

## ARTICLE 5. INSPECTION OF PREMISES

5.1 Inspection of Premises. Prior to Closing, Buyer shall have access during reasonable business hours to the Seller-operated Properties, and Seller shall use reasonable efforts to obtain permission for Buyer to gain access to the Third Party-operated Properties, for the purpose of inspecting the environmental and physical condition of the same. Such inspection shall be conducted in accordance with the terms of the Confidentiality Agreement. Seller shall additionally use reasonable efforts in assisting Buyer to obtain a meeting with the operator of the non-operated Properties to discuss operations and development of such Properties.

5.2 Alleged Adverse Conditions. As soon as reasonably practical (and on an ongoing basis), but in no event later than one hundred and eighty (180) Days after Closing, Buyer shall notify Seller of any Properties which are subject to Alleged Adverse Condition(s). Buyer's notice of Alleged Adverse Condition(s) shall include a complete description of each individual condition to which Buyer takes exception (including any and all supporting documentation associated therewith) and the costs which Buyer in good faith attributes to remediating the same. In evaluating the existence or magnitude of an Alleged Adverse Condition, due consideration shall be given to whether such fact, circumstance or condition is of the type expected to be encountered in the area involved, and whether the Alleged Adverse Condition is customarily acceptable to reasonable persons engaged in the business of ownership and operation of oil and gas properties. Buyer and Seller shall meet from time to time as necessary in an attempt to mutually agree on a proposed resolution with respect to the Alleged Adverse Condition(s) raised by Buyer. The value allocated to each Property is set forth on Exhibit "A" and the costs to cure such adverse condition shall be used by the parties to determine the amount of any adjustment, if any, due to the existence of an Alleged Adverse Condition. It is recognized that good faith differences of opinion may exist between Buyer and Seller in connection with the Alleged Adverse Condition(s) raised by Buyer, including without limitation, disputes as to: (a) whether or not the alleged defect constitutes an Alleged Adverse Condition within the meaning of this Agreement, (b) whether or not the magnitude of the alleged defect individually or in the aggregate exceeds the threshold amounts set forth in Article 1.3, (c) whether or not the Alleged Adverse Condition raised by Buyer was properly and timely asserted by Buyer pursuant to this Article, and/or (d) the adjustment, if any, on account of the Alleged Adverse Condition. If any such difference of opinion regarding an Alleged Adverse Condition raised by Buyer is not resolved by mutual agreement of Buyer and Seller, either party shall have the right, exercisable within two hundred seventy (270) Days after Closing, to initiate binding arbitration in accordance with Article 18.1. Notwithstanding anything contained in this Agreement to the contrary (including Article 18.1), if Seller disagrees with the decision of the arbitration panel, Seller shall have the right (but not the obligation) to: (i) remediate, at Seller's sole cost, the Property at issue to a point