and the attorneys for any Official Committee) may be redacted to exclude the taxpayer identification number, the amount of the Common Stock beneficially owned (or to be beneficially owned) and to be sold, transferred, or otherwise disposed of, and the dates of such Proposed Transactions.

(5) Objection Procedures. The Debtors and any Official Committee shall have fifteen (15) business days after the filing of a Trading Notice (the "Objection Period") to file with this Court and serve on a Proposed Transferee or Proposed Transferor, an objection (each, an

“Objection”) to any Proposed Transaction described in such Trading Notice. If the Debtors or any Official Committee files an Objection by the expiration of the Objection Period (the “Objection Deadline”), then the applicable Proposed Transaction shall not be effective unless approved by a final and nonappealable order of this Court. If neither the Debtors nor any Official Committee file an Objection by the Objection Deadline or if the Debtors and any and all Official Committees provide written authorization to the Proposed Transferee or Proposed Transferor approving the Proposed Transaction prior to the Objection Deadline, then such Proposed Transaction may proceed solely as specifically described in the applicable Trading Notice. Any further Proposed Transaction must be the subject of an additional Trading Notice and Objection Period.

(6) Confidentiality. Except to the extent necessary to respond to a petition to allow consummation of a Proposed Transaction, to the extent otherwise required by law, or to the extent that the information contained therein is already public, the parties receiving a Substantial Stock Ownership Notice or a Trading Notice under these Procedures shall keep all Substantial Stock Ownership Notices and Trading Notices received by them strictly confidential and shall not disclose the contents thereof to any person.

## **B. Claims Restrictions**

(1) Definitions. For purposes of these Procedures, the following terms have the following meanings:

- (a) “Approach” shall mean Approach Resources Inc.
- (b) “Post-Emergence Approach” means the reorganized Debtors or any successor thereto.
- (c) “New Common Stock” means the common stock and any other equity securities (including securities that are treated as equity securities for U.S. federal income tax purposes) of Post-Emergence Approach, including Options to acquire the same.

(d) “Entity” has the meaning as such term is defined in section 1.382-3(a) of title 26 of the Code of Federal Regulations (the “Treasury Regulations”), including any group of persons acting pursuant to a formal or informal understanding among themselves to make a coordinated acquisition of Claims or New Common Stock.

(e) A “Claim” means any claim, as defined in section 101(5) of the Bankruptcy Code, against any of the Debtors, whether secured or unsecured, other than claims under or in connection with the Debtors’ proposed debtor in possession financing facility (the “DIP Loan”).

(f) An “Option” includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

(g) A “382(l)(5) Plan” means a plan of reorganization (a “Plan”) that contemplates the use of section 382(l)(5) of the title 26 of the United States Code (the “Tax Code”) by a reorganized debtor to obtain certain incremental tax benefits.

(h) “Beneficial ownership” of a Claim or Owned Interest means:

(i) the beneficial ownership of a Claim or Owned Interest (as hereinafter defined) as determined in accordance with applicable rules under section 382 of the Tax Code, the Treasury Regulations, and rulings issued by the Internal Revenue Service (the “IRS”) and as described herein (for such purpose, a Claim is treated as if it were stock) and, thus, to the extent provided in those sources, from time to time, shall include, without limitation, (A) direct and indirect ownership (but determined without regard to any rule that treats stock of an entity as to which the constructive ownership rules apply as no longer owned by that entity), e.g., a holding company would be considered to beneficially own all Claims or Owned Interests owned

or acquired by its subsidiaries, (B) ownership by a holder's family members, and (C) ownership by any Entity, Owned Interests, and/or stock; and

(ii) the beneficial ownership of an Option (irrespective of the purpose for which such Option was issued, created, or acquired) with respect to a Claim or Owned Interest.

(iii) For the avoidance of doubt, beneficial ownership of a Claim or Owned Interests also includes the beneficial ownership of any right to receive any equity consideration to be distributed in respect of a Claim or Owned Interests pursuant to a Plan or any applicable bankruptcy court order.

(i) "Threshold Amount" means an amount of Claims that, when taking into account the Owned Interests beneficially owned by a holder of Claims (including under the applicable aggregation rules), could result in such holder of Claims holding the Applicable Percentage of New Common Stock. For this purpose, the beneficial ownership of an Option to acquire Owned Interests shall be considered beneficial ownership of Owned Interests.

Notwithstanding the foregoing, if a beneficial owner of Claims does not agree to refrain from acquiring beneficial ownership of additional Owned Interests (and Options to acquire the same) or to dispose of immediately any such Owned Interests or Options (if acquired on or after the Petition Date but prior to submitting its Substantial Claim Ownership Notice (as hereinafter defined)), the Threshold Amount for such beneficial owner of Claims shall be the "Minimum Threshold Amount," which shall be the amount of Claims beneficially owned by a holder of Claims continuously from the Petition Date to the Sell-Down Date (as hereinafter defined).

(j) A "Substantial Claimholder" means any person (including any Entity) that beneficially owns an aggregate dollar amount of Claims against the Debtors, or any Entity controlled by such person through which such person beneficially owns Claims against the

Debtors, of more than the Threshold Amount, excluding Claims under or in connection with the DIP Loan.

For the avoidance of doubt, section 382 of the Tax Code, the Treasury Regulations, and all relevant IRS and judicial authority shall apply in determining whether the Claims of several persons and/or Entities must be aggregated when a person's (including an Entity's) status as a Substantial Claimholder (for such purpose, a Claim is treated as if it were stock).

(k) “Applicable Percentage” means, if only one class of New Common Stock is to be issued pursuant to the terms of a 382(l)(5) Plan and holders within each class of Claims receiving New Common Stock will receive a pro rata distribution of the New Common Stock, 4.75% of the number of shares of New Common Stock that the Debtors reasonably estimate will be outstanding immediately after the effective date of such 382(l)(5) Plan, as determined for U.S. federal income tax purposes. If more than one class of New Common Stock is to be distributed pursuant to the terms of a 382(l)(5) Plan or if holders within a class of Claims may receive a disproportionate distribution of New Common Stock relative to other holders in the same class, the Applicable Percentage shall be determined by the Debtors in their reasonable judgment in a manner consistent with the estimated range of values for the equity to be distributed (as reflected in the valuation analysis set forth in the 382(l)(5) Plan and disclosure statement) and shall be expressed in a manner that makes clear the number of shares or other interests in each class of New Common Stock that would constitute the Applicable Percentage.

(l) “Holdings Report” means a Substantial Claim Ownership Notice (as hereinafter defined) received by the Debtors with respect to the Determination Date.

(m) “Maximum Amount” means the maximum amount of Claims (by class or other applicable classification of Claims) that may be held, as of the effective date of the 382(l)(5)

Plan, by a Substantial Claimholder that was a Substantial Claimholder as of the Determination Date, which the Debtors shall calculate as follows:

(i) Based upon the information provided by the Substantial Claimholders in the Holdings Reports, the Debtors shall calculate the aggregate amount of Claims that all such Substantial Claimholders must sell as a group to effectuate the 382(l)(5) Plan (the “Sell-Down Amount”);

(ii) The Debtors shall calculate for each Substantial Claimholder the amount of such Substantial Claimholder’s *pro rata* share of the Sell-Down Amount (*i.e.*, the Sell-Down Amount multiplied by a fraction, (x) the numerator of which is the amount, if any, of Claims identified in such Substantial Claimholder’s Holdings Report minus the greater of (A) the applicable Threshold Amount and (B) the Protected Amount for such Substantial Claimholder, and (y) the denominator of which is the aggregate amount of Claims identified in all of the Substantial Claimholders’ Holdings Reports minus the greater of (A) the aggregate applicable Threshold Amount for all Substantial Claimholders and (B) the aggregate Protected Amount of all Substantial Claimholders; and

(iii) For each such Substantial Claimholder, the Debtors shall subtract from the total Claims held by such Substantial Claimholder (as reported in the Holdings Report) such Substantial Claimholder’s *pro rata* share of the Sell-Down Amount. The difference shall be the Maximum Amount.

(n) “Newly Traded Claims” means Claims (i) with respect to which a person (including any Entity) acquired beneficial ownership after the date that was eighteen (18) months prior to the Petition Date and (ii) that are not “ordinary course” Claims, within the meaning of

Treasury Regulations section 1.382-9(d)(2)(iv), of which the same person (including any Entity) always has had beneficial ownership.

(o) A “Permitted Transferee” with respect to a Substantial Claimholder is a person (including any Entity) whose holding of a Claim would not result in such Substantial Claimholder having beneficial ownership of such Claim.

(p) “Protected Amount” means the amount of Claims (by class or other applicable classification) of which a holder had beneficial ownership on the Petition Date *plus* the amount of Claims of which such holder acquires, directly or indirectly, beneficial ownership pursuant to trades entered into prior to the Petition Date, but that had not yet closed as of the Petition Date, and the amount of Claims of which such holder acquires, directly or indirectly, beneficial ownership pursuant to trades entered into after the Petition Date that have been approved by the Debtors in accordance with these Procedures minus the amount of Claims of which such holder sells, directly or indirectly, beneficial ownership pursuant to trades entered into prior to the Petition Date, but that had not yet closed as of the Petition Date.

(2) Disclosure of 382(l)(5) Plan. If the proponent of a Plan (a “Plan Proponent”) determines that the reorganized Debtors likely will benefit from the application of section 382(l)(5) of the Tax Code and reasonably anticipates that Post-Emergence Approach will invoke such section, then the Plan Proponent, in proposing a 382(l)(5) Plan, shall disclose in its proposed disclosure statement or, in the case of items (c) through (e) below, a later separate notice (collectively, the “Proposed 382(l)(5) Disclosure Statement”):

(a) Adequate information about the incremental tax benefits anticipated to be realized through the use of section 382(l)(5) of the Tax Code that, taking into account the Debtors’

anticipated net unrealized built-in gains or net unrealized built-in losses, would not otherwise be available;

(b) A summary of any restrictions expected to be imposed on the transferability of securities issued under the Plan in order to preserve such incremental tax benefits;

(c) The (i) dollar amount of Claims (by class or other applicable classification) expected to result in a one-percent (1%) interest in New Common Stock and (ii) the number of any of the specified interests (“Owned Interests”) in the Debtors expected to result in a one-percent (1%) interest in New Common Stock, in each case based upon then-available information;

(d) A specified date (the “Determination Date”) that is not less than ten (10) calendar days after the service of the notice of the hearing with respect to the Proposed 382(l)(5) Disclosure Statement; and

(e) A specified date (the “Reporting Deadline”) that is not less than five (5) calendar days after the Determination Date, by which persons (including Entities, which for purposes of the Claims Procedures also includes an “entity” within the meaning of Treasury Regulations section 1.382-3(a)) must serve on various parties the notice required by these Procedures (the “Substantial Claim Ownership Notice”).

In the event that items (c) through (e) above are disclosed in a separate notice after the filing of the proposed disclosure statement, such items shall also be disclosed in a separate filing with the Securities and Exchange Commission on Form 8-K.

(3) Substantial Claim Ownership Notice.

(a) Any person (including any Entity) that beneficially owns either (i) more than a specified amount of Claims<sup>4</sup> or (ii) a lower amount of Claims that (based on the applicable information set forth in the Proposed 382(l)(5) Disclosure Statement), when taking into account any Owned Interests beneficially owned by a holder of Claims (including pursuant to the applicable aggregation rules), could result in such holder of Claims holding the Applicable Percentage of New Common Stock, in each case as of the Determination Date, shall serve upon (x) the Plan Proponent and its counsel (and the Debtors and their counsel if not the Plan Proponent), (y) counsel to the lenders under the Debtors' proposed debtor in possession financing facility (the "DIP Lenders"), and (z) counsel to any statutory committees appointed in the Chapter 11 Cases (each, an "Official Committee") ((x), (y), (z), collectively, the "Claim Disclosure Parties") a Substantial Claim Ownership Notice, in substantially the form annexed to the Final Order as **Exhibit 5** (or as adjusted and annexed to the Proposed 382(l)(5) Disclosure Statement) on or before the Reporting Deadline. Such person also shall set forth in the Substantial Claim Ownership Notice its beneficial ownership, if any, of any Owned Interests and whether it agrees to refrain from acquiring beneficial ownership of additional Owned Interests (and Options to acquire the same) until after the effective date of the 382(l)(5) Plan and to immediately dispose of any Owned Interests or Options (if acquired on or after the Petition Date and prior to submitting its Substantial Claim Ownership Notice). A person (including any Entity) that is required to file a Substantial Claim Ownership Notice may or may not be a Substantial Claimholder. The standard for a person's (including an Entity's) being required to file a Substantial Claim Ownership Notice is

---

<sup>4</sup> This "specified amount" is to be reasonably established by the Plan Proponent, taking into account the terms of the 382(l)(5) Plan, and disclosed in the Proposed 382(l)(5) Disclosure Statement. The "specified amount" may be expressed by class or type of Claim(s), if applicable.

different than the definition of a Substantial Claimholder. At the election of the Substantial Claimholder, the Substantial Claim Ownership Notice to be filed with the Bankruptcy Court and served on the Claim Disclosure Parties (but not the Substantial Claim Ownership Notice that is served upon the Debtors, the attorneys for the Debtors, and the attorneys for any Official Committee) may be redacted to exclude the Substantial Claimholder's taxpayer identification number, the dollar amount of the Claims owned, the Protected Amount of the Claims owned, the number of Owned Interest and/or Owned Interest subject to Options beneficially owned and the dates on which such Owned Interests and/or Options were acquired.

(b) In order to assist in determining their eligibility to avail themselves of the relief set forth in section 382(l)(5) of the Tax Code, the Debtors may request<sup>5</sup> from any person (including any Entity) that beneficially owns either (i) more than a specified amount of Claims (which may be expressed by class or type of Claim(s), if applicable) or (ii) a lower amount of Claims that, when taking into account the Owned Interests beneficially owned by a holder of Claims (including pursuant to the applicable aggregation rules), could result in such holder of Claims holding the Applicable Percentage of New Common Stock, in each case as of the date specified in such request, information regarding its beneficial ownership of Claims and Owned Interests (and Options to acquire the same) prior to the filing of the Proposed 382(l)(5) Disclosure Statement, in a manner consistent with these Procedures. In addition, the Debtors shall disclose such request in a separate filing with the Securities and Exchange Commission on Form 8-K.

(c) Any person (including any Entity) that fails to comply with its notification obligations set forth in this paragraph shall, in addition to the consequences set forth in paragraph

---

<sup>5</sup> For purposes of making this determination, such request shall include information comparable to the information that would be required in a Proposed 382(l)(5) Disclosure Statement pursuant to these Procedures.

B(5)(g) below, be subject to such remedy as the Bankruptcy Court may find appropriate upon motion by the Debtors, after service of the motion upon such person and a hearing on the motion in accordance with the Federal Rules of Bankruptcy Procedure, including, without limitation, ordering such noncompliant person (including any Entity) to divest itself promptly of any beneficial ownership of Claims to the extent of such person's ownership of an Excess Amount (as defined herein) and imposing monetary damages for any costs reasonably incurred by the Debtors that were caused by the violation and enforcement of this paragraph.

(4) Claims Trading Before and After Determination Date.

(a) Any person (including any Entity) generally may trade freely and make a market in Claims until the Determination Date.

(b) After the Determination Date, any acquisition of Claims by a person who filed or was required to file a Substantial Claim Ownership Notice or by a person who would be required to file a Substantial Claim Ownership Notice as a result of the consummation of the contemplated transaction if the proposed acquisition date had been the Determination Date (each, a "Proposed Claims Transferee") shall not be effective unless consummated in compliance with these Procedures.

(c) At least ten (10) business days prior to the proposed date of any acquisition of Claims by a Proposed Claims Transferee (a "Proposed Claims Acquisition Transaction"), such Proposed Claims Transferee shall serve upon Claim Disclosure Parties a notice of such Proposed Claims Transferee's request to purchase, acquire, or otherwise accumulate a Claim (a "Claims Acquisition Request"), in substantially the form annexed to the Final Order as **Exhibit 6**, which describes specifically and in detail the Proposed Claims Acquisition Transaction, regardless of whether such transfer would be subject to the filing, notice, and hearing requirements set forth in

Bankruptcy Rule 3001. At the election of the Substantial Claimholder, the Claims Acquisition Request to be served on the Claim Disclosure Parties (but not the Claims Acquisition Request that is served upon the Debtors, the attorneys for the Debtors, and the attorneys for the Official Committee) may be redacted to exclude the Substantial Claimholder's taxpayer identification number, the amount of Claims, Owned Interests and Options to acquire Owned Interest beneficially owned (or to be beneficially owned), the dates they were acquired, the Protected Amount of Claims beneficially owned and the amount of Claims to be acquired.

(d) The Plan Proponent may determine, in consultation with the Debtors (if not the Plan Proponent), counsel to any Official Committee and counsel to the DIP Lenders, whether to approve a Claims Acquisition Request. If the Plan Proponent does not approve a Claims Acquisition Request in writing within eight (8) business days after the Claims Acquisition Request is filed with the Court, the Claims Acquisition Request shall be deemed rejected.

(5) Creditor Conduct and Sell-Down.

(a) To permit reliance by the Debtors on Treasury Regulations section 1.382-9(d)(3), upon the entry of the Final Order, any Substantial Claimholder that participates in formulating any chapter 11 plan of or on behalf of the Debtors (which shall include, without limitation, making any suggestions or proposals to the Debtors or their advisors with regard to such a Plan) shall not disclose or otherwise make evident to the Debtors that any Claims in which such Substantial Claimholder has a beneficial ownership are Newly Traded Claims, unless compelled to do so by an order of a court of competent jurisdiction or some other applicable legal requirement, *provided, however*, that the following activities shall not constitute participation in formulating a Plan *if*, in pursuing such activities, the Substantial Claimholder does not disclose or otherwise make evident (unless compelled to do so by an order of a court of competent jurisdiction

or some other applicable legal requirement) to the Debtors that such Substantial Claimholder has beneficial ownership of Newly Traded Claims: filing an objection to a proposed disclosure statement or to confirmation of a proposed Plan; voting to accept or reject a proposed Plan; reviewing or commenting on a proposed business plan; providing information on a confidential basis to counsel to the Debtors; holding general membership on an official committee or an ad hoc committee; or taking any action required by an order of the Bankruptcy Court.

(b) Following the Determination Date, if the Plan Proponent determines that Substantial Claimholders must sell or transfer all or a portion of their beneficial ownership of Claims in order that the requirements of section 382(l)(5) of the Tax Code will be satisfied, the Plan Proponent may file a motion with the Bankruptcy Court for entry of an order—after notice to counsel to any Official Committee, counsel to the DIP Lenders, and the relevant Substantial Claimholder(s) and a hearing—approving the issuance of a notice (each, a “Sell-Down Notice”) that such Substantial Claimholder must sell, cause to sell, or otherwise transfer a specified amount of its beneficial ownership of Claims (by class or other applicable classification) equal to the excess of (x) the amount of Claims beneficially owned by such Substantial Claimholder over (y) the Maximum Amount for such Substantial Claimholder (such excess amount, an “Excess Amount”). The motion shall be heard on expedited basis such that the Bankruptcy Court can render a decision on the motion at or before the hearing on confirmation of the 382(l)(5) Plan. If the Bankruptcy Court approves the Plan Proponent’s motion for the issuance of a Sell-Down Notice, the Plan Proponent shall provide the Sell-Down Notice to the relevant Substantial Claimholder(s).

(c) Notwithstanding anything to the contrary in these Procedures, no Substantial Claimholder shall be required to sell, cause to sell, or otherwise transfer any beneficial

ownership of Claims if such sale would result in the Substantial Claimholder's beneficial ownership of an aggregate amount of Claims (by class or other applicable classification) that is less than such Substantial Claimholder's Protected Amount.

(d) Each Sell-Down Notice shall direct the Substantial Claimholder to sell, cause to sell, or otherwise transfer its beneficial ownership of the amount of Claims specified in the Sell-Down Notice to Permitted Transferees (each sale or transfer, a "Sell-Down"), *provided, however*, that such Substantial Claimholder shall not have a reasonable basis to believe that any such Permitted Transferee would own, immediately after the contemplated transfer, an Excess Amount of Claims and *provided, further*, that a Substantial Claimholder that has properly notified the Permitted Transferee of its Claims under these Procedures shall not be treated as having such reasonable basis in the absence of notification or actual knowledge that such Permitted Transferee would own, after the transfer, an Excess Amount of Claims.

(e) By the date that is the later of (i) five (5) business days after the entry of an order confirming the 382(l)(5) Plan and (ii) such other date specified in the Sell-Down Notice, as applicable, but before the effective date of the 382(l)(5) Plan (the "Sell-Down Date"), each Substantial Claimholder subject to a Sell-Down Notice shall, as a condition to receiving New Common Stock, serve upon the Claim Disclosure Parties a notice substantially in the form annexed to the Final Order as **Exhibit 7** that such Substantial Claimholder has complied with the terms and conditions set forth in these Procedures and that such Substantial Claimholder does not and will not hold an Excess Amount of Claims as of the Sell-Down Date and at all times through the effective date of the 382(l)(5) Plan (each, a "Notice of Compliance"). Any Substantial Claimholder who fails to comply with this provision shall not receive New Common Stock with respect to any Excess Amount of Claims. At the election of the Substantial Claimholder, the

Notice of Compliance to be served on the Claim Disclosure Parties (but not the Notice of Compliance that is served upon the Debtors, the attorneys for the Debtors, and the attorneys for any Official Committee) may be redacted to exclude the Substantial Claimholder's taxpayer identification number.

(f) Other than information that is public or in connection with an audit or other investigation by the IRS or other taxing authority, the Plan Proponent shall keep all Notices of Compliance and any additional information provided by a Substantial Claimholder pursuant to these Procedures (the "Confidential Information") strictly confidential and shall not disclose the Confidential Information to any other person (including any Entity), *provided, however*, that the Plan Proponent may disclose the identity of the Substantial Claimholder to its counsel and professional financial advisors, counsel to and the professional financial advisors of any Official Committee or the DIP Lenders, and of any other person(s) that are subject to a nondisclosure agreement with the Plan Proponent, each of whom shall keep all Confidential Information strictly confidential, subject to further order of the Bankruptcy Court, and *provided, further*, that to the extent the Plan Proponent reasonably determines such Confidential Information is necessary to demonstrate to the Bankruptcy Court the need for the issuance of a Sell-Down Notice, such Confidential Information (determined by, among other things, whether such information was redacted in any public filing) shall be filed with the Bankruptcy Court under seal.

(g) Any person (including any Entity) that violates its obligations under these Procedures applicable to Claims or, if applicable, its agreement not to acquire beneficial ownership of Owned Interests (and Options to acquire the same) or to immediately dispose of any Owned Interests (if acquired on or after the Petition Date but prior to submitting its Substantial Claim Ownership Notice) in its Substantial Claim Ownership Notice shall, pursuant to these Procedures,

be precluded from receiving, directly or indirectly, any consideration consisting of a beneficial ownership of New Common Stock that is attributable to the Excess Amount of Claims for such person and, if applicable, to the Owned Interests acquired (or not immediately disposed of) in violation of such agreement by such person (or if the Owned Interests acquired (or not immediately disposed of) in violation of such agreement become beneficial ownership of New Common Stock without the need to receive new equity interests, such person shall be precluded as a result of such violation (and, thus, in addition to any other amounts otherwise precluded hereunder) from receiving, directly or indirectly, any consideration consisting of a beneficial ownership of New Common Stock attributable to such person's Claims up to and including an amount equivalent to that represented by such Owned Interests), in each case including any consideration in lieu thereof, *provided, however*, that such person may be entitled to receive any other consideration to which such person may be entitled by virtue of holding Claims (this provision, the "Equity Forfeiture Provision"). Any purported acquisition of, or other increase in the beneficial ownership of, New Common Stock that is precluded by the Equity Forfeiture Provision will be an acquisition of "Forfeited Equity." Any acquirer of Forfeited Equity shall, promptly upon becoming aware of such fact, return or cause to return the Forfeited Equity to the Debtors (or any successor to the Debtors, including Post-Emergence Approach) or, if all of the equity consideration properly issued to such acquirer and all or any portion of such Forfeited Equity have been sold prior to the time such acquirer becomes aware of such fact, such acquirer shall return or cause to return to the Debtors (or any successor to the Debtors, including Post-Emergence Approach) (i) any Forfeited Equity still held by such acquirer and (ii) the proceeds attributable to the sale of Forfeited Equity, calculated by treating the most recently sold equity as Forfeited Equity. Any acquirer that receives Forfeited Equity and deliberately fails to comply with the preceding sentence shall be subject to

such additional sanctions as the Bankruptcy Court may determine. Any Forfeited Equity returned to the Debtors, including Post-Emergence Approach, shall be distributed (including a transfer to charity) or extinguished, in the Debtors' sole discretion, in furtherance of the 382(l)(5) Plan.

(h) In effecting any sale or other transfer of Claims pursuant to a Sell-Down Notice, a Substantial Claimholder shall, to the extent that it is reasonably feasible to do so within the normal constraints of the market in which such sale takes place, notify the acquirer of such Claims of the existence of these Procedures and the Equity Forfeiture Provision (it being understood that, in all cases in which there is direct communication between a salesperson and a customer, including, without limitation, communication via telephone, e-mail, and instant messaging, the existence of these Procedures and the Equity Forfeiture Provision shall be included in such salesperson's summary of the transaction).

(6) Exceptions.

(a) No person (including any Entity) shall be subject to the approval provisions of paragraph B(4)(b)–(d) above or, in the case of Claims that are part of the transferor's Protected Amount, the sell-down provisions of paragraph B(5) above with respect to any transfer described in Treasury Regulations section 1.382-9(d)(5)(ii) so long as such transfer is not for a principal purpose of obtaining New Common Stock or permitting the transferee to benefit from the losses of the Debtors within the meaning of Treasury Regulations section 1.382-9(d)(5)(iii), *provided, however*, that any such transferee who becomes a Substantial Claimholder following the filing of a Proposed 382(l)(5) Disclosure Statement shall serve upon the Claim Disclosure Parties, a notice of such status, substantially in the form annexed to the Final Order as **Exhibit 5**, as provided in these Procedures.

(b) For the avoidance of doubt, the trustee of any trust, any indenture trustee, subordination agent, registrar, paying agent, transfer agent, loan or collateral agent, or any other entity serving in a similar capacity however designated, in each case for any Claim or any Ownership Interests, notes, bonds, debentures, property, or other debt securities or obligations (collectively, the “Debt Securities”) (i) issued by any of the Debtors, (ii) secured by assets of any of the Debtors or agreements with respect to such assets, or (iii) secured by assets leased to any of the Debtors shall not be treated as a Substantial Claimholder solely to the extent that such entities are acting in the capacity described above, *provided, however*, that neither any transferee of Claims nor any equity or beneficial owner of a trust shall be excluded from these Procedures solely by reason of this provision.

#### **C. Noncompliance with the Procedures**

Any transfer of Common Stock in violation of these Procedures shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code and pursuant to the Bankruptcy Court’s equitable powers under section 105(a) of the Bankruptcy Code. Any acquisition, disposition, or trading of Claims against the Debtors in violation of these Procedures shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code and pursuant to the Bankruptcy Court’s equitable powers under section 105(a) of the Bankruptcy Code. Furthermore, any person (including any Entity) that acquires, disposes of or trades Common Stock or acquires, disposes of or trades Claims against the Debtors in violation of these Procedures shall be subject to sanctions as provided by law.

#### **D. Debtors’ Right to Waive**

**The Debtors may waive, in writing, any and all restrictions, stays, and notification Procedures contained in this Notice, *provided, however*, that after a 382(l)(5) Plan has been properly filed by a Plan Proponent (other than by, or jointly with, the Debtors) and is still**

**actively being pursued before this Court, the consent of such Plan Proponent also shall be necessary for any subsequent waiver to be effective.**

Dated: Houston, Texas

**BY ORDER OF THE COURT**

\_\_\_\_\_, 2019

**Exhibit 2 to Final Order**

**Notice of Substantial Stock Ownership**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>	§	
	§	<b>Chapter 11</b>
	§	
<b>APPROACH RESOURCES INC., et al.,</b>	§	<b>Case No. 19-36444 (MI)</b>
	§	
	§	<b>(Jointly Administered)</b>
<b>Debtors.<sup>1</sup></b>	§	
	§	<b>Re: Dkt. No. 6</b>

**NOTICE OF SUBSTANTIAL STOCK OWNERSHIP**

**ATTENTION DIRECT AND INDIRECT HOLDERS OF, AND PROSPECTIVE HOLDERS OF, (I) STOCK ISSUED BY APPROACH RESOURCES INC. AND (II) CERTAIN CLAIMS AGAINST APPROACH RESOURCES INC.:**

PLEASE TAKE NOTICE that, pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors and (II) Granting Related Relief*, dated [\_\_\_\_], 2019, Dkt. No. [\_\_] (with all exhibits thereto, the “Final Order”), [Name of Filer] (the “Filer”) hereby provides notice that, as of the date hereof, the Filer beneficially owns:

- (i) \_\_\_\_\_ shares of Common Stock,<sup>2</sup> and/or
- (ii) Options to acquire \_\_\_\_\_ shares of Common Stock,

PLEASE TAKE FURTHER NOTICE that the taxpayer identification number of the Filer is \_\_\_\_\_.

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in **Exhibit 1** to the Final Order.

PLEASE TAKE FURTHER NOTICE that the following table sets forth the following information:

For Common Stock and/or Options to acquire Common Stock that are owned directly by the Filer, the table sets forth (a) the number of such shares and/or the number of shares underlying Options beneficially owned by such Filer and (b) the date(s) on which such shares, and/or Options were acquired.

In the case of Common Stock and/or Options to acquire Common Stock that are not owned directly by the Filer but are nonetheless beneficially owned by the Filer, the table sets forth (a) the name(s) of each record or legal owner of such shares of Common Stock and/or Options to acquire shares of Common Stock that are beneficially owned by the Filer, (b) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options beneficially owned by such Filer, and (c) the date(s) on which such Common Stock and/or Options were acquired.

<i>Class</i>	<i>Name of Record/Legal Owner</i>	<i>Shares Owned</i>	<i>Shares Underlying Options Owned</i>	<i>Date(s) Acquired</i>
Common Stock				

(Attach additional pages if necessary.)

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone],  
(Attn: [name of attorney]).]

Respectfully submitted,

\_\_\_\_\_  
[Name of Filer]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit 3 to Final Order**

**Notice of Intent to Purchase, Acquire, or Otherwise Accumulate Common Stock**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>	§	
	§	<b>Chapter 11</b>
	§	
<b>APPROACH RESOURCES INC., et al.,</b>	§	<b>Case No. 19-36444 (MI)</b>
	§	
	§	<b>(Jointly Administered)</b>
<b>Debtors. <sup>1</sup></b>	§	
	§	<b>Re: Dkt. No. 6</b>

**NOTICE OF INTENT TO ACQUIRE, PURCHASE, OR OTHERWISE ACCUMULATE  
COMMON STOCK**

PLEASE TAKE NOTICE that, pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors, and (II) Granting Related Relief*, dated [\_\_\_\_], 2019, Dkt. No. [\_\_\_\_] (with all exhibits thereto, the “Final Order”), [Name of Filer] (the “Filer”) hereby provides notice of (i) its intention to purchase, acquire, or otherwise accumulate directly one or more shares of Common Stock<sup>2</sup> and/or Options to acquire Common Stock and/or (ii) a proposed purchase or acquisition of Common Stock and/or Options to acquire Common Stock that would result in an increase in the number of shares of Common Stock and/or number of shares of Common Stock underlying Options that are beneficially owned by the Filer (any proposed transaction described in (i) or (ii), a “Proposed Acquisition”).

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in **Exhibit 1** to the Final Order.

PLEASE TAKE FURTHER NOTICE that the following table sets forth the following information:

1. If the Proposed Acquisition involves the purchase or acquisition directly by the Filer of Common Stock and/or Options to acquire Common Stock, the table sets forth (a) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options proposed to be purchased or acquired and (b) the date(s) of such Proposed Acquisition.

2. If the Proposed Acquisition involves the purchase or acquisition of Common Stock and/or Options to acquire Common Stock by a person (including any Entity) other than the Filer, but the Proposed Acquisition nonetheless would increase the number of shares of Common Stock and/or number of shares of Common Stock underlying Options that are beneficially owned by the Filer, the table sets forth (a) the name(s) of each such person that proposes to purchase or acquire such shares of Common Stock and/or Options, (b) the number of shares of Common Stock and/or number of shares of Common Stock underlying Options proposed to be purchased or acquired, and (c) the date(s) of such Proposed Acquisition.

<i>Class</i>	<i>Name of Purchaser or Acquirer</i>	<i>Shares to be Purchased or Acquired</i>	<i>Shares Underlying Options to be Purchased or Acquired</i>	<i>Date(s) of Proposed Acquisition</i>
Common Stock				

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the following table summarizes the Filer's beneficial ownership of Common Stock and/or Options to acquire Common Stock assuming that the Proposed Acquisition is approved and consummated as described above. The table sets forth, as of immediately following the consummation of the Proposed Acquisition, the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options (a) that would be owned directly by the Filer and, (b) in the case of any beneficial ownership by the Filer

of Common Stock and/or Options that would be owned by another person (including any Entity) as record or legal owner, the name(s) of each prospective record or legal owner and the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options that would be owned by each such record or legal owner:

<i>Class</i>	<i>Name of Owner</i>	<i>Shares to Be Owned</i>	<i>Shares Underlying Options to Be Owned</i>
Common Stock			

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that if the Proposed Acquisition involves a purchase or acquisition of Common Stock and/or Options to acquire Common Stock directly by the Filer and such Proposed Acquisition would result in (a) an increase in the beneficial ownership of Common Stock and/or Options to acquire Common Stock by a person (including any Entity) that currently is a Substantial Stockholder or (b) a person's becoming a Substantial Stockholder, the following table sets forth (i) the name of each such person, (ii) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options that are beneficially owned by such person currently (i.e., prior to the Proposed Acquisition), and (iii) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options that would be beneficially owned by such person immediately following the Proposed Acquisition.

<i>Class</i>	<i>Name of Beneficial Owner</i>	<i>Shares Owned Currently (i.e., Prior to Proposed Acquisition)</i>	<i>Shares to Be Owned Following Proposed Acquisition</i>	<i>Shares Underlying Options Owned Currently (i.e., Prior to Proposed Acquisition)</i>	<i>Shares Underlying Options to Be Owned Following Proposed Acquisition</i>
Common Stock					

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the taxpayer identification number of the Filer is \_\_\_\_\_.

PLEASE TAKE FURTHER NOTICE that, under penalty of perjury, the Filer hereby declares that it has examined this Notice and accompanying attachments (if any), and, to the best of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct, and complete.

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone], (Attn: [name of attorney]).]

Respectfully submitted,

\_\_\_\_\_  
[Name of Filer]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit 4 to Final Order**

**Notice of Intent to Sell, Trade, or Otherwise Transfer Common Stock**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<p><b>In re:</b></p> <p><b>APPROACH RESOURCES INC., et al.,</b></p> <p style="text-align: center;"><b>Debtors.</b> <sup>12</sup></p>	<p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p> <p>§</p>	<p><b>Chapter 11</b></p> <p><b>Case No. 19-36444 (MI)</b></p> <p><b>(Jointly Administered)</b></p> <p><b>Re: Dkt. No. 6</b></p>
--	---	---

**NOTICE OF INTENT TO SELL, TRADE, OR OTHERWISE TRANSFER COMMON  
STOCK**

PLEASE TAKE NOTICE that, pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors and (II) Granting Related Relief*, [Dkt. No. [\_\_\_]] (with all exhibits thereto, the “Final Order”), [Name of Filer] (the “Filer”) hereby provides notice of (i) its intention to sell, trade, or otherwise transfer or dispose of one or more shares of Common Stock<sup>13</sup> and/or Options to acquire Common Stock and/or (ii) a proposed sale, transfer, or disposition of Common Stock and/or Options to acquire Common Stock that would result in a decrease in the number of shares of Common Stock and/or number of shares of Common Stock underlying Options to acquire Common Stock that are beneficially owned by the Filer (any proposed transaction described in (i) or (ii), a “Proposed Transfer”).

---

<sup>12</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>13</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in Exhibit 1 to the Order.

PLEASE TAKE FURTHER NOTICE that the following table sets forth the following information: (1) if the Proposed Transfer involves the sale, transfer, or disposition directly by the Filer of Common Stock and/or Options to acquire Common Stock, the table sets forth (a) the number of shares of Common Stock and/or the number of shares of Common Stock underlying the Options proposed to be sold, transferred, or disposed of, and (b) the date(s) of such Proposed Transfer (categorized by class, as applicable); (2) if the Proposed Transfer involves the sale, transfer, or disposition of Common Stock and/or Options to acquire Common Stock by a person (including any Entity) other than the Filer, but the Proposed Transfer nonetheless would decrease the number of shares of Common Stock and/or number of shares of Common Stock underlying the Options that are beneficially owned by the Filer, the table sets forth (a) the name(s) of each such person that proposes to sell, transfer, or dispose of such shares of Common Stock and/or Options, (b) the number of shares of Common Stock and/or number of shares of Common Stock underlying the Options proposed to be so sold, transferred, or disposed of, and (c) the date(s) of such Proposed Transfer (categorized by class, as applicable).

<i>Class</i>	<i>Name of Transferor</i>	<i>Shares to be Sold, Transferred, or Disposed Of</i>	<i>Shares Underlying the Options to be Sold, Transferred, or Disposed Of</i>	<i>Date(s) of Proposed Transfer</i>
Common Stock				

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the following table summarizes the Filer's beneficial ownership of Common Stock and/or Options to acquire Common Stock assuming that the Proposed Transfer is approved and consummated as described above. The table sets forth, as of immediately following the consummation of the Proposed Transfer, the number of shares of Common Stock and/or the number of shares of Common Stock underlying the Options (a) that would be owned directly by the Filer and, (b) in the case of any beneficial ownership by the Filer

of Common Stock and/or Options that would be owned by another person (including any Entity) as record or legal owner, the name(s) of each prospective record or legal owner and the number of shares of Common Stock and/or the number of shares of Common Stock underlying the Options that would be owned by each such record or legal owner (categorized by class, as applicable):

<i>Class</i>	<i>Name of Owner</i>	<i>Shares to Be Owned</i>	<i>Shares Underlying the Options to Be Owned</i>
Common Stock			

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that if the Proposed Transfer involves a sale, transfer, or disposition of Common Stock and/or Options to acquire Common Stock directly by the Filer and such Proposed Transfer would result in (a) a decrease in the beneficial ownership of Common Stock and/or Options to acquire Common Stock by a person (including any Entity, other than the Filer) that currently is a Substantial Stockholder or (b) a person's (other than the Filer) becoming a Substantial Stockholder, the following table sets forth (i) the name of each such person, (ii) the number of shares of Common Stock and/or the number of shares of Common Stock underlying the Options that are beneficially owned by such person currently (i.e., prior to the Proposed Transfer), and (iii) the number of shares of Common Stock and/or the number of shares of Common Stock underlying the Options that would be beneficially owned by such person immediately following the Proposed Transfer (categorized by class, as applicable).

<i>Class</i>	<i>Name of Beneficial Owner</i>	<i>Shares Owned Currently (i.e., Prior to Proposed Transfer)</i>	<i>Shares to Be Owned Following Proposed Transfer</i>	<i>Shares Underlying the Options Owned Currently (i.e., Prior to Proposed Transfer)</i>	<i>Shares Underlying the Options to Be Owned Following Proposed Transfer</i>
Common Stock					

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the taxpayer identification number of the Filer is \_\_\_\_\_.

PLEASE TAKE FURTHER NOTICE that, under penalty of perjury, the Filer hereby declares that it has examined this Notice and accompanying attachments (if any), and, to the best of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct, and complete.

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone], (Attn: [name of attorney]).]

Respectfully submitted,

\_\_\_\_\_  
[Name of Filer]

By:\_\_\_\_\_

Name:\_\_\_\_\_

Address:\_\_\_\_\_

Telephone:\_\_\_\_\_

Facsimile:\_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit 5 to Final Order**

**Substantial Claim Ownership Notice**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>	§	
	§	<b>Chapter 11</b>
	§	
<b>APPROACH RESOURCES INC., et al.,</b>	§	<b>Case No. 19-36444 (MI)</b>
	§	
	§	<b>(Jointly Administered)</b>
<b>Debtors. <sup>1</sup></b>	§	
	§	<b>Re: Dkt. No. 6</b>

**SUBSTANTIAL CLAIM OWNERSHIP NOTICE**

PLEASE TAKE NOTICE that, pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors, and (II) Granting Related Relief*, dated [\_\_\_\_], 2019, Dkt. No. [\_\_\_\_] (with all exhibits thereto, the “Final Order”), [person (including any Entity) ] (the “Filer”) hereby provides notice that the Filer beneficially owns either (i) more than \$[ ] million of Claims<sup>2</sup> against the Debtors or (ii) a lesser amount of Claims that (based on the applicable information set forth in the Proposed 382(l)(5) Disclosure Statement), when taking into account any Owned Interests beneficially owned by a holder of Claims (including under the aggregation rules described in the definition of Substantial Claimholder), could result in such holder of Claims holding the Applicable Percentage of New Common Stock.

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in **Exhibit 1** to the Final Order.

PLEASE TAKE FURTHER NOTICE that the following table sets forth the following information:

1. In the case of Claims that are owned directly by the Filer, the table sets forth the dollar amount of all Claims beneficially owned (as hereinafter defined) by the Filer (categorized by class or other applicable classification).

2. In the case of Claims that are not owned directly by the Filer but nonetheless are beneficially owned by the Filer, the table sets forth (a) the name(s) of each record or legal owner of such Claims that are beneficially owned by the Filer and (b) the dollar amount of all Claims beneficially owned by such Filer (categorized by class or other applicable classification).

<i>Class</i>	<i>Description of Claim</i>	<i>Name of Owner</i>	<i>Dollar Amount Owned</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the following table sets forth a summary of the Protected Amount for each class (or other applicable classification) of Claims beneficially owned by the Filer (whether owned by the Filer directly or indirectly) and that Filer will provide any additional information in respect of such Claims that the Debtors reasonably request.

<i>Class</i>	<i>Description of Claim</i>	<i>Name of Owner</i>	<i>Protected Amount</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the following table sets forth the following information:

1. In the case of Owned Interests that are owned directly by the Filer, the table sets forth (a) the type and number of any Owned Interests beneficially owned (or that are subject to

Options that are beneficially owned) by the Filer and (b) the date(s) on which such Owned Interests (and Options to acquire the same) were acquired (categorized by class or other applicable classification);

2. In the case of Owned Interests that are not owned directly by the Filer but nonetheless are beneficially owned by the Filer, the table sets forth (a) the name(s) of each record or legal owner of such Owned Interests that are beneficially owned by the Filer, (b) the type and number of any such Owned Interests beneficially owned (or that are subject to Options that are beneficially owned) by such Filer, and (c) the date(s) on which such Owned Interests (and Options to acquire the same) were acquired (categorized by class or other applicable classification).

3. The Filer will provide any additional information in respect of such Owned Interests that the Debtors reasonably request.

<i>Name of Owner</i>	<i>Type and Number of Owned Interests Owned</i>	<i>Type and Number of Owned Interests Subject to Options Owned</i>	<i>Date Acquired</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that, under penalty of perjury, the Filer hereby [agrees ☐ / does not agree ☐— PLEASE CHECK AS APPLICABLE] that it will not acquire beneficial ownership of additional Owned Interests (and Options to acquire the same) before Approach's emergence from bankruptcy protection and that it immediately will dispose of any Owned Interests (and Options to acquire the same) that were acquired on or after the Petition Date and prior to submitting this Notice.

PLEASE TAKE FURTHER NOTICE that the taxpayer identification number of the Filer is \_\_\_\_\_.

PLEASE TAKE FURTHER NOTICE that, under penalty of perjury, the Filer hereby declares that it has examined this Notice and accompanying attachments (if any) and, to the best of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct, and complete.

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone],  
(Attn: [name of attorney]).]

Respectfully submitted,

\_\_\_\_\_  
[Name of Filer]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit 6 to Final Order**

**Notice of Request to Purchase, Acquire, or Otherwise Accumulate a Claim**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>	§	
	§	<b>Chapter 11</b>
	§	
<b>APPROACH RESOURCES INC., et al.,</b>	§	<b>Case No. 19-36444 (MI)</b>
	§	
	§	<b>(Jointly Administered)</b>
<b>Debtors. <sup>1</sup></b>	§	
	§	<b>Re: Dkt. No. 6</b>

**NOTICE OF REQUEST TO PURCHASE, ACQUIRE, OR OTHERWISE  
ACCUMULATE A CLAIM AGAINST THE DEBTORS**

PLEASE TAKE NOTICE that, pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors, and (II) Granting Related Relief*, dated [\_\_\_\_], 2019, Dkt. No. [\_\_\_\_] (with all exhibits thereto, the “Final Order”), [person (including any Entity)] (the “Filer”) hereby provides notice of (i) its intent to purchase, acquire, or otherwise accumulate directly a Claim<sup>2</sup> or Claims against the Debtors and/or (ii) a proposed purchase or acquisition of Claims that, following the proposed acquisition, would be beneficially owned by the Filer (any proposed transaction described in (i) or (ii), a “Proposed Transfer”).

PLEASE TAKE FURTHER NOTICE that, if applicable, on [prior date(s)], the Filer served a Substantial Claim Ownership Notice with the Plan Proponent, counsel to the Plan Proponent, counsel to the DIP Lenders, and counsel to any Official Committee.

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in **Exhibit 1** to the Final Order.

PLEASE TAKE FURTHER NOTICE that the Filer is filing this notice as (check one):

<i>A person (including any Entity) that filed or was required to file a Substantial Claim Ownership Notice</i>	
<i>A person (including any Entity) that, upon consummation of the Proposed Transfer, would have been required to file a Substantial Claim Ownership Notice (if the proposed acquisition date had been the Determination Date)</i>	

PLEASE TAKE FURTHER NOTICE that the following tables set forth the following information:

1. In the case of Claims and/or Owned Interests that are owned directly by the Filer, the tables set forth (a) the dollar amount of all Claims and the type and number of Owned Interests (and Options to acquire the same) beneficially owned by the Filer (categorized by class or other applicable classification) and, (b) if applicable, the date such Owned Interests (or Options to acquire the same) were acquired.

2. In the case of Claims and/or Owned Interests that are not owned directly by the Filer but nonetheless are beneficially owned by the Filer, the tables set forth (a) the name(s) of each record or legal owner of the Claims and/or Owned Interests (and Options to acquire the same) that are beneficially owned by the Filer, (b) the dollar amount of all Claims and the type and number of Owned Interests beneficially owned by the Filer (categorized by class or other applicable classification), and, (c) if applicable, the date such Owned Interests (and Options to acquire the same) were acquired.

The Filer will provide any additional information in respect of such Claims and/or Owned Interests that the Debtors reasonably request.

<i>Class</i>	<i>Description of Claim</i>	<i>Name of Owner</i>	<i>Dollar Amount Owned</i>

(Attach additional page if necessary.)

<i>Name of Owner</i>	<i>Type and Number of Owned Interests Owned</i>	<i>Type and Number of Owned Interests Subject to Options Owned</i>	<i>Date Acquired</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the following table sets forth a summary of the Protected Amount for each class (or other applicable classification) of Claims beneficially owned by the Filer (whether owned by the Filer directly or indirectly).

The Filer will provide any additional information in respect of such Claims that the Debtors reasonably request.

<i>Class</i>	<i>Description of Claim</i>	<i>Name of Owner</i>	<i>Protected Amount</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the following table sets forth the following information:

1. If the Proposed Transfer involves the purchase or acquisition of Claims directly by the Filer, the table sets forth the dollar amount of all Claims (categorized by class or other applicable classification) proposed to be purchased or acquired.

2. If the Proposed Transfer involves the purchase or acquisition of Claims by a person (including any Entity) other than the Filer, but the Proposed Transfer nonetheless would increase the dollar amount of Claims that are beneficially owned by the Filer, the table sets forth (a) the

name(s) of each such person that proposes to purchase or acquire such Claims and (b) the dollar amount of all Claims (categorized by class or other applicable classification) proposed to be purchased or acquired.

<i>Class</i>	<i>Description of Claim</i>	<i>Name of Owner</i>	<i>Dollar Amount to be Acquired</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that if the Proposed Transfer involves a purchase or acquisition of Claims directly by the Filer and such Proposed Transfer would result in (a) an increase in the beneficial ownership of Claims by a person (including any Entity) (other than the Filer) that currently is a Substantial Claimholder or (b) a person's becoming a Substantial Claimholder, the following tables set forth (i) the name of each such person, (ii) the dollar amount of all Claims beneficially owned by such person currently (i.e., prior to the Proposed Transfer) (categorized by class or other applicable classification), (iii) the dollar amount of all Claims that would be beneficially owned by such person immediately following the Proposed Transfer (categorized by class or other applicable classification), (iv) the number and type of Owned Interests (and Options to acquire the same) beneficially owned by such person as of the date of the Proposed Transfer (categorized by class or other applicable classification), and (v) the date such Owned Interests (and Options to acquire the same) were acquired:

<i>Class</i>	<i>Description of Claim</i>	<i>Name of Owner</i>	<i>Dollar Amount of Claims Owned Currently (i.e., Prior to Proposed Transfer)</i>	<i>Dollar Amount of Claims to be Owned Following Proposed Transfer</i>

(Attach additional page if necessary.)

<i>Name of Owner</i>	<i>Type and Number of Owned Interests Owned</i>	<i>Type and Number of Owned Interests Subject to Options Owned</i>	<i>Date Acquired</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the Filer [agreed ☐ / did not agree ☐— **PLEASE CHECK AS APPLICABLE**] in its Substantial Claim Ownership Notice filed with the Court that it would not acquire beneficial ownership of additional Owned Interests (and Options to acquire the same) before Approach 's emergence from bankruptcy protection and that it immediately would dispose of any Owned Interests (and Options to acquire the same) that were acquired on or after the Petition Date and prior to submitting its Substantial Claim Ownership Notice, and the Filer has complied with and intends to continue to comply with such statement.

PLEASE TAKE FURTHER NOTICE that, if the Plan Proponent approves the Proposed Transfer and the Filer did not previously file a Substantial Claim Ownership Notice, the Filer, under penalty of perjury, hereby [agrees ☐ / does not agree ☐— **PLEASE CHECK AS APPLICABLE**] that it will not acquire beneficial ownership of additional Owned Interests (and Options to acquire the same) before Approach 's emergence from bankruptcy protection and that it immediately will dispose of any Owned Interests (and Options to acquire the same) that were acquired on or after the Petition Date and prior to submitting this Notice.

PLEASE TAKE FURTHER NOTICE that the taxpayer identification number of the Filer is \_\_\_\_\_.

PLEASE TAKE FURTHER NOTICE that, under penalty of perjury, the Filer hereby declares that it has examined this Notice and accompanying attachments (if any), and, to the best of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct, and complete.

PLEASE TAKE FURTHER NOTICE that the Filer hereby acknowledges that, if the Plan Proponent does not approve the Proposed Transfer in writing within **eight (8) business days** after the filing of this Notice, such Proposed Transfer shall be deemed rejected. If the Plan Proponent provides written authorization approving the Proposed Transfer prior to the end of such eight-business-day period, then such Proposed Transfer may proceed solely as specifically described in this Notice.

This Notice is given in addition to, and not as a substitute for, any requisite notice under Rule 3001(e) of the Federal Rules of Bankruptcy Procedure.

[IF APPLICABLE] the Filer is represented by [name of the law firm], [address], [phone], (Attn: [name]).

[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone], (Attn: [name of attorney]).

Respectfully submitted,

\_\_\_\_\_  
[Name of Filer]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit 7 to Final Order**

**Notice of Compliance**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>	§	
	§	<b>Chapter 11</b>
	§	
<b>APPROACH RESOURCES INC., et al.,</b>	§	<b>Case No. 19-36444 (MI)</b>
	§	
	§	<b>(Jointly Administered)</b>
<b>Debtors. <sup>1</sup></b>	§	
	§	<b>Re: Dkt. No. 6</b>

**NOTICE OF COMPLIANCE**

PLEASE TAKE NOTICE that, pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors, and (II) Granting Related Relief*, dated [\_\_\_\_], 2019, Dkt. No. [\_\_\_\_] (with all exhibits thereto, the “Final Order”), [person (including any Entity)] (the “Filer”) hereby provides notice that Filer has complied in full with the terms and conditions set forth in the Final Order and as further set forth in the Sell-Down Notice<sup>2</sup> issued to Filer, such that (i) Filer does not and will not beneficially own an Excess Amount of Claims as of the Sell-Down Date and at all times through the effective date of the 382(l)(5) Plan and (ii) if Filer so agreed in its Substantial Claim Ownership Notice, Filer does not and will not beneficially own any Owned Interests (and Options to acquire the same) unless acquired prior to the Petition Date.

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in **Exhibit 1** to the Final Order.

PLEASE TAKE FURTHER NOTICE that the taxpayer identification number of Filer is

\_\_\_\_\_.

[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone],  
(Attn: [name of attorney]).

Respectfully submitted,

\_\_\_\_\_  
[Name of Filer]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit 8 to Final Order**

**Final Publication Notice**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>	§	<b>Chapter 11</b>
	§	
<b>APPROACH RESOURCES INC., et al.,</b>	§	<b>Case No. 19-36444 (MI)</b>
	§	
<b>Debtors.<sup>1</sup></b>	§	<b>(Jointly Administered)</b>
	§	
	§	<b>Re: Dkt. No. 6</b>

**PUBLICATION NOTICE**

**ATTENTION DIRECT AND INDIRECT HOLDERS OF, AND PROSPECTIVE HOLDERS OF, (I) STOCK ISSUED BY APPROACH RESOURCES INC. AND (II) CERTAIN CLAIMS AGAINST APPROACH RESOURCES INC.:**

Upon the motion (the “Motion”) of Approach Resources Inc. (“Approach”) and its debtor affiliates (together with Approach, the “Debtors”), on [\_\_\_\_\_, 2019], the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”), having jurisdiction over the chapter 11 cases of the Debtors, captioned as *In re Approach Resources Inc., et al.*, Case No. 19-36444 (MI) (the “Chapter 11 Cases”), entered a final order establishing procedures (the “Procedures”) with respect to direct and indirect trading and transfers of stock of, and claims against, the Debtors.

In certain circumstances, the Procedures restrict transactions involving, and require notices of the holdings of and proposed transactions by, any person or group of persons that is or, as a result of such a transaction, would become a Substantial Stockholder of the common stock issued by Approach (the “Common Stock”). For purposes of the Procedures, a “Substantial Stockholder”

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

is any person or, in certain cases, group of persons that beneficially own, directly or indirectly (and/or owns options to acquire) at least 4.45 million shares of Common Stock (representing approximately 4.75% of all issued and outstanding shares of Common Stock).” ***Any prohibited transfer of the stock of the Debtors will be null and void ab initio and may lead to contempt, compensatory damages, punitive damages, or sanctions being imposed by the Bankruptcy Court.***

In addition, the Procedures set forth (i) certain future circumstances under which any person, group of persons, or entity holding, or which as a result of a proposed transaction may hold, a substantial amount of certain claims against the Debtors may be required to file notice of its holdings of such claims and of proposed transactions, which transactions may be restricted, and (ii) certain limited circumstances thereafter under which such person(s) may be required to sell, by a specified date following the confirmation of a chapter 11 plan of the Debtors, all or a portion of any such claims acquired during the Chapter 11 Cases. ***Any prohibited transfer of claims against the Debtors in violation of the claims procedures set forth in the Procedures will be null and void ab initio and/or may lead to contempt, compensatory damages, punitive damages, or sanctions being imposed by the Bankruptcy Court.***

The Procedures are available on the website of Epiq Corporate Restructuring, LLC, the Debtors’ Court-approved claims agent, located at <https://dm.epiq11.com/approachresources>, and on the docket of the Chapter 11 Cases, Dkt. No. [\_\_\_], which can be accessed via PACER at <https://www.pacer.gov>.

The requirements set forth in the Procedures are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate, and other laws and do not excuse noncompliance therewith.

**A direct or indirect holder of, or prospective holder of, stock of the Debtors that may be or become a Substantial Stockholder or a direct or indirect holder of, or prospective holder of, a substantial amount of claims against the Debtors should consult the Procedures.**

Dated: Houston, Texas

**BY ORDER OF THE COURT**

[\_\_\_\_], 2019

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>	§	<b>Chapter 11</b>
	§	
<b>APPROACH RESOURCES INC., et al.,</b>	§	<b>Case No. 19-36444 (MI)</b>
	§	
<b>Debtors.<sup>1</sup></b>	§	<b>(Jointly Administered)</b>
	§	
	§	<b>Re: <del>Docket</del><a href="#">Dkt.</a> No. 6</b>

**FINAL ORDER (I) ESTABLISHING NOTIFICATION PROCEDURES AND  
APPROVING RESTRICTIONS ON CERTAIN TRANSFERS OF STOCK OF, AND  
CLAIMS AGAINST, THE DEBTORS AND (II) GRANTING RELATED RELIEF**

**ATTENTION DIRECT AND INDIRECT HOLDERS OF, AND PROSPECTIVE  
HOLDERS OF, (I) STOCK ISSUED BY APPROACH RESOURCES INC. AND (II)  
CERTAIN CLAIMS AGAINST APPROACH RESOURCES INC.:**

Having considered the *Emergency Motion of Debtors for Interim and Final Orders (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, Debtors and (II) Granting Related Relief* (the “Motion”)<sup>2</sup> of Approach Resources Inc. and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”), pursuant to sections 105, 362, and 541 of title 11 of the United States Code (the “Bankruptcy Code”), the Court finds that: (a) jurisdiction over the matters in the Motion is proper pursuant to 28 U.S.C. § 1334; (b) consideration of the Motion and the requested relief being a core proceeding pursuant to 28 U.S.C. § 157(b); (c) venue being proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; (d) due and proper notice of the Motion having been provided to the Notice Parties, and such notice having been adequate and appropriate

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>2</sup> All capitalized terms not expressly defined herein shall have the same meaning as ascribed in the Motion.:-

under the circumstances, and it appearing that no other or further notice need be provided; and (e) good and sufficient cause exists for granting the relief requested in the Motion. The Court having reviewed the Motion; and having held a hearing on the Motion to consider the relief requested in the Motion on November 19, 2019; and the Court having granted interim relief on the Motion on November 20, 2019 [Dkt. No. 38]; and the Court having held a final hearing on the Motion on December 13, 2019 ( the “Hearing”); and all objections, if any, to the Motion having been withdrawn, resolved, or overruled; and upon the First Day Declaration, filed contemporaneously with the Motion, and the record of the Hearing; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their respective estates, creditors, and all parties in interest; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

**IT IS HEREBY ORDERED THAT:**

1. This is a Final Order.
2. The provisions of this Order shall be effective *nunc pro tunc* to the Petition Date.
3. The restrictions, notification requirements, and other procedures annexed hereto as **Exhibit 1** (the “Procedures”) are hereby **APPROVED** and shall apply to all trading and transfers of stock of, and Claims against, the Debtors; *provided, however*, any party in interest may request emergency relief from the Procedures.
4. Any acquisition, disposition, or trading of Common Stock or Claims against the Debtors in violation of the Procedures shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code and pursuant to this Court’s equitable powers under section 105(a) of the Bankruptcy Code.

5. Any person (including any Entity) that acquires, disposes of or trades Common Stock or Claims against the Debtors in violation of this Order or the Procedures or that otherwise fails to comply with their requirements, shall be subject to such sanctions as this Court may consider appropriate pursuant to this Court's equitable power under section 105(a) of the Bankruptcy Code.

6. The notices substantially in the forms annexed hereto as **Exhibit 2**, **Exhibit 3**, **Exhibit 4**, **Exhibit 5**, **Exhibit 6**, **Exhibit 7**, and **Exhibit 8** are hereby approved.

7. Within three (3) business days of the entry of this Order or as soon as reasonably practicable, the Debtors shall send the notice of this Order (the "**Notice of Final Order**") annexed hereto as **Exhibit 8** to all parties that were served with notice of the Motion, publish the Notice of Final Order once in the national edition of *The New York Times* and the *Fort Worth Star-Telegram*, and post the Procedures to the website established by Epiq for these chapter 11 cases (<https://dm.epiq11.com/approachresources>), such notice being reasonably calculated to provide notice to all parties that may be affected by the Procedures, whether known or unknown, and no further notice of the Procedures shall be necessary.

8. Nothing herein shall preclude any person (including any Entity) desirous of purchasing, disposing or transferring any Common Stock in, or Claims against, the Debtors from requesting relief from this Order from this Court, subject to the Debtors' rights to oppose such relief.

9. Notice of the Motion as provided therein shall be deemed good and sufficient notice of the Motion.

10. The relief granted in this Order is intended solely to permit the Debtors to protect, preserve, and maximize the value of their Tax Attributes; accordingly, other than to the extent that

this Order expressly conditions or restricts trading and transfers of stock of, or Claims against, the Debtor, nothing in this Order or in the Motion shall, or shall be deemed to, prejudice, impair, or otherwise alter or affect the rights of any holders of stock of, or Claims against, the Debtors, including in connection with the treatment of any such stock or claims under any chapter 11 plan or any applicable bankruptcy court order.

11. Notwithstanding anything to the contrary herein, neither the Procedures nor any of the other relief set forth in this ~~Final~~ Order shall apply to JPMorgan Chase Bank, N.A., in its capacity as agent and lender under the Debtors' prepetition credit facility, any of the other lenders party thereto, or any of their respective assignees.

12. The requirements set forth in this Order are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate and other laws and do not excuse noncompliance therewith.

13. The entry of this Order shall in no way be deemed a determination that entry of a Sell-Down Notice is necessary or warranted in this chapter 11 cases, and this Court's review of any future request for entry of a Sell-Down Notice shall be without regard to the entry of this Order.

14. The entry of this Order shall in no way prejudice the rights of any party to oppose the entry of a Sell-Down Notice, on any grounds, and all such rights are expressly preserved hereby.

15. Nothing contained in this Order or in the Motion is intended to be or shall be construed as (a) an admission as to the validity of any claim against the Debtors, (b) a waiver of the Debtors' or any appropriate party in interest's rights to dispute any claim, or (c) an approval or assumption of any agreement, contract, program, policy, or lease under section 365 of the

Bankruptcy Code. Likewise any payment made pursuant to this Order is not intended to be and shall not be construed as an admission of the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

16. Notwithstanding entry of this Order, nothing herein shall create, nor is intended to create, any rights in favor of or enhance the status of any claim held by, any party.

17. The Debtors are authorized to take all steps necessary or appropriate to carry out this Order.

18. The Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, and/or enforcement of this Order.

Dated: \_\_\_\_\_, 2019  
Houston, Texas

---

THE HONORABLE MARVIN ISGUR  
UNITED STATES BANKRUPTCY JUDGE

**Exhibit 1 to Final Order**

**Procedures**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>  <b>APPROACH RESOURCES INC., et al.,</b>  <b>Debtors.<sup>1</sup></b>	<b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b>	<b>Chapter 11</b>  <b>Case No. 19-36444 (MI)</b>  <b>(Jointly Administered)</b>  <b>Re: <del>Docket</del>Dkt. No. <u>—6</u></b>
---	--	---

**NOTICES, RESTRICTIONS, AND OTHER PROCEDURES REGARDING OWNERSHIP  
AND TRANSFERS OF STOCK OF, AND CLAIMS AGAINST, THE DEBTORS**

**ATTENTION DIRECT AND INDIRECT HOLDERS OF, AND PROSPECTIVE  
HOLDERS OF, (I) STOCK ISSUED BY APPROACH RESOURCES INC. AND (II)  
CERTAIN CLAIMS AGAINST APPROACH RESOURCES INC.:**

**TO ALL PERSONS (INCLUDING ENTITIES) WITH CLAIMS AGAINST OR  
STOCK OWNERSHIP OF THE DEBTORS:**

Pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors and (II) Granting Related Relief* (the “Final Order”) entered by the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”) on \_\_\_\_\_, 2019, ~~Docket~~Dkt. No. [\_\_\_\_], the following restrictions, notification requirements, and/or other procedures (collectively, the “Procedures”)<sup>2</sup> apply to all trading and transfers of stock of, and Claims<sup>3</sup> against, the Debtors.

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>2</sup> The Procedures shall not apply to JPMorgan Chase Bank, N.A., in its capacity as agent and lender under the Debtors’ prepetition credit facility, any of the other lenders party thereto, or any their respective assignees.

<sup>3</sup> Capitalized terms used but not defined herein (in particular, see definitions in paragraphs A(1) and B(1) below) shall have the meanings ascribed to them in the Final Order.

**A. Common Stock Restrictions**

(1) Definitions. For purposes of these Procedures, the following terms have the following meanings:

(a) “Approach” shall mean Approach Resources Inc.

(b) “Common Stock” shall mean common stock issued by Approach.

(c) “Option” shall mean any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock, or similar interest regardless of whether it is contingent or otherwise not currently exercisable.

(d) “Beneficial ownership” of Common Stock and Options to acquire Common Stock shall be determined in accordance with section 382 of the title 26 of the United States Code (the “Tax Code”), the regulations promulgated by the U.S. Department of Treasury under the Tax Code (the “Treasury Regulations”), and rulings issued by the Internal Revenue Service (the “IRS”), and as described herein, and, thus, to the extent provided in those sources, from time to time shall include, without limitation, (i) direct and indirect ownership (but determined without regard to any rule that treats stock of an entity as to which the constructive ownership rules apply as no longer owned by that entity), e.g., a holding company would be considered to beneficially own all stock owned or acquired by its subsidiaries, (ii) ownership by a holder’s family members, (iii) ownership by any Entity, and (iv) to the extent set forth in Treasury Regulations section 1.382-4, the ownership of an Option to acquire Common Stock.

(e) “Entity” shall mean any “entity” as such term is defined in Treasury Regulations section 1.382-3(a), including any group of persons acting pursuant to a formal or informal understanding among themselves to make a coordinated acquisition of Common Stock.

(f) “Substantial Stockholder” shall mean any person (including any Entity) that beneficially owns at least 4.45 million shares of Common Stock (representing approximately 4.75% of all issued and outstanding shares of Common Stock).

(2) Notice of Substantial Ownership. Any person (including any Entity) that beneficially owns, at any time on or after the Petition Date, Common Stock in an amount sufficient to qualify such person as a Substantial Stockholder shall file with the Bankruptcy Court, and serve upon (a) Approach Resources Inc., 6500 West Freeway, Suite 800 Fort Worth, Texas 76116 (Attn: Josh Dazey); (b) Thompson & Knight LLP, 1722 Routh Street, Suite 1500, Dallas, TX 75201 (Attn: David Bennett) and 811 Main Street, Suite 2500, Houston, TX 77002 (Attn: Demetra Liggins), as proposed counsel to the Debtors; (c) counsel to any statutory committees appointed in the Chapter 11 Cases (each, an “Official Committee”); (d) Vinson & Elkins LLP, 2001 Ross Ave., Suite 3900, Dallas, TX 75201 (Attn: William L. Wallander, Esq. and Bradley R. Foxman, Esq.), counsel to J.P. Morgan Chase Bank, N.A., as administrative agent under the *Amended and Restated Credit Agreement*, dated as of May 7, 2014, as amended; (e) Alston & Bird LLP, 101 South Tryon St., Suite 4000, Charlotte, NC 28280 (Attn: Adam Smith, Esq.), counsel to Wilmington Trust, N.A., as successor trustee under that certain *Senior Indenture*, dated as of June 11, 2013, for the issuance of 7% Senior Notes due 2021, as amended and supplemented; and (f) Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, New York 10038 (Attn: John F. Storz, Esq.), counsel to the Wilks Brothers, LLC and SDW Investments, LLC (collectively, the “Disclosure Parties”) a notice of such person’s substantial ownership (a “Substantial Stock Ownership Notice”), in substantially the form annexed to the Final Order as **Exhibit 2**, which describes specifically and in detail such person’s ownership of Common Stock, on or before the date that is the later of (x) twenty (20) calendar days after the entry of the order granting the

requested relief or (y) ten (10) business days after such person qualifies as a Substantial Stockholder. At the election of the filing person, the Substantial Stock Ownership Notice to be filed with the Bankruptcy Court and served upon the Disclosure Parties (but not the Substantial Stock Ownership Notice that is served upon the Debtors, the attorneys for the Debtors, and the attorneys for any Official Committee) may be redacted to exclude the taxpayer identification number ~~and~~, the amount of Common Stock and/or Options beneficially owned and the dates on which such Common Stock and/or Options were acquired.

(3) Acquisition of Common Stock. At least twenty (20) business days prior to the proposed date of any transfer of Common Stock or exercise of any Option to acquire Common Stock that would result in an increase in the amount of Common Stock beneficially owned by any person (including any Entity) that currently is or, as a result of the proposed acquisition transaction, would be a Substantial Stockholder (a “Proposed Acquisition Transaction”), such person, or Substantial Stockholder (a “Proposed Transferee”) shall file with the Bankruptcy Court and serve upon the Disclosure Parties a notice of such Proposed Transferee’s intent to purchase, acquire, or otherwise accumulate Common Stock (an “Acquisition Notice”), in substantially the form annexed to the Final Order as **Exhibit 3**, which describes specifically and in detail the Proposed Acquisition Transaction. At the election of the filing person, the Acquisition Notice to be filed with the Bankruptcy Court and served upon the Disclosure Parties (but not the Acquisition Notice that is served upon the Debtors, the attorneys for the Debtors, and the attorneys for any Official Committee) may be redacted to exclude the taxpayer identification number ~~and~~, the amount of Common Stock and/or Options beneficially owned (or to be beneficially owned) and to be acquired, and the dates on which such Common Stock and/or Options are proposed to be acquired.

(4) Disposition of Common Stock. At least twenty (20) business days prior to the proposed date of any transfer or other disposition of Common Stock that would result in either a decrease in the amount of the Common Stock beneficially owned by a Substantial Stockholder or person's or Entity's ceasing to be a Substantial Stockholder (a "Proposed Disposition Transaction") and, together with a Proposed Acquisition Transaction, a "Proposed Transaction"), such person, Entity or Substantial Stockholder (a "Proposed Transferor") shall file with this Court and serve upon the Disclosure Parties a notice of such Proposed Transferor's intent to sell, trade, or otherwise transfer the Common Stock (a "Disposition Notice" and, together with an Acquisition Notice, a "Trading Notice"), in substantially the form annexed to the Final Order as **Exhibit 4**, which describes specifically and in detail the Proposed Disposition Transaction. At the election of the filing person, the ~~Trading~~Disposition Notice to be filed with this Court and served upon the Disclosure Parties (but not the Trading Notice that is served upon the Debtors, the attorneys for the Debtors, and the attorneys for any Official Committee) may be redacted to exclude the taxpayer identification number~~—and~~, the amount of the Common Stock beneficially owned (or to be beneficially owned) and to be sold, transferred, or otherwise disposed of, and the dates of such Proposed Transactions.

(5) Objection Procedures. The Debtors and any Official Committee shall have fifteen (15) business days after the filing of a Trading Notice (the "Objection Period") to file with this Court and serve on a Proposed Transferee or Proposed Transferor, an objection (each, an "Objection") to any Proposed Transaction described in such Trading Notice. If the Debtors or any Official Committee files an Objection by the expiration of the Objection Period (the "Objection Deadline"), then the applicable Proposed Transaction shall not be effective unless approved by a final and nonappealable order of this Court. If neither the Debtors nor any Official Committee file

an Objection by the Objection Deadline or if the Debtors and any and all Official Committees provide written authorization to the Proposed Transferee or Proposed Transferor approving the Proposed Transaction prior to the Objection Deadline, then such Proposed Transaction may proceed solely as specifically described in the applicable Trading Notice. Any further Proposed Transaction must be the subject of an additional Trading Notice and Objection Period.

(6) Confidentiality. Except to the extent necessary to respond to a petition to allow consummation of a Proposed Transaction, to the extent otherwise required by law, or to the extent that the information contained therein is already public, the parties receiving a Substantial Stock Ownership Notice or a Trading Notice under these Procedures shall keep all Substantial Stock Ownership Notices and Trading Notices received by them strictly confidential and shall not disclose the contents thereof to any person.

## **B. Claims Restrictions**

(1) Definitions. For purposes of these Procedures, the following terms have the following meanings:

- (a) “Approach” shall mean Approach Resources Inc.
- (b) “Post-Emergence Approach” means the reorganized Debtors or any successor thereto.
- (c) “New Common Stock” means the common stock and any other equity securities (including securities that are treated as equity securities for U.S. federal income tax purposes) of Post-Emergence Approach, including Options to acquire the same.
- (d) “Entity” has the meaning as such term is defined in section 1.382-3(a) of title 26 of the Code of Federal Regulations (the “Treasury Regulations”), including any group of persons acting pursuant to a formal or informal understanding among themselves to make a coordinated acquisition of Claims or New Common Stock.

(e) A “Claim” means any claim, as defined in section 101(5) of the Bankruptcy Code, against any of the Debtors, whether secured or unsecured, other than claims under or in connection with the Debtors’ proposed debtor in possession financing facility (the “DIP Loan”).

(f) An “Option” includes any contingent purchase, warrant, convertible debt, put, stock subject to risk of forfeiture, contract to acquire stock, or similar interest, regardless of whether it is contingent or otherwise not currently exercisable.

(g) A “382(l)(5) Plan” means a plan of reorganization (a “Plan”) that contemplates the use of section 382(l)(5) of the title 26 of the United States Code (the “Tax Code”) by a reorganized debtor to obtain certain incremental tax benefits.

(h) “Beneficial ownership” of a Claim or Owned Interest means:

(i) the beneficial ownership of a Claim or Owned Interest (as hereinafter defined) as determined in accordance with applicable rules under section 382 of the Tax Code, the Treasury Regulations, and rulings issued by the Internal Revenue Service (the “IRS”) and as described herein (for such purpose, a Claim is treated as if it were stock) and, thus, to the extent provided in those sources, from time to time, shall include, without limitation, (A) direct and indirect ownership (but determined without regard to any rule that treats stock of an entity as to which the constructive ownership rules apply as no longer owned by that entity), e.g., a holding company would be considered to beneficially own all Claims or Owned Interests owned or acquired by its subsidiaries, (B) ownership by a holder’s family members, and (C) ownership by any Entity, Owned Interests, and/or stock; and

(ii) the beneficial ownership of an Option (irrespective of the purpose for which such Option was issued, created, or acquired) with respect to a Claim or Owned Interest.

(iii) For the avoidance of doubt, beneficial ownership of a Claim or Owned Interests also includes the beneficial ownership of any right to receive any equity consideration to be distributed in respect of a Claim or Owned Interests pursuant to a Plan or any applicable bankruptcy court order.

(i) “Threshold Amount” means an amount of Claims that, when taking into account the Owned Interests beneficially owned by a holder of Claims (including under the applicable aggregation rules), could result in such holder of Claims holding the Applicable Percentage of New Common Stock. For this purpose, the beneficial ownership of an Option to acquire Owned Interests shall be considered beneficial ownership of Owned Interests.

Notwithstanding the foregoing, if a beneficial owner of Claims does not agree to refrain from acquiring beneficial ownership of additional Owned Interests (and Options to acquire the same) or to dispose of immediately any such Owned Interests or Options (if acquired on or after the Petition Date but prior to submitting its Substantial Claim Ownership Notice (as hereinafter defined)), the Threshold Amount for such beneficial owner of Claims shall be the “Minimum Threshold Amount,” which shall be the amount of Claims beneficially owned by a holder of Claims continuously from the Petition Date to the Sell-Down Date (as hereinafter defined).

(j) A “Substantial Claimholder” means any person (including any Entity) that beneficially owns an aggregate dollar amount of Claims against the Debtors, or any Entity controlled by such person through which such person beneficially owns Claims against the Debtors, of more than the Threshold Amount, excluding Claims under or in connection with the DIP Loan.

For the avoidance of doubt, section 382 of the Tax Code, the Treasury Regulations, and all relevant IRS and judicial authority shall apply in determining whether the Claims of several

persons and/or Entities must be aggregated when a person's (including an Entity's) status as a Substantial Claimholder (for such purpose, a Claim is treated as if it were stock).

(k) "Applicable Percentage" means, if only one class of New Common Stock is to be issued pursuant to the terms of a 382(l)(5) Plan and holders within each class of Claims receiving New Common Stock will receive a pro rata distribution of the New Common Stock, 4.75% of the number of shares of New Common Stock that the Debtors reasonably estimate will be outstanding immediately after the effective date of such 382(l)(5) Plan, as determined for U.S. federal income tax purposes. If more than one class of New Common Stock is to be distributed pursuant to the terms of a 382(l)(5) Plan or if holders within a class of Claims may receive a disproportionate distribution of New Common Stock relative to other holders in the same class, the Applicable Percentage shall be determined by the Debtors in their reasonable judgment in a manner consistent with the estimated range of values for the equity to be distributed (as reflected in the valuation analysis set forth in the 382(l)(5) Plan and disclosure statement) and shall be expressed in a manner that makes clear the number of shares or other interests in each class of New Common Stock that would constitute the Applicable Percentage.

(l) "Holdings Report" means a Substantial Claim Ownership Notice (as hereinafter defined) received by the Debtors with respect to the Determination Date.

(m) "Maximum Amount" means the maximum amount of Claims (by class or other applicable classification of Claims) that may be held, as of the effective date of the 382(l)(5) Plan, by a Substantial Claimholder that was a Substantial Claimholder as of the Determination Date, which the Debtors shall calculate as follows:

(i) Based upon the information provided by the Substantial Claimholders in the Holdings Reports, the Debtors shall calculate the aggregate amount of Claims

that all such Substantial Claimholders must sell as a group to effectuate the 382(l)(5) Plan (the “Sell-Down Amount”);

(ii) The Debtors shall calculate for each Substantial Claimholder the amount of such Substantial Claimholder’s *pro rata* share of the Sell-Down Amount (*i.e.*, the Sell-Down Amount multiplied by a fraction, (x) the numerator of which is the amount, if any, of Claims identified in such Substantial Claimholder’s Holdings Report minus the greater of (A) the applicable Threshold Amount and (B) the Protected Amount for such Substantial Claimholder, and (y) the denominator of which is the aggregate amount of Claims identified in all of the Substantial Claimholders’ Holdings Reports minus the greater of (A) the aggregate applicable Threshold Amount for all Substantial Claimholders and (B) the aggregate Protected Amount of all Substantial Claimholders; and

(iii) For each such Substantial Claimholder, the Debtors shall subtract from the total Claims held by such Substantial Claimholder (as reported in the Holdings Report) such Substantial Claimholder’s *pro rata* share of the Sell-Down Amount. The difference shall be the Maximum Amount.

(n) “Newly Traded Claims” means Claims (i) with respect to which a person (including any Entity) acquired beneficial ownership after the date that was eighteen (18) months prior to the Petition Date and (ii) that are not “ordinary course” Claims, within the meaning of Treasury Regulations section 1.382-9(d)(2)(iv), of which the same person (including any Entity) always has had beneficial ownership.

(o) A “Permitted Transferee” with respect to a Substantial Claimholder is a person (including any Entity) whose holding of a Claim would not result in such Substantial Claimholder having beneficial ownership of such Claim.

(p) “Protected Amount” means the amount of Claims (by class or other applicable classification) of which a holder had beneficial ownership on the Petition Date *plus* the amount of Claims of which such holder acquires, directly or indirectly, beneficial ownership pursuant to trades entered into prior to the Petition Date, but that had not yet closed as of the Petition Date, and the amount of Claims of which such holder acquires, directly or indirectly, beneficial ownership pursuant to trades entered into after the Petition Date that have been approved by the Debtors in accordance with these Procedures minus the amount of Claims of which such holder sells, directly or indirectly, beneficial ownership pursuant to trades entered into prior to the Petition Date, but that had not yet closed as of the Petition Date.

(2) Disclosure of 382(l)(5) Plan. If the proponent of a Plan (a “Plan Proponent”) determines that the reorganized Debtors likely will benefit from the application of section 382(l)(5) of the Tax Code and reasonably anticipates that Post-Emergence Approach will invoke such section, then the Plan Proponent, in proposing a 382(l)(5) Plan, shall disclose in its proposed disclosure statement or, in the case of items (c) through (e) below, a later separate notice (collectively, the “Proposed 382(l)(5) Disclosure Statement”):

(a) Adequate information about the incremental tax benefits anticipated to be realized through the use of section 382(l)(5) of the Tax Code that, taking into account the Debtors’ anticipated net unrealized built-in gains or net unrealized built-in losses, would not otherwise be available;

(b) A summary of any restrictions expected to be imposed on the transferability of securities issued under the Plan in order to preserve such incremental tax benefits;

(c) The (i) dollar amount of Claims (by class or other applicable classification) expected to result in a one-percent (1%) interest in New Common Stock and (ii) the number of any

of the specified interests (“Owned Interests”) in the Debtors expected to result in a one-percent (1%) interest in New Common Stock, in each case based upon then-available information;

(d) A specified date (the “Determination Date”) that is not less than ten (10) calendar days after the service of the notice of the hearing with respect to the Proposed 382(l)(5) Disclosure Statement; and

(e) A specified date (the “Reporting Deadline”) that is not less than five (5) calendar days after the Determination Date, by which persons (including Entities, which for purposes of the Claims Procedures also includes an “entity” within the meaning of Treasury Regulations section 1.382-3(a)) must serve on various parties the notice required by these Procedures (the “Substantial Claim Ownership Notice”).

In the event that items (c) through (e) above are disclosed in a separate notice after the filing of the proposed disclosure statement, such items shall also be disclosed in a separate filing with the Securities and Exchange Commission on Form 8-K.

(3) Substantial Claim Ownership Notice.

(a) Any person (including any Entity) that beneficially owns either (i) more than a specified amount of Claims<sup>4</sup> or (ii) a lower amount of Claims that (based on the applicable information set forth in the Proposed 382(l)(5) Disclosure Statement), when taking into account any Owned Interests beneficially owned by a holder of Claims (including pursuant to the applicable aggregation rules), could result in such holder of Claims holding the Applicable Percentage of New Common Stock, in each case as of the Determination Date, shall serve upon (x) the Plan Proponent and its counsel (and the Debtors and their counsel if not the Plan Proponent),

---

<sup>4</sup> This “specified amount” is to be reasonably established by the Plan Proponent, taking into account the terms of the 382(l)(5) Plan, and disclosed in the Proposed 382(l)(5) Disclosure Statement. The “specified amount” may be expressed by class or type of Claim(s), if applicable.

(y) counsel to the lenders under the Debtors' proposed debtor in possession financing facility (the "DIP Lenders"), and (z) counsel to any statutory committees appointed in the Chapter 11 Cases (each, an "Official Committee") ((x), (y), (z), collectively, the "Claim Disclosure Parties") a Substantial Claim Ownership Notice, in substantially the form annexed to the Final Order as **Exhibit 5** (or as adjusted and annexed to the Proposed 382(l)(5) Disclosure Statement) on or before the Reporting Deadline. Such person also shall set forth in the Substantial Claim Ownership Notice its beneficial ownership, if any, of any Owned Interests and whether it agrees to refrain from acquiring beneficial ownership of additional Owned Interests (and Options to acquire the same) until after the effective date of the 382(l)(5) Plan and to immediately dispose of any Owned Interests or Options (if acquired on or after the Petition Date and prior to submitting its Substantial Claim Ownership Notice). A person (including any Entity) that is required to file a Substantial Claim Ownership Notice may or may not be a Substantial Claimholder. The standard for a person's (including an Entity's) being required to file a Substantial Claim Ownership Notice is different than the definition of a Substantial Claimholder. At the election of the Substantial Claimholder, the Substantial Claim Ownership Notice to be filed with the Bankruptcy Court and served on the Claim Disclosure Parties (but not the Substantial Claim Ownership Notice that is served upon the Debtors, the attorneys for the Debtors, and the attorneys for any Official Committee) may be redacted to exclude the Substantial Claimholder's taxpayer identification number, the dollar amount of the Claims owner, the Protected Amount of the Claims owned, the number of Owned Interest and/or Owned Interest subject to Options beneficially owned and the dates on which such Owned Interests and/or Options were acquired.

(b) In order to assist in determining their eligibility to avail themselves of the relief set forth in section 382(l)(5) of the Tax Code, the Debtors may request<sup>5</sup> from any person (including any Entity) that beneficially owns either (i) more than a specified amount of Claims (which may be expressed by class or type of Claim(s), if applicable) or (ii) a lower amount of Claims that, when taking into account the Owned Interests beneficially owned by a holder of Claims (including pursuant to the applicable aggregation rules), could result in such holder of Claims holding the Applicable Percentage of New Common Stock, in each case as of the date specified in such request, information regarding its beneficial ownership of Claims and Owned Interests (and Options to acquire the same) prior to the filing of the Proposed 382(l)(5) Disclosure Statement, in a manner consistent with these Procedures. In addition, the Debtors shall disclose such request in a separate filing with the Securities and Exchange Commission on Form 8-K.

(c) Any person (including any Entity) that fails to comply with its notification obligations set forth in this paragraph shall, in addition to the consequences set forth in paragraph B(5)(g) below, be subject to such remedy as the Bankruptcy Court may find appropriate upon motion by the Debtors, after service of the motion upon such person and a hearing on the motion in accordance with the Federal Rules of Bankruptcy Procedure, including, without limitation, ordering such noncompliant person (including any Entity) to divest itself promptly of any beneficial ownership of Claims to the extent of such person's ownership of an Excess Amount (as defined herein) and imposing monetary damages for any costs reasonably incurred by the Debtors that were caused by the violation and enforcement of this paragraph.

(4) Claims Trading Before and After Determination Date.

---

<sup>5</sup> For purposes of making this determination, such request shall include information comparable to the information that would be required in a Proposed 382(l)(5) Disclosure Statement pursuant to these Procedures.

(a) Any person (including any Entity) generally may trade freely and make a market in Claims until the Determination Date.

(b) After the Determination Date, any acquisition of Claims by a person who filed or was required to file a Substantial Claim Ownership Notice or by a person who would be required to file a Substantial Claim Ownership Notice as a result of the consummation of the contemplated transaction if the proposed acquisition date had been the Determination Date (each, a “Proposed Claims Transferee”) shall not be effective unless consummated in compliance with these Procedures.

(c) At least ten (10) business days prior to the proposed date of any acquisition of Claims by a Proposed Claims Transferee (a “Proposed Claims Acquisition Transaction”), such Proposed Claims Transferee shall serve upon ~~the Plan Proponent and its counsel (and the Debtors and their counsel if not the Plan Proponent), counsel to the DIP Lenders, and counsel to any Official Committee~~Claim Disclosure Parties a notice of such Proposed Claims Transferee’s request to purchase, acquire, or otherwise accumulate a Claim (a “Claims Acquisition Request”), in substantially the form annexed to the Final Order as **Exhibit 6**, which describes specifically and in detail the Proposed Claims Acquisition Transaction, regardless of whether such transfer would be subject to the filing, notice, and hearing requirements set forth in Bankruptcy Rule 3001. At the election of the Substantial Claimholder, the Claims Acquisition Request to be ~~filed with the Bankruptcy Court~~served on the Claim Disclosure Parties (but not the Claims Acquisition Request that is served upon the Debtors, the attorneys for the Debtors, and the attorneys for the Official Committee) may be redacted to exclude the Substantial Claimholder’s taxpayer identification number, the amount of Claims, Owned Interests and Options to acquire Owned Interest

beneficially owned (or to be beneficially owned), the dates they were acquired, the Protected Amount of Claims beneficially owned and the amount of Claims to be acquired.

(d) The Plan Proponent may determine, in consultation with the Debtors (if not the Plan Proponent), counsel to any Official Committee and counsel to the DIP Lenders, whether to approve a Claims Acquisition Request. If the Plan Proponent does not approve a Claims Acquisition Request in writing within eight (8) business days after the Claims Acquisition Request is filed with the Court, the Claims Acquisition Request shall be deemed rejected.

(5) Creditor Conduct and Sell-Down.

(a) To permit reliance by the Debtors on Treasury Regulations section 1.382-9(d)(3), upon the entry of the Final Order, any Substantial Claimholder that participates in formulating any chapter 11 plan of or on behalf of the Debtors (which shall include, without limitation, making any suggestions or proposals to the Debtors or their advisors with regard to such a Plan) shall not disclose or otherwise make evident to the Debtors that any Claims in which such Substantial Claimholder has a beneficial ownership are Newly Traded Claims, unless compelled to do so by an order of a court of competent jurisdiction or some other applicable legal requirement, *provided, however*, that the following activities shall not constitute participation in formulating a Plan *if*, in pursuing such activities, the Substantial Claimholder does not disclose or otherwise make evident (unless compelled to do so by an order of a court of competent jurisdiction or some other applicable legal requirement) to the Debtors that such Substantial Claimholder has beneficial ownership of Newly Traded Claims: filing an objection to a proposed disclosure statement or to confirmation of a proposed Plan; voting to accept or reject a proposed Plan; reviewing or commenting on a proposed business plan; providing information on a confidential

basis to counsel to the Debtors; holding general membership on an official committee or an ad hoc committee; or taking any action required by an order of the Bankruptcy Court.

(b) Following the Determination Date, if the Plan Proponent determines that Substantial Claimholders must sell or transfer all or a portion of their beneficial ownership of Claims in order that the requirements of section 382(l)(5) of the Tax Code will be satisfied, the Plan Proponent may file a motion with the Bankruptcy Court for entry of an order—after notice to counsel to any Official Committee, counsel to the DIP Lenders, and the relevant Substantial Claimholder(s) and a hearing—approving the issuance of a notice (each, a “Sell-Down Notice”) that such Substantial Claimholder must sell, cause to sell, or otherwise transfer a specified amount of its beneficial ownership of Claims (by class or other applicable classification) equal to the excess of (x) the amount of Claims beneficially owned by such Substantial Claimholder over (y) the Maximum Amount for such Substantial Claimholder (such excess amount, an “Excess Amount”). The motion shall be heard on expedited basis such that the Bankruptcy Court can render a decision on the motion at or before the hearing on confirmation of the 382(l)(5) Plan. If the Bankruptcy Court approves the Plan Proponent’s motion for the issuance of a Sell-Down Notice, the Plan Proponent shall provide the Sell-Down Notice to the relevant Substantial Claimholder(s).

(c) Notwithstanding anything to the contrary in these Procedures, no Substantial Claimholder shall be required to sell, cause to sell, or otherwise transfer any beneficial ownership of Claims if such sale would result in the Substantial Claimholder’s beneficial ownership of an aggregate amount of Claims (by class or other applicable classification) that is less than such Substantial Claimholder’s Protected Amount.

(d) Each Sell-Down Notice shall direct the Substantial Claimholder to sell, cause to sell, or otherwise transfer its beneficial ownership of the amount of Claims specified in the Sell-Down Notice to Permitted Transferees (each sale or transfer, a “Sell-Down”), *provided, however,* that such Substantial Claimholder shall not have a reasonable basis to believe that any such Permitted Transferee would own, immediately after the contemplated transfer, an Excess Amount of Claims and *provided, further,* that a Substantial Claimholder that has properly notified the Permitted Transferee of its Claims under these Procedures shall not be treated as having such reasonable basis in the absence of notification or actual knowledge that such Permitted Transferee would own, after the transfer, an Excess Amount of Claims.

(e) By the date that is the later of (i) five (5) business days after the entry of an order confirming the 382(l)(5) Plan and (ii) such other date specified in the Sell-Down Notice, as applicable, but before the effective date of the 382(l)(5) Plan (the “Sell-Down Date”), each Substantial Claimholder subject to a Sell-Down Notice shall, as a condition to receiving New Common Stock, serve upon the ~~Plan Proponent and its counsel (and the Debtors and their counsel if not the Plan Proponent), counsel to the DIP Lenders, and counsel to any Official Committee~~Claim Disclosure Parties a notice substantially in the form annexed to the Final Order as **Exhibit 7** that such Substantial Claimholder has complied with the terms and conditions set forth in these Procedures and that such Substantial Claimholder does not and will not hold an Excess Amount of Claims as of the Sell-Down Date and at all times through the effective date of the 382(l)(5) Plan (each, a “Notice of Compliance”). Any Substantial Claimholder who fails to comply with this provision shall not receive New Common Stock with respect to any Excess Amount of Claims. At the election of the Substantial Claimholder, the Notice of Compliance to be ~~filed with the Bankruptcy Court~~served on the Claim Disclosure Parties (but not the Notice of

Compliance that is served upon the Debtors, the attorneys for the Debtors, and the attorneys for any Official Committee) may be redacted to exclude the Substantial Claimholder's taxpayer identification number.

(f) Other than information that is public or in connection with an audit or other investigation by the IRS or other taxing authority, the Plan Proponent shall keep all Notices of Compliance and any additional information provided by a Substantial Claimholder pursuant to these Procedures (the "Confidential Information") strictly confidential and shall not disclose the Confidential Information to any other person (including any Entity), *provided, however*, that the Plan Proponent may disclose the identity of the Substantial Claimholder to its counsel and professional financial advisors, counsel to and the professional financial advisors of any Official Committee or the DIP Lenders, and of any other person(s) that are subject to a nondisclosure agreement with the Plan Proponent, each of whom shall keep all Confidential Information strictly confidential, subject to further order of the Bankruptcy Court, and *provided, further*, that to the extent the Plan Proponent reasonably determines such Confidential Information is necessary to demonstrate to the Bankruptcy Court the need for the issuance of a Sell-Down Notice, such Confidential Information (determined by, among other things, whether such information was redacted in any public filing) shall be filed with the Bankruptcy Court under seal.

(g) Any person (including any Entity) that violates its obligations under these Procedures applicable to Claims or, if applicable, its agreement not to acquire beneficial ownership of Owned Interests (and Options to acquire the same) or to immediately dispose of any Owned Interests (if acquired on or after the Petition Date but prior to submitting its Substantial Claim Ownership Notice) in its Substantial Claim Ownership Notice shall, pursuant to these Procedures, be precluded from receiving, directly or indirectly, any consideration consisting of a

beneficial ownership of New Common Stock that is attributable to the Excess Amount of Claims for such person and, if applicable, to the Owned Interests acquired (or not immediately disposed of) in violation of such agreement by such person (or if the Owned Interests acquired (or not immediately disposed of) in violation of such agreement become beneficial ownership of New Common Stock without the need to receive new equity interests, such person shall be precluded as a result of such violation (and, thus, in addition to any other amounts otherwise precluded hereunder) from receiving, directly or indirectly, any consideration consisting of a beneficial ownership of New Common Stock attributable to such person's Claims up to and including an amount equivalent to that represented by such Owned Interests), in each case including any consideration in lieu thereof, *provided, however*, that such person may be entitled to receive any other consideration to which such person may be entitled by virtue of holding Claims (this provision, the "Equity Forfeiture Provision"). Any purported acquisition of, or other increase in the beneficial ownership of, New Common Stock that is precluded by the Equity Forfeiture Provision will be an acquisition of "Forfeited Equity." Any acquirer of Forfeited Equity shall, promptly upon becoming aware of such fact, return or cause to return the Forfeited Equity to the Debtors (or any successor to the Debtors, including Post-Emergence Approach) or, if all of the equity consideration properly issued to such acquirer and all or any portion of such Forfeited Equity have been sold prior to the time such acquirer becomes aware of such fact, such acquirer shall return or cause to return to the Debtors (or any successor to the Debtors, including Post-Emergence Approach) (i) any Forfeited Equity still held by such acquirer and (ii) the proceeds attributable to the sale of Forfeited Equity, calculated by treating the most recently sold equity as Forfeited Equity. Any acquirer that receives Forfeited Equity and deliberately fails to comply with the preceding sentence shall be subject to such additional sanctions as the Bankruptcy

Court may determine. Any Forfeited Equity returned to the Debtors, including Post-Emergence Approach, shall be distributed (including a transfer to charity) or extinguished, in the Debtors' sole discretion, in furtherance of the 382(l)(5) Plan.

(h) In effecting any sale or other transfer of Claims pursuant to a Sell-Down Notice, a Substantial Claimholder shall, to the extent that it is reasonably feasible to do so within the normal constraints of the market in which such sale takes place, notify the acquirer of such Claims of the existence of these Procedures and the Equity Forfeiture Provision (it being understood that, in all cases in which there is direct communication between a salesperson and a customer, including, without limitation, communication via telephone, e-mail, and instant messaging, the existence of these Procedures and the Equity Forfeiture Provision shall be included in such salesperson's summary of the transaction).

(6) Exceptions.

(a) No person (including any Entity) shall be subject to the approval provisions of paragraph B(4)(b)–(d) above or, in the case of Claims that are part of the transferor's Protected Amount, the sell-down provisions of paragraph B(5) above with respect to any transfer described in Treasury Regulations section 1.382-9(d)(5)(ii) so long as such transfer is not for a principal purpose of obtaining New Common Stock or permitting the transferee to benefit from the losses of the Debtors within the meaning of Treasury Regulations section 1.382-9(d)(5)(iii), *provided, however*, that any such transferee who becomes a Substantial Claimholder following the filing of a Proposed 382(l)(5) Disclosure Statement shall serve upon the ~~Plan Proponent and its counsel (and the Debtors and their counsel if not the Plan Proponent), counsel to the DIP Lenders, and counsel to any Official Committee~~ Claim Disclosure Parties, a notice of such status, substantially in the form annexed to the Final Order as Exhibit 5, as provided in these Procedures.

(b) For the avoidance of doubt, the trustee of any trust, any indenture trustee, subordination agent, registrar, paying agent, transfer agent, loan or collateral agent, or any other entity serving in a similar capacity however designated, in each case for any Claim or any Ownership Interests, notes, bonds, debentures, property, or other debt securities or obligations (collectively, the “Debt Securities”) (i) issued by any of the Debtors, (ii) secured by assets of any of the Debtors or agreements with respect to such assets, or (iii) secured by assets leased to any of the Debtors shall not be treated as a Substantial Claimholder solely to the extent that such entities are acting in the capacity described above, *provided, however*, that neither any transferee of Claims nor any equity or beneficial owner of a trust shall be excluded from these Procedures solely by reason of this provision.

#### **C. Noncompliance with the Procedures**

Any transfer of Common Stock in violation of these Procedures shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code and pursuant to the Bankruptcy Court’s equitable powers under section 105(a) of the Bankruptcy Code. Any acquisition, disposition, or trading of Claims against the Debtors in violation of these Procedures shall be null and void *ab initio* as an act in violation of the automatic stay under section 362 of the Bankruptcy Code and pursuant to the Bankruptcy Court’s equitable powers under section 105(a) of the Bankruptcy Code. Furthermore, any person (including any Entity) that acquires, disposes of or trades Common Stock or acquires, disposes of or trades Claims against the Debtors in violation of these Procedures shall be subject to sanctions as provided by law.

#### **D. Debtors’ Right to Waive**

**The Debtors may waive, in writing, any and all restrictions, stays, and notification Procedures contained in this Notice, *provided, however*, that after a 382(l)(5) Plan has been properly filed by a Plan Proponent (other than by, or jointly with, the Debtors) and is still**

**actively being pursued before this Court, the consent of such Plan Proponent also shall be necessary for any subsequent waiver to be effective.**

Dated: Houston, Texas

**BY ORDER OF THE COURT**

\_\_\_\_\_, 2019

**Exhibit 2 to Final Order**

**Notice of Substantial Stock Ownership**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

In re:	§	
	§	Chapter 11
	§	
APPROACH RESOURCES INC., <i>et al.</i> ,	§	Case No. 19-36444 (MI)
	§	
Debtors. <sup>1</sup>	§	(Jointly Administered)
	§	
	§	Re: <del>Docket</del> <u>Dkt.</u> No. <u>—6</u>

**NOTICE OF SUBSTANTIAL STOCK OWNERSHIP**

**ATTENTION DIRECT AND INDIRECT HOLDERS OF, AND PROSPECTIVE HOLDERS OF, (I) STOCK ISSUED BY APPROACH RESOURCES INC. AND (II) CERTAIN CLAIMS AGAINST APPROACH RESOURCES INC.:**

PLEASE TAKE NOTICE that, pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors and (II) Granting Related Relief*, dated [\_\_\_\_], 2019, ~~Docket~~Dkt. No. [\_\_\_\_] (with all exhibits thereto, the “Final Order”), [Name of Filer] (the “Filer”) hereby provides notice that, as of the date hereof, the Filer beneficially owns:

- (i) \_\_\_\_\_ shares of Common Stock,<sup>2</sup> and/or
- (ii) Options to acquire \_\_\_\_\_ shares of Common Stock,

PLEASE TAKE FURTHER NOTICE that the taxpayer identification number of the Filer is \_\_\_\_\_.

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in **Exhibit 1** to the Final Order.

PLEASE TAKE FURTHER NOTICE that the following table sets forth the following information:

For Common Stock and/or Options to acquire Common Stock that are owned directly by the Filer, the table sets forth (a) the number of such shares and/or the number of shares underlying Options beneficially owned by such Filer and (b) the date(s) on which such shares, and/or Options were acquired.

In the case of Common Stock and/or Options to acquire Common Stock that are not owned directly by the Filer but are nonetheless beneficially owned by the Filer, the table sets forth (a) the name(s) of each record or legal owner of such shares of Common Stock and/or Options to acquire shares of Common Stock that are beneficially owned by the Filer, (b) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options beneficially owned by such Filer, and (c) the date(s) on which such Common Stock and/or Options were acquired.

<i>Class</i>	<i>Name of Record/Legal Owner</i>	<i>Shares Owned</i>	<i>Shares Underlying Options Owned</i>	<i>Date(s) Acquired</i>
Common Stock				

(Attach additional pages if necessary.)

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone],  
(Attn: [name of attorney]).]

Respectfully submitted,

\_\_\_\_\_  
[Name of Filer]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit 3 to Final Order**

**Notice of Intent to Purchase, Acquire, or Otherwise Accumulate Common Stock**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>  <b>APPROACH RESOURCES INC., et al.,</b>  <b>Debtors.<sup>1</sup></b>	§ § § § § § § § §	<b>Chapter 11</b>  <b>Case No. 19-36444 (MI)</b>  <b>(Jointly Administered)</b>  <b>Re: <del>Docket</del>Dkt. No. <u>—6</u></b>
---	---	---

**NOTICE OF INTENT TO ACQUIRE, PURCHASE, OR OTHERWISE ACCUMULATE  
COMMON STOCK**

PLEASE TAKE NOTICE that, pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors, and (II) Granting Related Relief*, dated [\_\_\_\_], 2019, ~~Docket~~Dkt. No. [ ] (with all exhibits thereto, the “Final Order”), [Name of Filer] (the “Filer”) hereby provides notice of (i) its intention to purchase, acquire, or otherwise accumulate directly one or more shares of Common Stock<sup>2</sup> and/or Options to acquire Common Stock and/or (ii) a proposed purchase or acquisition of Common Stock and/or Options to acquire Common Stock that would result in an increase in the number of shares of Common Stock and/or number of shares of Common Stock underlying Options that are beneficially owned by the Filer (any proposed transaction described in (i) or (ii), a “Proposed Acquisition”).

PLEASE TAKE FURTHER NOTICE that the following table sets forth the following information:

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

1. If the Proposed Acquisition involves the purchase or acquisition directly by the Filer of Common Stock and/or Options to acquire Common Stock, the table sets forth (a) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options proposed to be purchased or acquired and (b) the date(s) of such Proposed Acquisition.

2. If the Proposed Acquisition involves the purchase or acquisition of Common Stock and/or Options to acquire Common Stock by a person (including any Entity) other than the Filer, but the Proposed Acquisition nonetheless would increase the number of shares of Common Stock and/or number of shares of Common Stock underlying Options that are beneficially owned by the Filer, the table sets forth (a) the name(s) of each such person that proposes to purchase or acquire such shares of Common Stock and/or Options, (b) the number of shares of Common Stock and/or number of shares of Common Stock underlying Options proposed to be purchased or acquired, and (c) the date(s) of such Proposed Acquisition.

<i>Class</i>	<i>Name of Purchaser or Acquirer</i>	<i>Shares to be Purchased or Acquired</i>	<i>Shares Underlying Options to be Purchased or Acquired</i>	<i>Date(s) of Proposed Acquisition</i>
Common Stock				

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the following table summarizes the Filer's beneficial ownership of Common Stock and/or Options to acquire Common Stock assuming that the Proposed Acquisition is approved and consummated as described above. The table sets forth, as of immediately following the consummation of the Proposed Acquisition, the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options (a) that would be owned directly by the Filer and, (b) in the case of any beneficial ownership by the Filer of

---

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in **Exhibit 1** to the Final Order.

Common Stock and/or Options that would be owned by another person (including any Entity) as record or legal owner, the name(s) of each prospective record or legal owner and the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options that would be owned by each such record or legal owner:

<i>Class</i>	<i>Name of Owner</i>	<i>Shares to Be Owned</i>	<i>Shares Underlying Options to Be Owned</i>
Common Stock			

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that if the Proposed Acquisition involves a purchase or acquisition of Common Stock and/or Options to acquire Common Stock directly by the Filer and such Proposed Acquisition would result in (a) an increase in the beneficial ownership of Common Stock and/or Options to acquire Common Stock by a person (including any Entity) that currently is a Substantial Stockholder or (b) a person's becoming a Substantial Stockholder, the following table sets forth (i) the name of each such person, (ii) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options that are beneficially owned by such person currently (i.e., prior to the Proposed Acquisition), and (iii) the number of shares of Common Stock and/or the number of shares of Common Stock underlying Options that would be beneficially owned by such person immediately following the Proposed Acquisition.

<i>Class</i>	<i>Name of Beneficial Owner</i>	<i>Shares Owned Currently (i.e., Prior to Proposed Acquisition)</i>	<i>Shares to Be Owned Following Proposed Acquisition</i>	<i>Shares Underlying Options Owned Currently (i.e., Prior to Proposed Acquisition)</i>	<i>Shares Underlying Options to Be Owned Following Proposed Acquisition</i>
Common Stock					

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the taxpayer identification number of the Filer is \_\_\_\_\_.

PLEASE TAKE FURTHER NOTICE that, under penalty of perjury, the Filer hereby declares that it has examined this Notice and accompanying attachments (if any), and, to the best of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct, and complete.

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone], (Attn: [name of attorney]).]

Respectfully submitted,

\_\_\_\_\_  
[Name of Filer]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Date: \_\_\_\_\_

**Exhibit 4 to Final Order**

**Notice of Intent to Sell, Trade, or Otherwise Transfer Common Stock**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>  <b>APPROACH RESOURCES INC., et al.,</b>  <b>Debtors.<sup>1</sup></b>	<b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b>	<b>Chapter 11</b>  <b>Case No. 19-36444 (MI)</b>  <b>(Jointly Administered)</b>  <b>Re: <del>Docket</del>Dkt. No. <u>—6</u></b>
---	--	---

**NOTICE OF INTENT TO SELL, TRADE, OR OTHERWISE TRANSFER COMMON  
STOCK**

PLEASE TAKE NOTICE that, pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors and (II) Granting Related Relief*, [Dkt. No. [\_\_]] (with all exhibits thereto, the “Final Order”), [Name of Filer] (the “Filer”) hereby provides notice of (i) its intention to sell, trade, or otherwise transfer or dispose of one or more shares of Common Stock<sup>2</sup> and/or Options to acquire Common Stock and/or (ii) a proposed sale, transfer, or disposition of Common Stock and/or Options to acquire Common Stock that would result in a decrease in the number of shares of Common Stock and/or number of shares of Common Stock underlying Options to acquire Common Stock that are beneficially owned by the Filer (any proposed transaction described in (i) or (ii), a “Proposed Transfer”).

PLEASE TAKE FURTHER NOTICE that the following table sets forth the following information: (1) if the Proposed Transfer involves the sale, transfer, or disposition directly by the

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in Exhibit 1 to the Order.

Filer of Common Stock and/or Options to acquire Common Stock, the table sets forth (a) the number of shares of Common Stock and/or the number of shares of Common Stock underlying the Options proposed to be sold, transferred, or disposed of, and (b) the date(s) of such Proposed Transfer (categorized by class, as applicable); (2) if the Proposed Transfer involves the sale, transfer, or disposition of Common Stock and/or Options to acquire Common Stock by a person (including any Entity) other than the Filer, but the Proposed Transfer nonetheless would decrease the number of shares of Common Stock and/or number of shares of Common Stock underlying the Options that are beneficially owned by the Filer, the table sets forth (a) the name(s) of each such person that proposes to sell, transfer, or dispose of such shares of Common Stock and/or Options, (b) the number of shares of Common Stock and/or number of shares of Common Stock underlying the Options proposed to be so sold, transferred, or disposed of, and (c) the date(s) of such Proposed Transfer (categorized by class, as applicable).

<i>Class</i>	<i>Name of Transferor</i>	<i>Shares to be Sold, Transferred, or Disposed Of</i>	<i>Shares Underlying the Options to be Sold, Transferred, or Disposed Of</i>	<i>Date(s) of Proposed Transfer</i>
Common Stock				

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the following table summarizes the Filer's beneficial ownership of Common Stock and/or Options to acquire Common Stock assuming that the Proposed Transfer is approved and consummated as described above. The table sets forth, as of immediately following the consummation of the Proposed Transfer, the number of shares of Common Stock and/or the number of shares of Common Stock underlying the Options (a) that would be owned directly by the Filer and, (b) in the case of any beneficial ownership by the Filer of Common Stock and/or Options that would be owned by another person (including any Entity) as record or legal owner, the name(s) of each prospective record or legal owner and the number of

shares of Common Stock and/or the number of shares of Common Stock underlying the Options that would be owned by each such record or legal owner (categorized by class, as applicable):

<i>Class</i>	<i>Name of Owner</i>	<i>Shares to Be Owned</i>	<i>Shares Underlying the Options to Be Owned</i>
Common Stock			

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that if the Proposed Transfer involves a sale, transfer, or disposition of Common Stock and/or Options to acquire Common Stock directly by the Filer and such Proposed Transfer would result in (a) a decrease in the beneficial ownership of Common Stock and/or Options to acquire Common Stock by a person (including any Entity, other than the Filer) that currently is a Substantial Stockholder or (b) a person's (other than the Filer) becoming a Substantial Stockholder, the following table sets forth (i) the name of each such person, (ii) the number of shares of Common Stock and/or the number of shares of Common Stock underlying the Options that are beneficially owned by such person currently (i.e., prior to the Proposed Transfer), and (iii) the number of shares of Common Stock and/or the number of shares of Common Stock underlying the Options that would be beneficially owned by such person immediately following the Proposed Transfer (categorized by class, as applicable).

<i>Class</i>	<i>Name of Beneficial Owner</i>	<i>Shares Owned Currently (i.e., Prior to Proposed Transfer)</i>	<i>Shares to Be Owned Following Proposed Transfer</i>	<i>Shares Underlying the Options Owned Currently (i.e., Prior to Proposed Transfer)</i>	<i>Shares Underlying the Options to Be Owned Following Proposed Transfer</i>
Common Stock					

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the taxpayer identification number of the Filer is \_\_\_\_\_.

PLEASE TAKE FURTHER NOTICE that, under penalty of perjury, the Filer hereby declares that it has examined this Notice and accompanying attachments (if any), and, to the best of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct, and complete.

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone], (Attn: [name of attorney]).]

Respectfully submitted,

\_\_\_\_\_  
[Name of Filer]

By: \_\_\_\_\_ Name: \_\_\_\_\_ Address: \_\_\_\_\_

**Exhibit 5 to Final Order**

**Substantial Claim Ownership Notice**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>  <b>APPROACH RESOURCES INC., et al.,</b>  <b>Debtors.</b> <sup>1</sup>	<b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b>	<b>Chapter 11</b>  <b>Case No. 19-36444 (MI)</b>  <b>(Jointly Administered)</b>  <b>Re: <del>Docket</del><u>Dkt.</u> No. <u>—6</u></b>
--	--	--

**SUBSTANTIAL CLAIM OWNERSHIP NOTICE**

PLEASE TAKE NOTICE that, pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors, and (II) Granting Related Relief*, dated [\_\_\_\_], 2019, ~~Docket~~Dkt. No. [ ] (with all exhibits thereto, the “Final Order”), [person (including any Entity) ] (the “Filer”) hereby provides notice that the Filer beneficially owns either (i) more than \$[ ] million of Claims<sup>2</sup> against the Debtors or (ii) a lesser amount of Claims that (based on the applicable information set forth in the Proposed 382(l)(5) Disclosure Statement), when taking into account any Owned Interests beneficially owned by a holder of Claims (including under the aggregation rules described in the definition of Substantial Claimholder), could result in such holder of Claims holding the Applicable Percentage of New Common Stock.

PLEASE TAKE FURTHER NOTICE that the following table sets forth the following information:

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in Exhibit 1 to the Final Order.

1. In the case of Claims that are owned directly by the Filer, the table sets forth the dollar amount of all Claims beneficially owned (as hereinafter defined) by the Filer (categorized by class or other applicable classification).

2. In the case of Claims that are not owned directly by the Filer but nonetheless are beneficially owned by the Filer, the table sets forth (a) the name(s) of each record or legal owner of such Claims that are beneficially owned by the Filer and (b) the dollar amount of all Claims beneficially owned by such Filer (categorized by class or other applicable classification).

<i>Class</i>	<i>Description of Claim</i>	<i>Name of Owner</i>	<i>Dollar Amount Owned</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the following table sets forth a summary of the Protected Amount for each class (or other applicable classification) of Claims beneficially owned by the Filer (whether owned by the Filer directly or indirectly) and that Filer will provide any additional information in respect of such Claims that the Debtors reasonably request.

<i>Class</i>	<i>Description of Claim</i>	<i>Name of Owner</i>	<i>Protected Amount</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the following table sets forth the following information:

1. In the case of Owned Interests that are owned directly by the Filer, the table sets forth (a) the type and number of any Owned Interests beneficially owned (or that are subject to

Options that are beneficially owned) by the Filer and (b) the date(s) on which such Owned Interests (and Options to acquire the same) were acquired (categorized by class or other applicable classification);

2. In the case of Owned Interests that are not owned directly by the Filer but nonetheless are beneficially owned by the Filer, the table sets forth (a) the name(s) of each record or legal owner of such Owned Interests that are beneficially owned by the Filer, (b) the type and number of any such Owned Interests beneficially owned (or that are subject to Options that are beneficially owned) by such Filer, and (c) the date(s) on which such Owned Interests (and Options to acquire the same) were acquired (categorized by class or other applicable classification).

3. The Filer will provide any additional information in respect of such Owned Interests that the Debtors reasonably request.

<i>Name of Owner</i>	<i>Type and Number of Owned Interests Owned</i>	<i>Type and Number of Owned Interests Subject to Options Owned</i>	<i>Date Acquired</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that, under penalty of perjury, the Filer hereby [agrees ☐ / does not agree ☐— PLEASE CHECK AS APPLICABLE] that it will not acquire beneficial ownership of additional Owned Interests (and Options to acquire the same) before Approach's emergence from bankruptcy protection and that it immediately will dispose of any Owned Interests (and Options to acquire the same) that were acquired on or after the Petition Date and prior to submitting this Notice.

PLEASE TAKE FURTHER NOTICE that the taxpayer identification number of the Filer is \_\_\_\_\_.

PLEASE TAKE FURTHER NOTICE that, under penalty of perjury, the Filer hereby declares that it has examined this Notice and accompanying attachments (if any) and, to the best of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct, and complete.

[[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone], (Attn: [name of attorney]).]

Respectfully submitted,

\_\_\_\_\_  
[Name of Filer]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit 6 to Final Order**

**Notice of Request to Purchase, Acquire, or Otherwise Accumulate a Claim**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>  <b>APPROACH RESOURCES INC., et al.,</b>  <b>Debtors.<sup>1</sup></b>	<b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b>	<b>Chapter 11</b>  <b>Case No. 19-36444 (MI)</b>  <b>(Jointly Administered)</b>  <b>Re: <del>Docket</del>Dkt. No. <u>—6</u></b>
---	--	---

**NOTICE OF REQUEST TO PURCHASE, ACQUIRE, OR OTHERWISE ACCUMULATE  
A CLAIM AGAINST THE DEBTORS**

PLEASE TAKE NOTICE that, pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors, and (II) Granting Related Relief*, dated [\_\_\_\_], 2019, ~~Docket~~Dkt. No. [ ] (with all exhibits thereto, the “Final Order”), [person (including any Entity)] (the “Filer”) hereby provides notice of (i) its intent to purchase, acquire, or otherwise accumulate directly a Claim<sup>2</sup> or Claims against the Debtors and/or (ii) a proposed purchase or acquisition of Claims that, following the proposed acquisition, would be beneficially owned by the Filer (any proposed transaction described in (i) or (ii), a “Proposed Transfer”).

PLEASE TAKE FURTHER NOTICE that, if applicable, on [prior date(s)], the Filer served a Substantial Claim Ownership Notice with the Plan Proponent, counsel to the Plan Proponent, counsel to the DIP Lenders, and counsel to any Official Committee.

PLEASE TAKE FURTHER NOTICE that the Filer is filing this notice as (check one):

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<i>A person (including any Entity) that filed or was required to file a Substantial Claim Ownership Notice</i>	
<i>A person (including any Entity) that, upon consummation of the Proposed Transfer, would have been required to file a Substantial Claim Ownership Notice (if the proposed acquisition date had been the Determination Date)</i>	

PLEASE TAKE FURTHER NOTICE that the following tables set forth the following information:

1. In the case of Claims and/or Owned Interests that are owned directly by the Filer, the tables set forth (a) the dollar amount of all Claims and the type and number of Owned Interests (and Options to acquire the same) beneficially owned by the Filer (categorized by class or other applicable classification) and, (b) if applicable, the date such Owned Interests (or Options to acquire the same) were acquired.

2. In the case of Claims and/or Owned Interests that are not owned directly by the Filer but nonetheless are beneficially owned by the Filer, the tables set forth (a) the name(s) of each record or legal owner of the Claims and/or Owned Interests (and Options to acquire the same) that are beneficially owned by the Filer, (b) the dollar amount of all Claims and the type and number of Owned Interests beneficially owned by the Filer (categorized by class or other applicable classification), and, (c) if applicable, the date such Owned Interests (and Options to acquire the same) were acquired.

The Filer will provide any additional information in respect of such Claims and/or Owned Interests that the Debtors reasonably request.

---

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in **Exhibit 1** to the Final Order.

<i>Class</i>	<i>Description of Claim</i>	<i>Name of Owner</i>	<i>Dollar Amount Owned</i>

(Attach additional page if necessary.)

<i>Name of Owner</i>	<i>Type and Number of Owned Interests Owned</i>	<i>Type and Number of Owned Interests Subject to Options Owned</i>	<i>Date Acquired</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the following table sets forth a summary of the Protected Amount for each class (or other applicable classification) of Claims beneficially owned by the Filer (whether owned by the Filer directly or indirectly).

The Filer will provide any additional information in respect of such Claims that the Debtors reasonably request.

<i>Class</i>	<i>Description of Claim</i>	<i>Name of Owner</i>	<i>Protected Amount</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the following table sets forth the following information:

1. If the Proposed Transfer involves the purchase or acquisition of Claims directly by the Filer, the table sets forth the dollar amount of all Claims (categorized by class or other applicable classification) proposed to be purchased or acquired.

2. If the Proposed Transfer involves the purchase or acquisition of Claims by a person (including any Entity) other than the Filer, but the Proposed Transfer nonetheless would increase the dollar amount of Claims that are beneficially owned by the Filer, the table sets forth (a) the name(s) of each such person that proposes to purchase or acquire such Claims and (b) the dollar amount of all Claims (categorized by class or other applicable classification) proposed to be purchased or acquired.

<i>Class</i>	<i>Description of Claim</i>	<i>Name of Owner</i>	<i>Dollar Amount to be Acquired</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that if the Proposed Transfer involves a purchase or acquisition of Claims directly by the Filer and such Proposed Transfer would result in (a) an increase in the beneficial ownership of Claims by a person (including any Entity) (other than the Filer) that currently is a Substantial Claimholder or (b) a person's becoming a Substantial Claimholder, the following tables set forth (i) the name of each such person, (ii) the dollar amount of all Claims beneficially owned by such person currently (i.e., prior to the Proposed Transfer) (categorized by class or other applicable classification), (iii) the dollar amount of all Claims that would be beneficially owned by such person immediately following the Proposed Transfer (categorized by class or other applicable classification), (iv) the number and type of Owned Interests (and Options to acquire the same) beneficially owned by such person as of the date of the Proposed Transfer (categorized by class or other applicable classification), and (v) the date such Owned Interests (and Options to acquire the same) were acquired:

<i>Class</i>	<i>Description of Claim</i>	<i>Name of Owner</i>	<i>Dollar Amount of Claims Owned Currently (i.e., Prior to Proposed Transfer)</i>	<i>Dollar Amount of Claims to be Owned Following Proposed Transfer</i>


(Attach additional page if necessary.)

<i>Name of Owner</i>	<i>Type and Number of Owned Interests Owned</i>	<i>Type and Number of Owned Interests Subject to Options Owned</i>	<i>Date Acquired</i>

(Attach additional page if necessary.)

PLEASE TAKE FURTHER NOTICE that the Filer [agreed ☐ / did not agree ☐— **PLEASE CHECK AS APPLICABLE**] in its Substantial Claim Ownership Notice filed with the Court that it would not acquire beneficial ownership of additional Owned Interests (and Options to acquire the same) before Approach 's emergence from bankruptcy protection and that it immediately would dispose of any Owned Interests (and Options to acquire the same) that were acquired on or after the Petition Date and prior to submitting its Substantial Claim Ownership Notice, and the Filer has complied with and intends to continue to comply with such statement.

PLEASE TAKE FURTHER NOTICE that, if the Plan Proponent approves the Proposed Transfer and the Filer did not previously file a Substantial Claim Ownership Notice, the Filer, under penalty of perjury, hereby [agrees ☐ / does not agree ☐— **PLEASE CHECK AS APPLICABLE**] that it will not acquire beneficial ownership of additional Owned Interests (and Options to acquire the same) before Approach 's emergence from bankruptcy protection and that it immediately will dispose of any Owned Interests (and Options to acquire the same) that were acquired on or after the Petition Date and prior to submitting this Notice.

PLEASE TAKE FURTHER NOTICE that the taxpayer identification number of the Filer is \_\_\_\_\_.

PLEASE TAKE FURTHER NOTICE that, under penalty of perjury, the Filer hereby declares that it has examined this Notice and accompanying attachments (if any), and, to the best

of its knowledge and belief, this Notice and any attachments which purport to be part of this Notice are true, correct, and complete.

PLEASE TAKE FURTHER NOTICE that the Filer hereby acknowledges that, if the Plan Proponent does not approve the Proposed Transfer in writing within **eight (8) business days** after the filing of this Notice, such Proposed Transfer shall be deemed rejected. If the Plan Proponent provides written authorization approving the Proposed Transfer prior to the end of such eight-business-day period, then such Proposed Transfer may proceed solely as specifically described in this Notice.

This Notice is given in addition to, and not as a substitute for, any requisite notice under Rule 3001(e) of the Federal Rules of Bankruptcy Procedure.

[IF APPLICABLE] the Filer is represented by [name of the law firm], [address], [phone], (Attn: [name]).

[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone], (Attn: [name of attorney]).

Respectfully submitted,

\_\_\_\_\_  
[Name of Filer]

By: \_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
Date: \_\_\_\_\_

**Exhibit 7 to Final Order**

**Notice of Compliance**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>  <b>APPROACH RESOURCES INC., et al.,</b>  <b>Debtors.</b> <sup>1</sup>	§ § § § § § § §	<b>Chapter 11</b>  <b>Case No. 19-36444 (MI)</b>  <b>(Jointly Administered)</b>  <b>Re: <del>Docket</del>Dkt. No. <u>—6</u></b>
--	--------------------------------------	---

**NOTICE OF COMPLIANCE**

PLEASE TAKE NOTICE that, pursuant to that certain *Final Order (I) Establishing Notification Procedures and Approving Restrictions on Certain Transfers of Stock of, and Claims Against, the Debtors, and (II) Granting Related Relief*, dated [\_\_\_\_], 2019, ~~Docket~~Dkt. No. [\_\_] (with all exhibits thereto, the “Final Order”), [person (including any Entity)] (the “Filer”) hereby provides notice that Filer has complied in full with the terms and conditions set forth in the Final Order and as further set forth in the Sell-Down Notice<sup>2</sup> issued to Filer, such that (i) Filer does not and will not beneficially own an Excess Amount of Claims as of the Sell-Down Date and at all times through the effective date of the 382(l)(5) Plan and (ii) if Filer so agreed in its Substantial Claim Ownership Notice, Filer does not and will not beneficially own any Owned Interests (and Options to acquire the same) unless acquired prior to the Petition Date.

PLEASE TAKE FURTHER NOTICE that the taxpayer identification number of Filer is

\_\_\_\_\_.

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC (3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to them in **Exhibit 1** to the Final Order.

[IF APPLICABLE:] The Filer is represented by [name of law firm], [address], [phone],  
(Attn: [name of attorney]).

Respectfully submitted,

\_\_\_\_\_  
[Name of Filer]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit 8 to Final Order**

**Final Publication Notice**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

<b>In re:</b>  <b>APPROACH RESOURCES INC., et al.,</b>  <b>Debtors.</b> <sup>1</sup>	<b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b> <b>§</b>	<b>Chapter 11</b>  <b>Case No. 19-36444 (MI)</b>  <b>(Jointly Administered)</b>  <b>Re: <del>Docket</del>Dkt. No. <u>—6</u></b>
--	--	---

**PUBLICATION NOTICE**

**ATTENTION DIRECT AND INDIRECT HOLDERS OF, AND PROSPECTIVE HOLDERS OF, (I) STOCK ISSUED BY APPROACH RESOURCES INC. AND (II) CERTAIN CLAIMS AGAINST APPROACH RESOURCES INC.:**

Upon the motion (the “Motion”) of Approach Resources Inc. (“Approach”) and its debtor affiliates (together with Approach, the “Debtors”), on [\_\_\_\_\_, 2019], the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”), having jurisdiction over the chapter 11 cases of the Debtors, captioned as *In re Approach Resources Inc., et al.*, Case No. —19-36444 (MI) (the “Chapter 11 Cases”), entered a final order establishing procedures (the “Procedures”) with respect to direct and indirect trading and transfers of stock of, and claims against, the Debtors.

In certain circumstances, the Procedures restrict transactions involving, and require notices of the holdings of and proposed transactions by, any person or group of persons that is or, as a result of such a transaction, would become a Substantial Stockholder of the common stock issued by Approach (the “Common Stock”). For purposes of the Procedures, a “Substantial Stockholder” is any person or, in certain cases, group of persons that beneficially own, directly or indirectly

---

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Approach Resources Inc. (4817); Approach Midstream Holdings LLC (4122); Approach Oil & Gas Inc. (7957); Approach Operating, LLC (1981); Approach Delaware, LLC (7483); Approach Services, LLC

(and/or owns options to acquire) at least 4.45 million shares of Common Stock (representing approximately 4.75% of all issued and outstanding shares of Common Stock).” ***Any prohibited transfer of the stock of the Debtors will be null and void ab initio and may lead to contempt, compensatory damages, punitive damages, or sanctions being imposed by the Bankruptcy Court.***

In addition, the Procedures set forth (i) certain future circumstances under which any person, group of persons, or entity holding, or which as a result of a proposed transaction may hold, a substantial amount of certain claims against the Debtors may be required to file notice of its holdings of such claims and of proposed transactions, which transactions may be restricted, and (ii) certain limited circumstances thereafter under which such person(s) may be required to sell, by a specified date following the confirmation of a chapter 11 plan of the Debtors, all or a portion of any such claims acquired during the Chapter 11 Cases. ***Any prohibited transfer of claims against the Debtors in violation of the claims procedures set forth in the Procedures will be null and void ab initio and/or may lead to contempt, compensatory damages, punitive damages, or sanctions being imposed by the Bankruptcy Court.***

The Procedures are available on the website of Epiq Corporate Restructuring, LLC, the Debtors’ Court-approved claims agent, located at <https://dm.epiq11.com/approachresources>, and on the docket of the Chapter 11 Cases, **DocketDkt.** No. [\_\_], which can be accessed via PACER at <https://www.pacer.gov>.

The requirements set forth in the Procedures are in addition to the requirements of Bankruptcy Rule 3001(e) and applicable securities, corporate, and other laws and do not excuse noncompliance therewith.

---

(3806); and Approach Resources I, LP (5316). The Debtors’ mailing address is One Ridgmar Centre, 6500 West Freeway, Suite 800, Fort Worth, Texas 76116.

**A direct or indirect holder of, or prospective holder of, stock of the Debtors that may be or become a Substantial Stockholder or a direct or indirect holder of, or prospective holder of, a substantial amount of claims against the Debtors should consult the Procedures.**

Dated: Houston, Texas

**BY ORDER OF THE COURT**

[\_\_\_\_], 2019

Document comparison by Workshare 9.5 on Wednesday, December 11, 2019  
6:29:30 PM

<b>Input:</b>	
Document 1 ID	file:///C:/Users/pirragla/Desktop/Approach - NOL Motion - UST version.DOCX
Description	Approach - NOL Motion - UST version
Document 2 ID	file:///C:/Users/pirragla/Desktop/Approach - NOL Motion NEW.DOCX
Description	Approach - NOL Motion NEW
Rendering set	Standard

<b>Legend:</b>	
<u>Insertion</u>	
<del>Deletion</del>	
Moved from	
<u>Moved to</u>	
Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

<b>Statistics:</b>	
	Count
Insertions	88
Deletions	71
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	159