AMERICAN TOWER CORP /MA/
Form 10-Q
November 29, 2006
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One):

x **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. For the quarterly period ended September 30, 2006.**

¨ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**
Commission File Number: 001-14195

American Tower Corporation

(Exact name of registrant as specified in its charter)

Delaware	**65-0723837**
(State or other jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

116 Huntington Avenue

Boston, Massachusetts 02116

(Address of principal executive offices)

Telephone Number (617) 375-7500

(Registrant s telephone number, including area code)

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

to such filing requirements for the past 90 days: Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ¨ No x

As of November 15, 2006, there were 425,491,913 shares of Class A Common Stock outstanding.

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AMERICAN TOWER CORPORATION

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FORM 10-Q

QUARTER ENDED SEPTEMBER 30, 2006

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PART 1. FINANCIAL INFORMATION

ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AMERICAN TOWER CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS Unaudited

(in thousands, except share data)

	September 30, 2006	December 31, 2005
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 207,202	$ 112,701
Accounts receivable, net of allowances of $10,296 and $15,071, respectively	33,505	36,995
Prepaid and other current assets	65,850	44,823
Deferred income taxes	94,236	31,359
Total current assets	400,793	225,878
PROPERTY AND EQUIPMENT, net	3,268,332	3,460,526
GOODWILL	2,197,014	2,142,551
OTHER INTANGIBLE ASSETS, net	1,865,710	2,077,312
DEFERRED INCOME TAXES	468,071	523,293
NOTES RECEIVABLE AND OTHER LONG-TERM ASSETS	405,810	357,294
TOTAL	$ 8,605,730	$ 8,786,854
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 169,582	$ 178,951
Accrued interest	54,504	37,850
Current portion of long-term obligations	253,876	162,153
Unearned revenue	76,471	77,655
Total current liabilities	554,433	456,609
LONG-TERM OBLIGATIONS	3,309,564	3,451,276
OTHER LONG-TERM LIABILITIES	354,091	327,354
Total liabilities	4,218,088	4,235,239
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST IN SUBSIDIARIES	3,529	9,794
STOCKHOLDERS EQUITY:		

Preferred Stock: $.01 par value; 20,000,000 shares authorized; no shares issued or outstanding		
Class A Common Stock: $.01 par value; 1,000,000,000 shares authorized; 437,477,170 and 415,636,595 shares issued, and 425,490,080 and 412,654,855 shares outstanding, respectively	4,375	4,156
Additional paid-in capital	7,491,620	7,383,320
Accumulated deficit	(2,752,205)	(2,761,404)
Unearned compensation		(2,497)
Accumulated other comprehensive income (loss)	3,074	(803)
Treasury stock (11,987,090 and 2,981,740 shares at cost)	(362,751)	(80,951)
Total stockholders equity	4,384,113	4,541,821
TOTAL	$ 8,605,730	$ 8,786,854

See notes to condensed consolidated financial statements.

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS Unaudited

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
		(as restated, see note 2)		(as restated, see note 2)
REVENUES:				
Rental and management	$ 326,403	$ 260,791	$ 962,831	$ 626,970
Network development services	7,064	3,955	16,908	10,191
Total operating revenues	333,467	264,746	979,739	637,161
OPERATING EXPENSES:				
Costs of operations (exclusive of items shown separately below)				
Rental and management	84,601	69,776	247,270	164,600
Network development services	2,961	2,364	7,641	5,886
Depreciation, amortization and accretion	131,357	116,752	397,429	283,507
Selling, general, administrative and development expense (including non-cash stock-based compensation expense of $10,683, $2,088, $29,541 and $4,614, respectively)	42,384	32,594	115,307	75,862
Impairments, net loss on sale of long-lived assets, restructuring and merger related expense (including stock-based compensation expense in 2005 of $1,549 and $2,313, respectively)	157	6,087	1,604	10,337
Total operating expenses	261,460	227,573	769,251	540,192
OPERATING INCOME FROM CONTINUING OPERATIONS	72,007	37,173	210,488	96,969
OTHER INCOME (EXPENSE):				
Interest income, TV Azteca, net of interest expense of $372, $373, $1,118 and $1,118, respectively	3,584	3,609	10,666	10,691
Interest income	2,292	1,351	5,021	2,858
Interest expense	(54,448)	(57,651)	(162,395)	(165,410)
Loss on retirement of long-term obligations	(893)	(14,420)	(25,967)	(45,850)
Other (expense) income	(5,416)	1,112	974	622
Total other expense	(54,881)	(65,999)	(171,701)	(197,089)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, MINORITY INTEREST AND INCOME (LOSS) ON EQUITY METHOD INVESTMENTS	17,126	(28,826)	38,787	(100,120)
Income tax (provision) benefit	(13,350)	7,666	(28,112)	13,772
Minority interest in net earnings of subsidiaries	(60)	(128)	(597)	(239)
Income (loss) on equity method investments	6	(70)	16	(2,120)

INCOME (LOSS) FROM CONTINUING OPERATIONS	3,722	(21,358)	10,094	(88,707)
LOSS FROM DISCONTINUED OPERATIONS, NET OF INCOME TAX BENEFIT OF $135, $389, $482, and $1,025, RESPECTIVELY	(250)	(722)	(895)	(1,903)
NET INCOME (LOSS)	$ 3,472	$ (22,080)	$ 9,199	$ (90,610)
BASIC AND DILUTED INCOME (LOSS) PER COMMON SHARE AMOUNTS:				
Income (loss) from continuing operations	$ 0.01	$ (0.07)	$ 0.02	$ (0.33)
Loss from discontinued operations				(0.01)
Net income (loss)	$ 0.01	$ (0.07)	$ 0.02	$ (0.34)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
BASIC	425,942	334,141	423,612	265,411
DILUTED	435,138	334,141	435,035	265,411

See notes to condensed consolidated financial statements.

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AMERICAN TOWER CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS Unaudited

(in thousands)

	Nine Months Ended September 30,	
	2006	**2005**
		(as restated, see note 2)
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Net income (loss)	$ 9,199	$ (90,610)
Other non-cash items reflected in statements of operations (primarily depreciation and amortization)	461,420	356,319
Non-cash stock-based compensation expense	29,541	6,927
(Increase) decrease in assets	(63,755)	4,916
Increase (decrease) in liabilities	38,764	(17,348)
Cash provided by operating activities	475,169	 s or amends the terms, relative rights, preferences, and limitations of the Series A Preferred Stock; and (ii) the authorization or creation or, or the increase in the authorized amount of any shares of (x) any class or series of a class of capital stock of the Company the terms of which expressly provide that the shares thereof rank senior as to the payment of dividends or the distribution of assets upon the liquidation, dissolution or winding up of the Company to the shares of the Series A Preferred Stock ("Senior Securities"), or (y) any security convertible into, or exchangeable or exercisable for shares of any Senior Securities. Mandatory Redemption On the fifth anniversary of the first issuance of Series A Preferred Stock (the "Mandatory Redemption Date"), the shares of Series A Preferred Stock shall be redeemed by the Company out of the funds of the Company 19 legally available therefor, for an amount per share equal to the Redemption Price (as defined below). Upon the redemption thereof, the shares of Series A Preferred Stock shall become authorized, but undesignated and unissued, shares of the preferred stock of the Company. To the extent that, as of the Mandatory Redemption Date, the funds of the Company legally available for redemption payments to the holders of Series A Preferred Stock will be, or are anticipated to be, insufficient to redeem all shares of Series A Preferred Stock (as determined in the sole discretion of the Company), the Company shall redeem the Series A Preferred Stock to the extent of its funds legally available for such redemption, pro rata among the holders of Series A Preferred Stock. Notwithstanding anything to the contrary herein, any holder (or all holders) of Series A Preferred Stock may waive his or its respective rights to redemption of its Series A Preferred Stock on the Mandatory Redemption Date. To the extent shares of Series A Preferred Stock are not redeemed on the Mandatory Redemption Date, such shares shall remain outstanding and shall continue to accrue dividends until such time as the Company has sufficient

funds legally available to redeem such shares (including payment of all accrued and unpaid interest), whereupon such shares shall promptly be so redeemed by the Company. "Redemption Price" shall mean the amount equal to the sum of (i) the Liquidation Preference per share of Series A Preferred Stock (as the same shall be proportionately adjusted for stock splits, combinations or recapitalizations affecting Series A Preferred Stock or dividends or distributions of shares of Series A Preferred Stock, or similar events or transactions), plus (ii) accrued, but unpaid, dividends on such share of Series A Preferred Stock as of the Redemption Date. Optional Redemption The Company may, at its sole discretion, at any time, redeem all or a portion of the then outstanding shares of Series A Preferred Stock at a redemption price per share equal to the Liquidation Preference per share of Series A Preferred Stock plus all accrued and unpaid dividends thereon as of the effective date of such optional redemption; provided, however, to the extent not all shares of Series A Preferred Stock are to be redeemed by the Company, any such redemption shall be made among holders of Series A Preferred Stock pro rata based on their respective ownership percentage of Series A Preferred Stock as of the relevant redemption date. Liquidation Rights In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the Company prior to the Redemption Date (a "Liquidation"), before any payment or distribution of assets of the Company shall be made to, or set apart for, the holders of the common stock or any other capital stock of the Company not ranking prior to, or on a parity with, the Series A Preferred Stock in 20 respect of rights upon a Liquidation, the holders of the Series A Preferred Stock shall first be entitled to receive payment out of such assets of the Company legally available therefor equal to $1,000 per share of Series A Preferred Stock (as the same may be adjusted proportionately for splits, combinations, recapitalizations, etc.) (the "Liquidation Preference"). If the assets of the Company legally available for distribution to holders of Series A Preferred Stock in connection with a Liquidation (after payments have been made to the creditors of the Company and as otherwise required by law) are insufficient to permit full payment to the holders of the Series A Preferred Stock of an amount equal to the Liquidation Preference per share, such assets legally available for distribution in connection with a Liquidation (after payments have been made to the creditors of the Company and as otherwise required by law) shall be distributed ratably among the holders of the outstanding Series A Preferred Stock Liquidation Rights Conversion Rights Conversion Rights None. Warrants Each Warrant shall entitle its holder to purchase up to 250 shares (as the same shall be proportionately adjusted for stock splits, combinations or recapitalizations affecting Common Stock or dividends or distributions of shares of Common Stock, or similar events or transactions and as the same may be adjusted upon certain issuances of additional shares of Common Stock by the Company) at a price per share of $4.00 (as the same shall be proportionately adjusted for stock splits, combinations or recapitalizations affecting Common Stock or dividends or distributions of shares of Common Stock, or similar events or transactions and as the same may be adjusted upon certain issuances of additional shares of Common Stock by the Company) (the "Exercise Price"). The Exercise Price shall be payable either in (i) cash, (ii) by surrender of shares of Series A Preferred Stock, with each share surrendered having a value equal to the Liquidation Preference thereof together with accrued and unpaid dividends thereon through the date of such surrender, (iii) a combination of cash and Series A Preferred Stock or (iv) by cashless exercise of the Warrant. Warrants will be exercisable after the Closing Date and on or prior to the tenth anniversary of the Closing Date. Registration Rights S-3 Demand Rights: ---------- The Company will use its best efforts to file a registration statement on Form S-3 (if available) with the Securities and Exchange Commission, covering the shares of Common Stock issued or issuable upon the conversion of the Warrants (the "Warrant Shares"), as soon as practicable following the request of holders of a majority of the Warrant Shares. The

Company will use its best efforts to cause such registration statement to become effective as soon as reasonably practicable 21 thereafter. Notwithstanding anything to the contrary herein, the Company shall not be required to file such a registration statement (i) if it is not eligible for use of Form S-3 (or any successor form thereto), (ii) if the Company has already effected two such registrations, (iii) if the holders of the Warrants propose to sell Warrant Shares at an aggregate price to the public of less than $1,000,000 or (iv) if the securities to be registered pursuant hereto are eligible to be sold pursuant to Rule 144 of the Securities Act during any 90-day period. The selling holders shall be responsible for all of their own selling expenses. Piggyback Rights: ---------- Each holder of Warrant Shares shall have the right to have its Warrant Shares included in any registration statement of the Company (subject to limited exceptions) registering shares of its Common Stock; provided, however, if the underwriter determines in good faith that marketing factors require a limitation of the number of shares to be underwritten, the number of shares that may be included in the underwriting shall be allocated, first to the Company, second to the holders of the Warrant Shares pro rata based on the number of Warrant Shares proposed to be sold in the offering held by such holders; and third to any other stockholders of the Company on a pro rata basis. 22 EXHIBIT A UNAUDITED BALANCE SHEET, INCOME STATEMENT AND STATEMENT OF CASH FLOW FOR THE ---------- COMPANY FOR THE YEAR ENDED DECEMBER 31, 2001 ---------- EXHIBIT B FORM OF NON-DISCLOSURE AND RESTRICTED TRADING AGREEMENT ---------- EXHIBIT C FORM OF SECURITIES PURCHASE AGREEMENT ---------- EXHIBIT D FORM OF REGISTRATION RIGHTS AGREEMENT ---------- EXHIBIT E FORM OF WARRANT ---------- EXHIBIT F CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL ---------- AND OTHER SPECIAL RIGHTS OF THE COMPANY'S CUMULATIVE PREFERRED STOCK, SERIES A, ---------- PAR VALUE $0.01 PER SHARE, AND QUALIFICATIONS LIMITATIONS AND RESTRICTIONS ---------- THEREOF ------- Exhibit G Investor Qualifications ---------- Accredited Purchaser Financial Requirements In the United States, we may sell Units only to investors who are both (1) "accredited investors" as that term is defined in Rule 501(a) of Regulation D promulgated by the Commission and (2) accredited, exempt or otherwise excluded purchasers under all other applicable "blue sky" statutes and regulations ("Accredited Purchasers"). Under Regulation D, an investor must meet at least one of the following criteria in order to be an "accredited investor": (1) Any bank as defined in section 3(a)(2) of the Securities Act of 1933, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act of 1933 whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; any insurance company as defined in section 2(13) of the Securities Act of 1933; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the

investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors; (2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940; (3) Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000; (4) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer; (5) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase exceeds $1,000,000; (6) Any natural person who had (i) an individual income in excess of $200,000 in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year, or (ii) joint income with that person's spouse in excess of $300,000 in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year; (7) Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Section 230.506(b)(2)(ii) of Regulation D; (8) Any entity (other than an irrevocable trust) in which all of the equity owners are accredited investors. Business Knowledge and Investment Sophistication Section 4(2) under the Securities Act, many state securities laws, and general principles of fair dealing all make it necessary that each purchaser of Units be able to demonstrate that, by reason of his, her or its knowledge and experience in business and financial matters, he, she or it is capable of evaluating the merits and risks of an investment in the Units and protecting his, her or its own interests in connection with the transaction. A purchaser who does not have sufficient knowledge and experience in financial and business matters must employ a "purchaser representative" who has that knowledge and experience either alone, together with other purchaser representatives of the purchaser, or together with the purchaser. A purchaser who wishes to use and rely upon a purchaser representative in connection with making an investment in the Units should be aware that a purchaser representative (1) must meet certain statutory requirements, (2) must be acknowledged by the purchaser in writing to be his or her purchaser representative in connection with evaluating the merits and risks of purchasing the Units, (3) must be an attorney, a certified public accountant, a broker-dealer or agent thereof, an investment adviser, a bank, a savings and loan association, or any other person who, as a regular part of such person's business, is customarily relied upon by others for investment recommendations or decisions and who is customarily compensated for such services either specifically or by way of compensation for related professional services, (4) may not be affiliated with us or our management and (5) may not receive compensation from any of the persons or entities listed in (4). No broker-dealer or any person receiving a commission from us may act as purchaser representative on behalf of any investor in this Offering. GULPORT ENERGY CORPORATION Non-Disclosure and Restricted Trading Agreement In connection with the private placement by Gulfport Energy Corporation, a Delaware corporation (the "Company") of Units consisting of shares of Cumulative Preferred Stock, Series A, par value $0.01 per share, and warrants to purchase shares of common stock, par value $0.01 per share, of the Company, the Company has disclosed or may disclose to you in the Confidential Information Statement dated March 2002 of the Company certain material non-public information concerning the business, operations and finances of the Company ("Proprietary Information"). In consideration of the disclosure and the ability to negotiate concerning the proposed

equity investment, you agree as follows: 1. You will hold in confidence and not use (except to evaluate the proposed equity investment) or disclose any Proprietary Information, except as required by law or government tribunal, unless you can document that such information (a) is in the public domain through no fault of yours, or (b) was properly known to you, without restriction, prior to disclosure to you by the Company. 2. You will not, directly or indirectly, (a) offer for sale, contract to sell, sell, trade, pledge or otherwise dispose of (or enter into any transaction which is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any shares of the common stock or securities convertible into, or exercisable or exchangeable for, the common stock of the Company, or (b) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of shares of common stock, in each case, until such time as the Company discloses the Proprietary Information to the public in a filing with the Securities Exchange Commission on Form 10-Q, 10-K, or 8-K. 3. If you decide not to proceed with the proposed equity investment, or if requested by the Company, you will promptly return, destroy or irretrievably erase, as requested by the Company, all Proprietary Information and all copies and extracts of the Proprietary Information, in any physical or other medium in or on which the Proprietary Information may be contained or embodied. 4. You will promptly notify the Company of any unauthorized release of Proprietary Information. 5. You understand that this agreement does not obligate the Company to disclose any information, negotiate or enter into any agreement or relationship or otherwise commit or obligate the Company. 6. You acknowledge and agree that due to the unique nature of the Proprietary Information, any breach of this agreement would cause irreparable harm to the Company for which damages are not an adequate remedy and that the Company shall therefore be entitled to injunctive relief in addition to all other remedies available at law or in equity, including money damages. 7. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York (without giving effect to any choice or conflict of laws provisions). Each of the parties hereby irrevocably and unconditionally submits to the jurisdiction of the courts of the State of New York and of the federal courts sitting in the City of New York in all actions or proceedings arising out of or relating to this agreement. Each of the parties agrees that all actions or proceedings arising out of or relating to this Agreement must be litigated exclusively in any state or federal court that sits in the City of New York, and accordingly, each party irrevocably waives any objection which it may now or hereafter have to the laying of the venue of any such litigation in any such court. The prevailing party in any such litigation shall be entitled to recover attorneys' fees and costs. 8. If any provision of this Agreement is found to be unenforceable, such provision will be limited or deleted to the minimum extent necessary so that the remaining terms remain in full force and effect. This agreement may not be assigned without the prior written consent of the Company. Acknowledged and Agreed: By: [_____] Dated as of: March __, 2002 ---------- Signature of Authorized Signatory ---------- Printed Name of Authorized Signatory ---------- Title of Authorized Signatory 2

Gulfport Energy Corporation Securities Purchase Agreement March 29, 2002

Gulfport Energy Corporation Securities Purchase Agreement This Securities Purchase Agreement (this "Agreement") is made and entered into as of March 29, 2002, by and among Gulfport Energy Corporation, a Delaware corporation (the "Company"), Gulfport Funding, LLC, a Delaware limited liability company ("Gulfport Funding"), and each other purchaser listed on the Schedule of Purchasers hereto (together with Gulfport Funding, the "Purchasers"). Recitals Whereas, the Company has authorized the

sale and issuance of an aggregate of 10,000 shares (the "Series A Shares") of Cumulative Preferred Stock, Series A, par value $0.01 per share, of the Company (the "Series A Preferred Stock") and 10,000 warrants (each, a "Warrant"), each Warrant conferring the right to purchase initially up to 250 shares of the common stock, par value $0.01 per share, of the Company (the "Common Stock"); Whereas, the Company desires to sell and issue the Series A Shares and the Warrants together as investment units, with each unit consisting of (i) one Series A Share and (ii) one Warrant, and has therefore authorized the sale of 10,000 units (the "Units"); Whereas, the Company has offered certain stockholders of the Company (the "Offerees") the right to purchase up to their respective pro rata portions of the Units based on their respective ownership percentages of the Company as of December 31, 2001; Whereas, pursuant to a letter agreement with the Company dated March 8, 2002, Gulfport Funding has agreed to purchase any Units offered to but not purchased by other stockholders of the Company (other than the Liddell Units (as defined below)); Whereas, as of the date of this Agreement, the Company owes $3,000,000 plus accrued and unpaid interest thereon (collectively, the "Note Amount") to Gulfport Funding under that certain Promissory Note of the Company dated May 22, 2001 (the "Note"); Whereas, Gulfport Funding desires to pay, and the Company has agreed to accept as payment, in part, for the Units to be purchased by Gulfport Funding, by the surrender of the Note for cancellation; Whereas, the Company desires to sell and issue the Units to Gulfport Funding and the other Purchasers pursuant to the terms and conditions herein. Agreement Now, Therefore, in consideration of the foregoing recitals and the mutual promises, representations, warranties and covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows: 1. Agreement To Sell And Purchase. 1.1 Authorization of Shares. On or prior to the Initial Closing Date (as defined in Section 2 below), the Company shall have (a) authorized the sale and issuance to the Purchasers of the Series A Preferred Stock and the Warrants, (b) adopted and filed the Certificate of Designations, Preferences and Relative, Participating, Optional and other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof of the Company's Series A Preferred Stock in the form attached hereto as Exhibit A (the "Series A Preferred Certificate of Designations"), and (b) reserved for issuance the shares of Common Stock issuable upon the exercise of the Warrants (the "Warrant Shares"). The Series A Shares shall have the rights, preferences, privileges and restrictions set forth in the Restated Certificate of Incorporation of the Company (including the Series A Preferred Certificate of Designations), and the amendments thereto, in the form attached hereto as Exhibit B (the "Certificate of Incorporation"). 1.2 Sale and Purchase. Subject to the terms and conditions hereof, at the Closing (as hereinafter defined), the Company hereby agrees to issue and sell to the Purchasers, and each Purchaser hereby agrees to purchase from the Company, the number of Units set forth opposite such Purchaser's name on the Schedule of Purchasers attached hereto, at a purchase price of One Thousand Dollars ($1,000) per Unit. 2. Closing, Delivery And Payment. 2.1 Closing. The initial closing of the sale and purchase of the Units under this Agreement (the "Initial Closing") shall take place at 10:00 a.m. on March 29, 2002, at the offices of the Company, 6307 Waterford Blvd., Suite 100, Oklahoma City, OK 73118 or at such other time or place as the Company and the Purchasers may mutually agree (such date is hereinafter referred to as the "Initial Closing Date"). Subsequent closings (each a "Subsequent Closing") may take place at any time prior to 5:00 p.m. Central Standard Time) on April 15, 2002, at the offices of the Company as the Company and the Purchasers participating in such Subsequent Closing may mutually agree (each, a "Subsequent Closing Date"). 2.2 Delivery. At each Closing, subject to the terms and conditions hereof, the Company will deliver to each Purchaser participating in such Closing, for each Unit to be purchased at the Closing, (i) a stock certificate

representing One (1) Series A Share and (ii) a warrant certificate representing One (1) Warrant. At the Company's discretion, the Company may deliver certificates representing the aggregate number of Series A Shares and Warrants purchased by any Purchaser of more than one Unit. The Company's delivery of such certificates shall be against payment of the purchase price therefor by (i) check in immediately available funds, wire transfer made payable to the order of the Company, or any combination of the foregoing ("Cash"), and (ii) in the case of Gulfport Funding, a combination of Cash and the surrender for cancellation of the Note. At the Initial Closing, Gulfport Funding shall deliver the original Note to the Company marked "paid in full". 2.3 Liddell Option. Notwithstanding anything herein to the contrary, Mike Liddell ("Liddell"), the Company's Chief Executive Officer, shall have the right (the "Liddell Option"), extending through and including September 30, 2002 2 (the "Expiration Date"), to purchase up to 742.208 Units (the "Liddell Units") at the price and on the terms set forth herein. The Liddell Option shall be exercisable by Liddell upon delivery to the Company on or before the Expiration Date of (i) written notice to the Company setting forth the number of Units to be purchased by Liddell; (ii) an executed signature page to each of this Agreement and the Registration Rights Agreement (as defined below), pursuant to which Liddell agrees to be bound by the terms and conditions hereof and thereof; and (iii) Cash in the amount of the purchase price for such Units. Upon exercise by Liddell of the Liddell Option prior to the Expiration Date, the Company shall make such deliveries to Liddell as are contemplated by Section 2.2. 3. Representations And Warranties Of The Company. The Company hereby represents and warrants to each Purchaser as of the date of this Agreement as set forth below. For purposes of this Section 3, a person shall be deemed to have "knowledge" of a particular fact or other matter if (a) the person is actually aware of such fact or other matter or (b) if a reasonably prudent individual could be expected to discover or otherwise become aware of such fact or other matter in the course of conducting a reasonably diligent and reasonably comprehensive investigation concerning the truth or existence of such fact or other matter. A person that is a corporation, partnership or other business entity shall be deemed to have "knowledge" of a particular fact or other matter if any employee, officer or director of the person has knowledge (as described in the preceding sentence) of such fact or other matter. Organization, Good Standing and Qualification 3.1 Organization, Good Standing and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Company has all requisite corporate power and authority to own and operate its properties and assets, to execute and deliver this Agreement, as well as the Registration Rights Agreement in the form attached hereto as Exhibit C (the "Registration Rights Agreement"), to issue and sell the Series A Shares and the Warrants comprising each Unit, to issue the Warrant Shares upon exercise, and against payment therefor, of the Warrants, to carry out the provisions of this Agreement, the Registration Rights Agreement, and the Certificate of Incorporation, and to carry on its business as presently conducted and as presently proposed to be conducted. The Company is duly qualified and is authorized to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so would not have a material adverse effect on the Company or its assets, liabilities, financial condition, prospects or operations (a "Material Adverse Effect"). 3.2 Subsidiaries. Except as set forth in the SEC Reports (as defined below), the Company does not own or control any equity security or other interest of any other corporation, limited partnership or other business entity and is not a participant in any joint venture, partnership or similar arrangement. 3.3 Capitalization; Voting Rights3.3 Capitalization; Voting Rights. (a) The authorized capital stock of the Company, immediately prior to the Closing, consists

of (i) 20,000,000 shares of Common Stock, par 3 value $0.01 per share, 10,146,566 of which are issued and outstanding, and (ii) 5,000,000 shares of Preferred Stock, par value $0.01 per share, 15,000 of which are designated Cumulative Preferred Stock, Series A and none of which are issued and outstanding. (b) Under the Company's 1999 Stock Option Plan (the "Stock Option Plan"), (i) no shares of Common Stock have been issued pursuant to restricted stock purchase agreements, (ii) 3,333 shares of Common Stock have been issued upon the exercise of outstanding options, (iii) options and warrants to purchase 607,355 shares of Common Stock have been granted and are currently outstanding, and (iv) 883,386 shares of Common Stock remain available under the Stock Option Plan for future issuance. Warrants to purchase 399,424 shares of Common Stock have been issued and are currently outstanding. (c) Other than as set forth above or contemplated in this Agreement, there are no outstanding options, warrants, rights (including conversion or preemptive rights and rights of first refusal), proxy or stockholder agreements, or agreements of any kind for the purchase or acquisition from the Company of any of its securities. (d) All issued and outstanding shares of the Company's Common Stock (i) have been duly authorized and validly issued and are fully paid and non-assessable, and (ii) were issued in compliance with all applicable state and federal laws concerning the issuance of securities. (e) The rights, preferences, privileges and restrictions of the Series A Shares are as stated in the Certificate of Incorporation. The Warrant Shares have been reserved for issuance upon exercise of the Warrants in accordance with their terms. When issued in compliance with the provisions of this Agreement and the Certificate of Incorporation, and, in the case of the Warrant Shares, in accordance with the Warrants, the Series A Shares and the Warrant Shares will be validly issued, fully paid and non-assessable, and will be free of any liens or encumbrances; provided, however, that the Series A Shares and the Warrant Shares may be subject to restrictions on transfer under state and/or federal securities laws and this Agreement. 3.4 Authorization; Binding Obligations. The Company has all corporate right, power and authority to enter into this Agreement and the Registration Rights Agreement and to consummate the transactions contemplated hereby and thereby. All corporate action on the part of the Company, its officers, directors and stockholders necessary for (i) the authorization of this Agreement and the Registration Rights Agreement, (ii) the performance of all obligations of the Company hereunder and thereunder, (iii) the authorization, sale, issuance and delivery of the Series A Shares and the Warrants pursuant hereto, and (iv) the issuance and delivery of the Warrant Shares upon exercise of the Warrants, has been taken or will be taken prior to the Closing. This Agreement and the Registration Rights Agreement, when duly executed and delivered by the Company, will constitute valid and binding obligations of the Company, enforceable in accordance with their respective terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and the rules of law governing specific performance, injunctive relief or other equitable remedies, and to limitations of public policy. The sale and issuance of the Units, and the subsequent exercise of the Warrants, are not and will not be subject to any preemptive rights or rights of first refusal that have not properly been waived or fulfilled. 4 3.5 Accuracy of Reports, Information Statement and Representations. All reports required to be filed by the Company within the two years prior to the date of this Agreement (the "SEC Reports") under the Securities Act of 1934, as amended (the "Exchange Act"), have been duly filed with the Securities and Exchange Commission (the "SEC"), and complied at the time of filing in all material respects with the requirements of their respective forms and, except to the extent updated or superseded by any subsequently filed report, to the best of the Company's knowledge, were complete and correct in all material respects as of the dates at which the information was furnished, and contained (as of such dates) no untrue statements of a material fact nor omitted to state any material fact necessary in order to make the statements

contained therein, in light of the circumstances under which they were made, not misleading. The Disclosure Statement of the Company dated March 2002 and any of the documents or instruments attached thereto as exhibits or incorporated therein by reference (collectively, the Disclosure Statement"), when taken as a whole, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. 3.6 Financial Information. The financial statements of the Company included in the SEC Reports and the unaudited financial statements of the Company for the year ended December 31, 2001, a copy of which has previously been delivered to each Purchaser as an exhibit to the Disclosure Statement, comply as to form in all material respects with applicable accounting requirements and the published rules and regulations with respect thereto, have been prepared in accordance with generally accepted accounting principles (except that the financial statements that are not audited do not have notes thereto) and fairly present (subject only, in the case of the unaudited statements, to normal, recurring audit adjustments) the financial position of the Company as of the date thereof and the results of its operations and its cash flows for the periods then ended. 3.7 Liabilities. Except as set forth in the SEC Reports, the Company has no material liabilities and, to the best of its knowledge, no material contingent liabilities, except current liabilities incurred in the ordinary course of business. 3.8 Obligations to Related Parties. Except as set forth in the SEC Reports, there are no obligations of the Company to any current or former officers, partners, directors, stockholders, or employees of the Company other than (i) for payment of salary for services rendered, (ii) reimbursement for reasonable expenses incurred on behalf of the Company, and (iii) for other standard employee benefits made generally available to all employees (including stock option agreements outstanding under the Stock Option Plan). 3.9 Title to Properties and Assets; Liens, Etc. Except as set forth in the SEC Reports, the Company has good and marketable title to its properties and assets, and good title to its leasehold estates, in each case subject to no mortgage, pledge, lien, lease, encumbrance or charge, other than (a) those resulting from taxes which have not yet become delinquent, and (b) minor liens and encumbrances which do not materially detract from the value of the property subject thereto or materially impair the operations of the Company. All facilities, machinery, equipment, fixtures, vehicles and other properties owned, 5 leased or used by the Company are in good operating condition and repair and are reasonably fit and usable for the purposes for which they are being used. The Company is in compliance with all material terms of each lease to which it is a party or is otherwise bound and each such lease is enforceable against the parties thereto. 3.10 Intellectual Property. The Company owns or possesses sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and other proprietary rights and processes necessary for its business as now conducted and as presently proposed to be conducted, without any infringement of the rights of others. The Company owns or possesses sufficient legal rights or has valid licenses to all third party software necessary for its business as now conducted and as presently proposed to be conducted. Other than such licenses or agreements arising from the purchase of "off the shelf" software or standard products, there are no outstanding options, licenses or agreements of any kind relating to the foregoing proprietary rights, nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and other proprietary rights and processes of any other person or entity. 3.11 Compliance with Other Instruments. The execution, delivery and/or filing by the Company of each of this Agreement, the Registration Rights Agreement, the Series A Preferred Certificate of Designations, and the certificates evidencing the Series A Shares and the Warrants, the performance by the Company of its obligations and undertakings contemplated

under each of such agreements and the Certificate of Incorporation, and the consummation of the transactions contemplated under each of such agreements, Certificate of Incorporation and certificates, does not and will not conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or entitle any person to receipt of notice or to a right of consent under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or to any increased, additional, accelerated or guaranteed rights or entitlement of any person under, or result in the creation of any pledge, lien, encumbrance or charge upon any of the properties or assets of the Company under, any provision of (i) the Certificate of Incorporation or the by-laws of the Company, (ii) any note, bond, mortgage, indenture, deed of trust, license, lease, contract, commitment, agreement, instrument or arrangement to which the Company is a party or by which any of its respective properties or assets are bound, (iii) any license, franchise, permit or other similar authorization held by the Company, or (iv) any judgment, order or decree or statute, law, ordinance, rule or regulation applicable to the Company or its respective properties or assets. 3.12 Absence of Certain Changes. Since September 30, 2001, no event, occurrence or circumstance has occurred which has resulted in a Material Adverse Effect or that reasonably could be expected to result in a Material Adverse Effect. 3.13 Litigation. There are no pending, or to the Company's knowledge threatened, legal or governmental proceedings against the Company, except as set forth in the Disclosure Statement. 3.14 Material Agreements. Except as set forth in the SEC Reports, the Company is not party to any written or oral contract, instrument, agreement, commitment, obligation, plan or arrangement, a copy of which would be required 6 to be filed with the SEC as an exhibit to Form 10-K, Form 10-Q or Form 8-K (each, a "Material Agreement"). Except as set forth in the SEC Reports, the Company has in all material respects performed all the obligations required to be performed by it to date under the Material Agreements, has received no notice of default and, to the best of the Company's knowledge it is not in default under any Material Agreement. 3.15 Transactions with Affiliates. Except as set forth in the SEC Reports, there are no loans, leases, agreement, contracts, royalty agreements, management contracts or arrangements or other continuing transactions with aggregate obligations of any party exceeding $25,000 between (a) the Company or any of its customers or suppliers on the one hand, and (b) on the other hand, any officer, employee, consultant or director of the Company or any person who would be covered by Item 404(a) of Regulation S-K or any Company or other entity controlled by such officer, employee, consultant, director or person. 3.16 Tax All Federal, state, local and foreign income, profits, franchise, sales, use, occupation, property, excise, employment, withholding and other tax returns and tax reports required to by filed by the Company for periods ending on or prior to the relevant Closing Date have been or will be filed on a timely basis (including any extensions) with the appropriate governmental authorities in all jurisdictions in which such returns and reports are required to be filed. All such returns and reports are and will be true, correct and complete. All Federal, state, local and foreign income, profits, franchise, sales, use, occupation, property, excise, employment, withholding and other taxes (including interest, penalties and withholdings of tax) due from and payable by the Company or otherwise required to be remitted by the Company, on or prior to the relevant Closing Date, have been or will be fully paid on a timely basis. The Company is not currently the beneficiary of any extension of time within which to file any tax return. No claim has ever been made by a governmental authority in a jurisdiction where the Company does not file tax returns that it is or may be subject to taxation by that jurisdiction, and the Company has not received any notice, or request for information from any such authority. No issues have been raised with the Company by the Internal Revenue Service (the "IRS") or any other taxing authority in connection with any tax return or report filed by the Company and there are no issues which, either individually or

in the aggregate, could result in any liability for tax obligations of the Company relating to periods ending prior to the date of the Financial Statements, in excess of the accrued liability for taxes shown on the Financial Statements. 3.17 Employees. (a) The Company does not have, and never has had, any collective bargaining agreements with any of its employees and there are no collective bargaining agreements which pertain to employees of the Company. There is no labor union organizing activity pending or, to the Company's knowledge, threatened with respect to the Company. Except for Mike Liddell, no employee of the Company has been granted the right to continued employment by the Company or to any material compensation following termination of employment with the Company. Hours worked by and payment made to employees of the Company have been in compliance with the Fair Labor Standards Act or any other applicable labor or employment law. The Company is not aware that any officer, key employee or group of employees intends to terminate his, her or their employment with the Company, nor does the Company have a present intention to terminate the employment of any officer, key employee or group of employees. 7 There are no complaints or charges against the Company pending or, to the Company's knowledge, threatened to be filed with any governmental authority or arbitrator based on, arising out of or in connection with, or otherwise relating to, the employment or termination of employment by the Company of any individual. (b) Except as disclosed in the SEC Reports, the Company has no pension, retirement, savings, deferred compensation, and profit-sharing plan and each stock option, stock appreciation, stock purchase, performance share, bonus or other incentive plan, severance plan, health, group insurance or other welfare plan, or other similar plan and any "employee benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), under which the Company has any current or future obligation or liability or under which any employee or former employee (or beneficiary of any employee or former employee) of the Company has or may have any current or future right to benefits on account of employment with the Company (the term "plan" shall include any contract, agreement, policy or understanding, each such plan being hereinafter referred to individually as a "Plan"). Each Plan intended to be tax qualified under Sections 401(a) and 501(a) of the Code is, and has been determined by the IRS to be, tax qualified under Sections 401(a) and 501(a) of the Code and, since such determination, no amendment to or failure to amend any such Plan or any other circumstance adversely affects its tax qualified status. There has been no prohibited transaction within the meaning of Section 4975 of the Code and Section 406 of Title I of ERISA with respect to any Plan. (c) Except as disclosed in the SEC Reports, no Plan is subject to the provisions of Section 412 of the Code or Part 3 of Subtitle B of Title I of ERISA or Title IV of ERISA. During the past five years, neither the Company nor any business or entity then controlling, controlled by, or under common control with the Company contributed to or was obliged to contribute to an employee pension plan that was subject to Title IV of ERISA. (d) Except as disclosed in the SEC Reports, the Company has satisfied all funding, compliance and reporting requirements for all Plans. With respect to each Plan, the Company has timely paid all contributions (including employee salary reduction contributions) and all insurance premiums that have become due and any such expense accrued but not yet due has been properly reflected in the Financial Statements. The Company has no liabilities, contingent or otherwise, including without limitation, liabilities for retiree health, retiree life, severance or retirement benefits, which are not fully reflected on the Company's most recent balance sheet contained in the SEC Reports or not fully funded. The Company has not terminated any "employee pension benefit plan" as defined in Section 3(2) of ERISA or incurred or expects to incur any outstanding liability under Title IV of ERISA. (e) Except as set forth in the SEC Reports, no Plan provides or is required to provide, now or in the future, health, medical, dental, accident,

disability, death or survivor benefits to, or in respect of, any person beyond termination of employment, except to the extent required under any state insurance law or under Part 6 of Subtitle B of Title I of ERISA and under Section 4980(B) of the Code. No Plan covers any individual other than employees of the Company, other than dependents or spouses of employees under health and child care policies. (f) None of the execution and delivery of this Agreement or the Registration Rights Agreement by the parties thereto, the performance by any 8 party to this Agreement or the Registration Rights Agreement of their respective obligations or undertakings contemplated thereunder, or the consummation of the transactions contemplated thereby will (i) entitle any employee of the Company to severance pay or termination benefits or (ii) accelerate the time of payment or vesting, or increase the amount of compensation due to any such employee or former employee. 3.18 Registration Rights and Voting Rights. Except as set forth in the Registration Rights Agreement and the Warrant to Purchase Common Stock of the Company dated May 2001 issued to Gulfport Funding, the Company is presently not under any obligation, and has not granted any rights, to register any of the Company's presently outstanding securities or any of its securities that may hereafter be issued. Except for the Certificate of Incorporation and by-laws, the Company is not a party to any agreement with respect to the voting of any capital stock of the Company and, to the Company's knowledge, no stockholder of the Company has entered into any agreement with respect to the voting of equity securities of the Company. 3.19 Compliance with Laws; Permits. The Company is not in violation of any applicable statute, ordinance, rule, regulation, interpretation, order or restriction of any domestic or foreign government or any instrumentality or agency thereof in respect of the conduct of its business or the ownership of its properties which violation could result in a Material Adverse Effect. No governmental orders, permissions, consents, approvals or authorizations are required to be obtained and no registrations or declarations are required to be filed in connection with either the execution and delivery of this Agreement or the Registration Rights Agreement or the issuance of the Series A Shares, the Warrants or the Warrant Shares, except such as has been duly and validly obtained or filed, or with respect to any filings that must be made after the Closing, as will be filed in a timely manner. 3.20 Environmental and Safety Laws. The Company is not in violation of any applicable statute, law or regulation relating to the environment or occupational health and safety, and to its knowledge, no material expenditures are or will be required in order to comply with any such existing statute, law or regulation. Except as disclosed in the SEC Reports, no Hazardous Materials (as defined below) are used or have been used, stored, or disposed of by the Company or, to the Company's knowledge after reasonable investigation, by any other person or entity on any property owned, leased or used by the Company. For the purposes of the preceding sentence, "Hazardous Materials" shall mean (i) materials which are listed or otherwise defined as "hazardous" or "toxic" under any applicable local, state, federal and/or foreign laws and regulations that govern the existence and/or remedy of contamination on property, the protection of the environment from contamination, the control of hazardous wastes, or other activities involving hazardous substances, including building materials or (ii) any petroleum products or nuclear materials. 3.21 Offering Valid. Assuming the accuracy of the representations and warranties of each of the Purchasers contained in Section 4.2 hereof, the offer, sale and issuance of Units (including the Series A Shares and the Warrants) and the issuance of the Warrant Shares, upon exercise of the Warrants, will be exempt from the registration requirements of the Securities Act of 1933 (the "Securities Act"), and will have been registered or qualified (or are exempt from registration and qualification) under the registration, permit or 9 qualification requirements of all applicable state securities laws. Neither the Company nor any agent on its behalf has solicited or will solicit any offers to sell or has offered to sell or will offer to sell all or any part of the Units to

any person or persons so as to bring the offer and sale of such Units by the Company within the registration provisions of the Securities Act or any state securities laws. 3.22 Broker's Fees. Except for Gulfport Funding as provided in Section 6.10, no agent, broker, investment banker, person or firm acting on behalf of or under the authority of the Company is or will be entitled to any broker's or finder's fee or any other commission or fee directly or indirectly in connection with the transactions contemplated herein. 3.23 Insurance. The Company maintains insurance policies which are in full force and effect and are in amount and for coverage customary for the industry in which the Company operates. 4. Representations And Warranties Of The Purchasers. Each Purchaser hereby individually represents and warrants to the Company as follows: 4.1 Requisite Power and Authority. The Purchaser has all necessary power and authority under all applicable provisions of law to execute and deliver this Agreement and the Registration Rights Agreement and to carry out their respective provisions. All action on the Purchaser's part required for the lawful execution and delivery of this Agreement and the Registration Rights Agreement have been or will be taken prior to the Closing. Upon their execution and delivery, this Agreement and the Registration Rights Agreement will be valid and binding obligations of the Purchaser, enforceable in accordance with their terms, subject to laws of general application relating to bankruptcy, insolvency and he relief of debtors and the rules of law governing specific performance, injunctive relief or other equitable remedies, and to limitations of public policy. 4.2 Investment Representations. The Purchaser understands that neither the Units (including the Series A Shares and the Warrants) nor the Warrant Shares have been registered under the Securities Act. The Purchaser also understands that the Units (including the Series A Shares and the Warrants) and the Warrant Shares are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon the Purchaser's representations contained in this Agreement. The Purchaser hereby represents and warrants as follows: (a) Purchaser Bears Economic Risk. The Purchaser has substantial experience in evaluating and investing in private placement transactions of securities in companies similar to the Company so that it is capable of evaluating the merits and risks of its investment in the Company and has the capacity to protect its own interests. The Purchaser understands that it must bear the economic risk of this investment indefinitely unless the Series A Shares, the Warrants or the Warrant Shares are registered pursuant to the Securities Act, or an exemption from registration is available. The Purchaser understands that, except as provided in the Registration Rights Agreement with respect to the Warrant Shares, the Company has no present intention or 10 obligation to register the Series A Shares, the Warrants, the Warrant Shares or any shares of its Common Stock. The Purchaser also understands that there is no assurance that any exemption from registration under the Securities Act will be available and that, even if available, such exemption or the Company may not allow Purchaser to transfer all or any portion of the Series A Shares, the Warrants or the Warrant Shares under the circumstances, in the amounts or at the times the Purchaser might propose. (b) Acquisition for Own Account. The Purchaser is acquiring the Units (including the Series A Shares and the Warrants) and, upon exercise of the Warrants, the Warrant Shares for the Purchaser's own account for investment only, and not with a view towards their distribution. (c) Purchaser Can Protect Its Interest. The Purchaser represents that by reason of its, or of its management's, business or financial experience, the Purchaser has the capacity to protect its own interests in connection with the transactions contemplated in this Agreement and the Registration Rights Agreement. Further, the Purchaser is aware of no publication of any advertisement in connection with the transactions contemplated in this Agreement. (d) Accredited Investor. The Purchaser represents that it is an accredited investor within the meaning of Regulation D under the Securities Act. 5. Conditions To Closing. 5.1 Conditions to Purchasers' Obligations at the

Closing. Each Purchaser's obligations to purchase the Units at the relevant Closing are subject to the satisfaction, at or prior to the relevant Closing Date, of the following conditions: (a) Representations and Warranties True; Performance of Obligations. The representations and warranties made by the Company in Section 3 hereof shall be true and correct as of such Closing Date with the same force and effect as if they had been made as of such Closing Date, and the Company shall have performed all obligations and conditions herein required to be performed or observed by it on or prior to such Closing. (b) Legal Investment. On such Closing Date, the sale and issuance of the Units (including the Series A Shares and the Warrants) and the issuance of the Warrant Shares upon exercise of the Warrants shall be legally permitted by all laws and regulations to which the Purchasers and the Company are subject. (c) Consents, Permits, and Waivers. The Company shall have obtained any and all consents, permits and waivers necessary or appropriate for consummation of the transactions contemplated by this Agreement and the Registration Rights Agreement (except for such as may be properly obtained subsequent to the Closing). (d) Filing of Series A Preferred Certificate of Designations. The Series A Preferred Certificate of Designations shall have been filed with the Secretary of State of the State of Delaware and shall continue to be in full force and effect as of such Closing Date. 11 (e) Corporate Documents. The Company shall have delivered to the Purchasers or their counsel, copies of such corporate documents of the Company as the Purchasers shall reasonably request. (f) Reservation of Warrant Shares. The Warrant Shares issuable upon exercise of the Warrants shall have been duly authorized and reserved for issuance upon such exercise. (g) Compliance Certificate. The Company shall have delivered to the Purchasers a Compliance Certificate, executed by the Chief Executive Officer of the Company, dated the relevant Closing Date, to the effect that the conditions specified in subsections (a), (c), (d) and (f) of this Section 5.1 have been satisfied. (h) Secretary's Certificate. The Purchasers shall have received from the Company's Secretary, a certificate having attached thereto (i) the Company's Certificate of Incorporation, certified by the Secretary of State of the State of Delaware, as in effect at the time of the Closing, (ii) the Company's by-laws as in effect at the time of the Closing, (iii) resolutions approved by the Board of Directors of the Company authorizing the transactions contemplated hereby, and (iv) good standing certificates (including tax good standing) with respect to the Company from the applicable authority(ies) in Delaware and any other jurisdiction in which the Company is qualified to do business, dated a recent date before the Closing. (i) Registration Rights Agreement. The Registration Rights Agreement shall have been executed and delivered by the parties thereto. (j) Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated at the Closing hereby and all documents and instruments incident to such transactions shall be reasonably satisfactory in substance and form to the Purchasers and their counsel, and the Purchasers and their counsel shall have received all such counterpart originals or certified or other copies of such documents as they may reasonably request. (k) Fees of Purchaser's Counsel. The Company shall have paid, in accordance with Section 6.10, the fees and disbursements of counsel to the Purchasers invoiced at Closing. 5.2 Conditions to Obligations of the Company5.2 Conditions to Obligations of the Company. The Company's obligation to issue and sell the Units at Closing to each Purchaser is subject to the satisfaction, on or prior to the relevant Closing Date, of the following conditions: (a) Representations and Warranties True. The representations and warranties in Section 4 made by such Purchaser shall be true and correct at such Closing Date with the same force and effect as if they had been made as of such Closing Date. (b) Performance of Obligations. Such Purchaser shall have performed and complied with all agreements and conditions herein required to be performed or complied with by the Purchaser on or before such Closing. 12 (c) Consents, Permits, and Waivers. The Company shall have obtained any and

all consents, permits and waivers necessary or appropriate for consummation of the transactions contemplated by this Agreement and the Registration Rights Agreement (except for such as may be properly obtained subsequent to such Closing). 6. Miscellaneous. 6.1 Survival. The representations, warranties, covenants and agreements made herein shall survive the closing of the transactions contemplated hereby. All statements as to factual matters contained in any certificate or other instrument delivered by or on behalf of the Company pursuant hereto in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Company hereunder solely as of the date of such certificate or instrument. 6.2 Benefits of Agreement. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto. 6.3 Transfer Restrictions; Assignment. (a) None of the Purchasers may assign or transfer all or any portion of the Series A Shares or the Warrants, this Agreement or any of the rights and obligations hereunder or thereunder without the prior written consent of the Company, which may be given or withheld in the Company's sole discretion. Any instrument purporting to make an assignment in violation of this Section 6.3 shall be void. (b) Each certificate representing a Series A Share or Warrant shall be stamped or otherwise imprinted with a legend substantially similar to the following (in addition to any legend required under applicable state securities laws): "THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER FEDERAL OR APPLICABLE STATE SECURITIES LAWS AND INSTEAD ARE BEING ISSUED PURSUANT TO EXEMPTIONS CONTAINED IN SAID LAWS. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES SHALL BE EFFECTIVE UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR (2) GULFPORT ENERGY CORPORATION (THE "COMPANY") SHALL HAVE RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT NO VIOLATION OF THE SECURITIES ACT OR SIMILAR STATE ACTS WILL BE INVOLVED IN SUCH TRANSFER; PROVIDED THAT IN THE EVENT SUCH SECURITIES ARE TRANSFERRED PURSUANT TO RULE 144, OR ANY SUCCESSOR RULE, UNDER THE SECURITIES ACT, NO SUCH OPINION SHALL BE REQUIRED UNLESS REQUESTED IN WRITING BY THE TRANSFER AGENT OF SUCH SECURITIES. THE SECURITIES EVIDENCED HEREBY ARE SUBJECT TO THE TERMS OF A CERTAIN SECURITIES PURCHASE AGREEMENT BY AND AMONG THE COMPANY AND CERTAIN STOCKHOLDERS IDENTIFIED THEREIN, PROVIDING, AMONG OTHER THINGS, FOR CERTAIN RESTRICTIONS ON TRANSFER WITHOUT THE CONSENT OF THE COMPANY. A COPY OF SUCH SECURITIES PURCHASER AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE COMPANY." 13 6.4 Entire Agreement. This Agreement, the exhibits and schedules hereto, the Registration Rights Agreement and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein. This Agreement and the Registration Rights Agreement collectively supersede and replace in its entirety that certain letter agreement dated March 8, 2002 by and between the Company and Gulfport Funding. 6.5 Severability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. 6.6 Further Assurances. Each party agrees to execute such other documents, instruments, agreements and consents, and take such other actions as may be reasonable requested by the other

parties hereto to effectuate the purposes of this Agreement. 6.7 Amendment and Waiver. This Agreement may be amended, modified or waived only upon the written consent of the Company and the holders of a majority of the Series A Preferred Shares and a majority of the Warrants. 6.8 Delays or Omissions. It is agreed that no delay or omission to exercise any right, power or remedy accruing to any party, upon any breach, default or noncompliance by another party under this Agreement, the Registration Rights Agreement or the Certificate of Incorporation, shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of or in any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on any Purchaser's part of any breach, default or noncompliance under this Agreement, the Registration Rights Agreement or under the Certificate of Incorporation or any waiver on such party's part of any provisions or conditions of this Agreement, the Registration Rights Agreement, or the Certificate of Incorporation must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, the Registration Rights Agreement, the Certificate of Incorporation, by law, or otherwise afforded to any party, shall be cumulative and not alternative. 6.9 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient, if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after d posit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the Company and the Purchasers at the addresses as set forth on the signature page hereof or at such other address as the Company or the Purchasers may designate by ten (10) days advance written notice to the other parties hereto. 14 6.10 Fees and Expenses. Each party shall pay all costs, fees and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement; provided, however, that the Company shall, at the Closing, pay the reasonable fees and expenses of Reitler Brown LLC. 6.11 Attorneys' Fees. In the event that any suit or action is instituted to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs, and expenses of enforcing this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants. 6.12 Titles and Subtitles6.11 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. 6.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. 6.14 Pronouns. All pronouns contained herein, and any variations thereof, shall be deemed to refer to the masculine, feminine or neutral, singular or plural, as to the identity of the parties hereto may require. 6.15 GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAWS PROVISIONS). EACH OF THE PARTIES HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE FEDERAL COURTS SITTING IN THE STATE OF NEW YORK IN ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH OF THE PARTIES AGREES THAT ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT MUST BE LITIGATED EXCLUSIVELY IN ANY SUCH STATE OR

FEDERAL COURT THAT SITS IN THE CITY OF NEW YORK, AND ACCORDINGLY, EACH PARTY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH LITIGATION IN ANY SUCH COURT. 6.16 WAIVER OF JURY TRIAL. EACH PARTY HEREBY AGREES THAT ANY ACTION OR PROCEEDING RELATING TO OR ARISING OUT OF, WHETHER DIRETLY OR INDIRECTLY, THIS AGREEMENT AND THE REGISTRATION RIGHTS AGREEMENT (A "LITIGATION"), SHALL BE TRIED WITHOUT A JURY. TO THAT END, EACH PARTY HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY OF ANY LITIGATION AND CERTIFIES THAT NO PERSON HAS REPRESENTED OR IMPLIED TO IT THAT, IN THE EVENT OF LITIGATION, IT WOULD NOT SEEK TO ENFORCE THE FOREGOING AGREEMENT AND WAIVER. THE PARTIES ACKNOWLEDGE THAT THEY HAVE BARGAINED FOR THE TERMS SET FORTH IN THIS SECTION 6.16 AND, AS SUCH, THESE TERMS ARE A PART OF THE CONSIDERATION EXCHANGED TO ENTER INTO THIS AGREEMENT. 15 General. All Exhibits and Schedules are hereby incorporated by reference and made a part of this Agreement. [THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK] [remainder of this page intentionally left blank.] 16 In Witness Whereof, each of the parties has caused this Securities Purchase Agreement to be duly executed and delivered as of the date first above written. Gulfport Energy Corporation By: ---------- Name: Mike Liddell Title: Chief Executive Officer Address: 6307 Waterford Blvd., Suite 100 Oklahoma City, OK 73118 The Purchasers: Gulfport Funding, LLC By: ---------- Name: Title: Address: ---------- By: ---------- Name: Title: Address: Schedule of Purchasers ----------

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Purchasers' Name and Address Purchase Number Total Total Number of Price of Number Warrant Shares Units of Series issuable upon exercise A Shares of the Warrants

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Gulfport Funding, LLC c/o Wexford Capital Partners 411 W. Putnam Ave. Greenwich, CT 06830

Other Purchasers

List Of Exhibits ---------- Exhibit A Certificate of Designations of Series A Preferred Stock Exhibit B Certificate of Incorporation Exhibit C Form of Registration Rights Agreement Gulfport Energy Corporation Registration Rights Agreement This Investor Rights Agreement (the "Agreement") is entered into as of the 29th day of March, 2002, by and among Gulfport Energy Corporation, a Delaware corporation (the "Company"), Gulfport Funding LLC, a Delaware limited liability company ("Gulfport Funding"), and each other investor listed on the Schedule of Investors hereto (together with Gulfport Funding and their permitted assigns, the "Investors"). Recitals Whereas, the Investors are purchasing certain securities from the Company pursuant to that certain Securities Purchase Agreement (the "Purchase Agreement") of even date herewith among the Company, Gulfport Funding and the other Investors (the "Financing"). Whereas, the obligations in the Purchase Agreement are conditioned upon the execution and delivery of this Agreement; and Whereas, in connection with the consummation of the Financing, the parties desire to enter into this Agreement in order to grant registration and other rights to the Investors as set forth below. Now, Therefore, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree hereto as follows: SECTION 1. General 1.1 Definitions. As used in this Agreement the following terms shall have the following respective meanings: "Common Stock"means the Common Stock, par value $0.01 per

share of the Company. "Exchange Act" means the Securities Exchange Act of 1934. "Form S-3"means such form under the Securities Act as in effect on the date hereof or any successor or similar registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC. "Holder" means any person owning of record Registrable Securities that have not been sold to the public or any assignee of record of such Registrable Securities in accordance with Section 2.9 hereof. "Register," "registered," and "registration"refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document. "Registrable Securities" means (a) Common Stock of the Company issued or issuable upon exercise of the Warrants; and (b) any Common Stock of the Company issued as or issuable upon the conversion or exercise of any warrant, right or other security which is issued as a dividend or other distribution with respect to, or in exchange for or in replacement of, such Common Stock. Notwithstanding the foregoing, Registrable Securities shall not include any securities sold by a person to the public either pursuant to a registration statement or Rule 144 or sold in a private transaction in which the transferor's rights under Section 2 of this Agreement are not assigned. "Registrable Securities then outstanding" mean the number of shares determined by calculating the total number of shares of the Company's Common Stock that are Registrable Securities and either (a) are then issued and outstanding or (b) are issuable pursuant to then exercisable or convertible securities. "Registration Expenses" mean all expenses incurred by the Company in complying with Sections 2.2 and 2.3 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, reasonable fees and disbursements of a single special counsel for the Holders, blue sky fees and expenses, including the fees and disbursements of blue sky counsel and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company). "SEC" or "Commission" means the Securities and Exchange Commission. "Securities Act" means the Securities Act of 1933. "Selling Expenses" means all underwriting discounts and selling commissions applicable to the sale. "Series A Stock" means the Company's Cumulative Preferred Stock, Series A, par value $0.01 per share, issued in connection with the purchase and sale of the Units pursuant to the Purchase Agreement. "Special Registration Statement" means a registration statement relating to any employee benefit plan or with respect to any corporate reorganization or other transaction under Rule 145 of the Securities Act. "Warrants" means the warrants, each of which entitles the holder thereof to purchase 250 shares (subject to adjustment) of Common Stock at an exercise price of $4.00 per share (subject to adjustment), issued in connection with the purchase and sale of the Units pursuant to the Purchase Agreement. 2 "Units" shall mean the securities purchased by the Investors pursuant to the Purchase Agreement, each of which is comprised of (i) one share of Series A Stock and (ii) one Warrant. SECTION 2. Restrictions on Transfer and Registration 2.1 Restrictions on Transfer (a) Each Holder agrees not to make any disposition of all or any portion of the Registrable Securities unless and until: (i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or (ii) (A) The transferee has agreed in writing to be bound by the terms of this Agreement, (B) such Holder shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and (C) if reasonably requested by the Company, such Holder shall have furnished the Company with an opinion of counsel, reasonably satisfactory to the Company, that such

disposition will not require registration of such shares under the Securities Act. (iii) Notwithstanding the provisions of paragraphs (i) and (ii) above, no such registration statement or opinion of counsel shall be necessary for a transfer (A) by a Holder which is a partnership, to its partners or former partners in accordance with partnership interests, (B) to the Holder's family member or trust for the benefit of an individual Holder or such Holder's family member(s); provided, that in each case the transferee will be subject to the terms of this Agreement to the same extent as if such transferee were an original Holder hereunder, (C) pursuant to Rule 144(k); provided, however, that the Company must be satisfied in its reasonable discretion that the proposed sale of securities fully qualifies with all Rule 144 requirements, or (D) to a Holder's "affiliates", as the term "affiliates" is defined by the Securities Act or regulations promulgated under the Securities Act. (b) Each certificate representing shares of Series A Stock, Warrants or Registrable Securities shall (unless otherwise permitted by the provisions of the Agreement) be stamped or otherwise imprinted with a legend substantially similar to the following (in addition to any legend required under applicable state securities laws): "THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER FEDERAL OR APPLICABLE STATE SECURITIES LAWS AND INSTEAD ARE BEING ISSUED PURSUANT TO EXEMPTIONS CONTAINED IN SAID LAWS. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES SHALL BE EFFECTIVE UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR (2) GULFPORT ENERGY CORPORATION (THE "COMPANY") SHALL HAVE RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT NO VIOLATION OF THE SECURITIES ACT OR SIMILAR STATE ACTS WILL BE INVOLVED IN SUCH 3 TRANSFER; PROVIDED THAT IN THE EVENT SUCH SECURITIES ARE TRANSFERRED PURSUANT TO RULE 144, OR ANY SUCCESSOR RULE, UNDER THE SECURITIES ACT, NO SUCH OPINION SHALL BE REQUIRED UNLESS REQUESTED IN WRITING BY THE TRANSFER AGENT OF SUCH SECURITIES. THE SECURITIES EVIDENCED HEREBY ARE SUBJECT TO THE TERMS OF A CERTAIN REGISTRATION RIGHTS AGREEMENT BY AND AMONG THE COMPANY AND CERTAIN STOCKHOLDERS IDENTIFIED THEREIN, PROVIDING FOR. AMONG OTHER THINGS, CERTAIN RESTRICTIONS ON TRANSFER. A COPY OF SUCH REGISTRATION RIGHTS AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE COMPANY." (c) The Company shall be obligated to reissue promptly unlegended certificates at the request of any Holder thereof if the Holder shall have obtained an opinion of counsel (which counsel may be counsel to the Company) reasonably acceptable to the Company to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification or legend. 2.2 Piggyback Registrations. (a) The Company shall notify all Holders of Registrable Securities in writing at least twenty (20) days prior to the filing of any registration statement under the Securities Act for purposes of a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding Special Registration Statements) and will afford each such Holder an opportunity to include in such registration statement all or part of such Registrable Securities held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall, within twenty (20) days after the above-described notice from the Company, so notify the Company in writing. Such notice shall state the intended method of disposition of the Registrable Securities by such Holder. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed by the Company, such

Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent registration statement or registration statements as may be filed by the Company with respect to offerings of its securities, all upon the terms and conditions set forth herein. (b) Underwriting. (i) If the registration statement with respect to which the Company gives notice under this Section 2.2 is for an underwritten offering, the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder to be included in a registration pursuant to this Section 2.2 shall be conditioned upon such Holder's 4 participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Agreement, if the underwriter determines in good faith that marketing factors require a limitation of the number of shares to be underwritten, the number of shares that may be included in the underwriting shall be allocated, first, to the Company; second, to the Holders on a pro rata basis based on the total number of Registrable Securities proposed to be sold in the offering held by the Holders; and third, to any shareholder of the Company (other than a Holder) on a pro rata basis. In no event will shares of any other selling shareholder be included in such registration which would reduce the number of shares which may be included by Holders without the written consent of Holders of not less than sixty-six and two-thirds percent (66 2/3%) of the Registrable Securities proposed to be sold in the offering. (ii) If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered at least ten (10) business days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. (c) Right to Terminate Registration. (i) The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.2 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The Registration Expenses of such withdrawn registration shall be borne by the Company in accordance with Section 2.4 hereof. (d) Registrations effected pursuant to this Section 2.2 shall not be counted as Form S-3 registrations effected pursuant to Sections 2.3. 2.3 Form S-3 Registration2.4 Form S-3 Registration. In case the Company shall receive from any Holder or Holders of a majority of the Registrable Securities (the "Initiating Holders") a written request or requests that the Company effect a registration on Form S-3 (or any successor to Form S-3) or any similar short-form registration statement and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will: (a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders of Registrable Securities; and (b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect more than 5 two (2) registrations on Form S-3 and shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.3: (i) if Form S-3 is not available for such offering by the Holders; or (ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other

securities (if any) at an aggregate price to the public of less than one million dollars ($1,000,000) (unless the registration request is for all remaining Registrable Securities). (c) Subject to the foregoing, the Company shall file a Form S-3 registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. If the registration statement under which the Company files under this Section 2.3 is an underwritten offering, the Company shall so advise the Holders of Registrable Securities. In such event the right of any Holder to be included in a registration pursuant to this Section 2.3 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Holders. 2.4 Expenses of Registration. Except as specifically provided herein, all Registration Expenses incurred in connection with each registration under Section 2.2 or Section 2.3 herein shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder, shall be borne by the holders of the securities so registered pro rata on the basis of the number of shares so registered. The Company shall not, however, be required to pay for (i) expenses of any registration proceeding begun pursuant to Section 2.3, the request of which has been subsequently withdrawn by the Initiating Holders unless (a) the withdrawal is based upon material adverse information concerning the Company of which the Initiating Holders were not aware at the time of such request or (b) the Holders of sixty-six and two-thirds percent (66 2/3%) of Registrable Securities agree to forfeit their right to one demand registration pursuant to Section 2.3, as applicable, in which event such right shall be forfeited by all Holders). If the Holders are required to pay the Registration Expenses, such expenses shall be borne by the holders of securities (including Registrable Securities) requesting such registration in proportion to the number of shares for which registration was requested. If the Company is required to pay the Registration Expenses of a withdrawn offering pursuant to clause (a) above, then the Holders shall not forfeit their rights pursuant to Section 2.3 to a demand registration. 2.5 Obligations of the Company. Whenever required to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible: (a) prepare and, after a request or demand (as the case may be) for registration has been given to the Company, file with the Commission a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective; provided, 6 that the Company may discontinue any registration of its securities which is being effected pursuant to Section 2.2 at any time prior to the effective date of the registration statement; (b) prepare and file with the Commission such amendments and supplements to any registration statement referred to in clause (i) of this Section 2.5 and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period not in excess of one hundred eighty (180) days (except with respect to any registration statement filed pursuant to Rule 415 under the Securities Act if the Company is eligible to file a Form S-3 registration statement, in which case the Company shall use its best efforts to keep such registration statement effective and updated until such time as all of the Registrable Securities have been disposed of in accordance with the intended methods of disposition by the Holder or Holders set forth in such registration statement) and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such registration statement during such period in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement; provided, that before filing a registration statement or prospectus, or any amendments or supplements thereto, the Company will furnish to

one counsel selected by the Holders holding a majority of the Registrable Securities covered by such registration statement to represent all Holders of Registrable Securities covered by such registration statement, copies of all documents proposed to be filed, which documents will be subject to the review of such counsel; (c) if such registrable securities have not been registered under Section 12 of the Exchange Act, prepare and, in any event within 40 days after a request for registration has been given to the Company, file with the Commission a registration statement with respect to such Registrable Securities under the Exchange Act and use its best efforts to cause such registration statement to become effective; provided, that the Company may discontinue any registration of its securities which is being effected pursuant to Section 2.2 at any time prior to the effective date of the registration statement; (d) furnish to each seller of such Registrable Securities such number of copies of any registration statement referred to in clause (i) of this Section 2.5 and of each amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus and summary prospectus), and any other prospectus filed under Rule 424 under the Securities Act in conformity with the requirements of the Securities Act, and such other documents as such seller may reasonably request; (e) use its best efforts to register or qualify such Registrable Securities covered by any registration statement referred to in clause (i) of this Section 2.5 under such other securities or blue sky laws of such jurisdictions as each seller of such Registrable Securities shall reasonably request, and do any and all other acts and things which may be reasonably necessary or advisable to enable such seller to consummate the disposition in such jurisdictions of the Registrable Securities owned by such seller, except that the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction where, but for the requirements of this clause (v), it would not be obligated to be so qualified or to consent to general service of process in any such jurisdiction; 7 (f) use its best efforts to cause such Registrable Securities covered by a registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Registrable Securities; (g) notify each seller of any such Registrable Securities covered by a registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of the Company's becoming aware that the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing, and at the request of any such seller, prepare and furnish to such seller a reasonable number of copies of an amended or supplemental prospectus as may be necessary so that, as thereafter delivered to the sellers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; (h) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable (but not more than eighteen months) after the effective date of the registration statement, an earnings statement which shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations promulgated thereunder; (i) use its best efforts to list such Registrable Securities on any securities exchange or automated quotation system if (A) requested by Holders holding a majority of such Registrable Securities and (B) such listing is then permitted under the rules of such exchange or system, and to provide a transfer agent and registrar for such Registrable Securities covered by a registration statement not later than the effective date of such registration statement; (j) enter into such customary agreements

(including an underwriting agreement in customary form) and take such other actions as sellers of a majority of such Registrable Securities or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities; (k) obtain a "cold comfort" letter or letters from the Company's independent public accountants in customary form and covering matters of the type customarily covered by "cold comfort" letters as the seller or sellers of a majority of such Registrable Securities shall reasonably request; (l) obtain an opinion of counsel for the Company in customary form and covering matters of the type customarily covered in opinions of issuer's counsel as the seller or sellers of a majority of such Registrable Securities shall reasonably request; and (m) make available for inspection by any seller of such Registrable Securities covered by a registration statement, by any underwriter participating in any disposition to be effected pursuant to such registration statement and by any attorney, accountant or other agent retained by any such seller or any such 8 underwriter, all pertinent financial and other records, pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees to supply all information reasonably requested by any such seller, underwriter, attorney, accountant or agent in connection with such registration statement. 2.6 Termination of Registration Rights. A Holder's registration rights shall expire if all Registrable Securities held by and issuable to such Holder (and its affiliates, partners, former partners, members and former members) may be sold under Rule 144 during any ninety (90) day period. 2.7 Furnishing Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 2.2 or 2.3 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registration of their Registrable Securities. 2.8 Indemnification. In the event any Registrable Securities are included in a registration statement under Sections 2.2 or 2.3: (a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, officers and directors of each Holder, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation") by the Company: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law in connection with the offering covered by such registration statement; and the Company will pay as incurred to each such Holder, partner, officer, director, underwriter or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided however, that the Company shall not be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, partner, officer, director, underwriter or controlling person of such Holder. (b) To the extent permitted by law, each Holder will, if Registrable Securities held by such Holder are included in the securities as to

which such registration qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its directors, its officers and each person, if any, who controls the Company within the meaning of the Securities Act, any 9 underwriter and any other Holder selling securities under such registration statement or any of such other Holder's partners, directors or officers or any person who controls such Holder, against any losses, claims, damages or liabilities (joint or several) to which the Company or any such director, officer, controlling person, underwriter or other such Holder, or partner, director, officer or controlling person of such other Holder may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder under an instrument duly executed by such Holder and stated to be specifically for use in connection with such registration; and each such Holder will pay as incurred any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, underwriter or other Holder, or partner, officer, director or controlling person of such other Holder in connection with investigating or defending any such loss, claim, damage, liability or action if it is judicially determined that there was such a Violation; provided, however, that in no event shall any indemnity under this Section 2.8 exceed the net proceeds from the offering received by such Holder. (c) Promptly after receipt by an indemnified party under this Section 2.8 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.8, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.8 except to the extent that the indemnifying party has been materially prejudiced. (d) If the indemnification provided for in this Section 2.8 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any losses, claims, damages or liabilities referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party thereunder, shall to the extent permitted by applicable law contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the Violation(s) that resulted in such loss, claim, damage or liability, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by a court of law by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material 10 fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, that in no event shall any contribution by a Holder hereunder exceed the net proceeds from

the offering received by such Holder. (e) The obligations of the Company and Holders under this Section 2.8 shall survive completion of any offering of Registrable Securities in a registration statement and the termination of this agreement. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation. 2.9 Assignment of Registration Rights2.10 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned by a Holder to a permitted transferee or assignee of Registrable Securities which (a) is a subsidiary, parent, general partner, limited partner, retired partner, member or retired member of a Holder, (b) is a Holder's family member or trust for the benefit of an individual Holder, or (c) is acquiring at least one hundred thousand (100,000) shares of Registrable Securities (as adjusted for stock splits and combinations); provided, however, (i) the transferor shall, at within ten (10) days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned and (ii) such transferee shall agree to be subject to all restrictions set forth in this Agreement. 2.10 Limitation on Subsequent Registration Rights. Other than as provided in Section 3.12, after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of at least a majority (50.1%) of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would grant such holder registration rights pari passu or senior to those granted to the Holders hereunder. 2.11 "Holder Market Stand-Off" Agreement. (a) Each Holder hereby agrees that such Holder shall not sell, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Common Stock (or other securities) of the Company held by such Holder (other than those included in the registration) for a period specified by the representative of the underwriters of Common Stock of the Company not to exceed ninety (90) days following the effective date of a registration statement registering Common Stock; provided, that all officers and directors of the Company and holders of at least one percent (1%) of the Company's voting securities enter into similar agreements. (b) The Company hereby agrees that it will cause its officers and directors and holders of at least one percent (1%) of its voting securities not to sell, transfer, make any short sale of, grant any option for the purchase of, or enter into any hedging or similar transaction with the same economic effect as a sale, any Common Stock (or other securities) of the Company held by such officers and directors and holders of at least one percent (1%) of its voting securities (other than those included in the registration) for a period specified by the 11 representative of the underwriters of Common Stock (or other securities) of the Company not to exceed ninety (90) days following the effective date of a registration statement of the Company filed under the Securities Act pursuant to Section 2.3. 2.12 Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its best efforts to: (a) Make and keep public information available, as those terms are understood and defined in SEC Rule 144 or any similar or analogous rule promulgated under the Securities Act, at all times after the effective date of the first registration filed by the Company for an offering of its securities to the general public; (b) File with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act; and (c) So long as a Holder owns any Registrable Securities, furnish to such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of

said Rule 144 of the Securities Act, and of the Exchange Act (at any time after it has become subject to such reporting requirements); a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as a Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities without registration. SECTION 3. Miscellaneous 3.1 Survival. The representations, warranties, covenants, and agreements made herein shall survive the closing of the transactions contemplated hereby. All statements as to factual matters contained in any certificate or other instrument delivered by or on behalf of the Company pursuant hereto in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Company hereunder solely as of the date of such certificate or instrument. 3.2 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors or legal representatives of the parties hereto and shall inure to the benefit of and be enforceable by each person who shall be a holder of Registrable Securities from time to time and who has become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement; provided, however, that prior to the receipt by the Company of adequate written notice (specifying the full name and address of any proposed transferee) of, and the written consent of the Company to, the transfer of any Registrable Securities, the Company may deem and treat the person listed as the holder of such shares in its records as the absolute owner and holder of such shares for all purposes, including the payment of dividends or any redemption price. Notwithstanding the foregoing, the Company may not assign this Agreement without the prior written consent of the Holders of at least a majority (50.1%) of the Registrable Securities. 3.3 Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof and no party shall be liable or bound to any other in any manner by any 12 representations, warranties, covenants and agreements except as specifically set forth herein and therein. 3.4 Third Party Beneficiaries. This Agreement is for the sole benefit of the parties hereto and not for the benefit of any third party. 3.5 Severability. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. 3.6 Amendment and Waiver. (a) Except as otherwise expressly provided, this Agreement may be amended or modified only upon the written consent of the Company and the holders of at least a majority (50.1%) of the Registrable Securities. (b) Except as otherwise expressly provided, the obligations of the Company and the rights of the Holders under this Agreement may be waived only with the written consent of the holders of at least a majority (50.1%) of the Registrable Securities. (c) For the purposes of determining the number of Holders or Investors entitled to vote or exercise any rights hereunder, the Company shall be entitled to rely solely on the list of record holders of its stock as maintained by or on behalf of the Company. 3.7 Delays or Omissions. It is agreed that no delay or omission to exercise any right, power, or remedy accruing to any Holder, upon any breach, default or noncompliance of the Company under this Agreement shall impair any such right, power, or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent, or approval of any kind or character on any Holder's part of any breach, default or noncompliance under the Agreement or any waiver on such Holder's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law, or

otherwise afforded to Holders, shall be cumulative and not alternative. 3.8 Notices. All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the party to be notified at the address as set forth on the signature pages hereof or Exhibit A hereto or at such other address as such party may designate by ten (10) days advance written notice to the other parties hereto. 13 3.9 Attorneys' Fees. In the event that any suit or action is instituted to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals. 3.10 Titles and Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement. 3.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. 3.12 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company shall issue additional Warrants pursuant to the Purchase Agreement (as contemplated by Section 2.3 of the Purchase Agreement), the purchaser of such Warrants may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement and shall be deemed an "Investor" hereunder. 3.13 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAWS PROVISIONS). 3.14 CONSENT TO JURISDICTION. EACH INVESTOR AND THE COMPANY HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF ANY FEDERAL OR STATE COURT OF NEW YORK SITTING IN NEW YORK CITY AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE LITIGATED EXCLUSIVELY IN SUCH COURTS. EACH INVESTOR AND THE COMPANY AGREES NOT TO COMMENCE ANY LEGAL PROCEEDING RELATED HERETO EXCEPT IN SUCH COURT. EACH INVESTOR AND THE COMPANY IRREVOCABLY WAIVES ANY OBJECTION WHICH HE OR IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING IN ANY SUCH COURT and hereby further irrevocably and unconditionally waives and agrees not TO plead or claim in any such court that any such action, suit or proceeding brought in any such court HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. 3.15 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT HE OR IT AND THE OTHER PARTIES HERETO HAVE BEEN

INDUCED TO ENTER INTO THIS AGREEMENT, BY, AMONG OTHER 14 THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 3.15. [remainder of this page intentionally left blank.] 15 In Witness Whereof, the parties hereto have executed this Registration Rights Agreement as of the date set forth in the first paragraph hereof. COMPANY: Gulfport Energy Corporation By: ---------- Name: Title: Address: INVESTORS: Gulfport Funding, LLC By: ---------- Name: Title: Address: ---------- By: ---------- Name: Title: Address: Schedule of Investors ---------- [To be provided to each Investor after the close of the Offering on April 15, 2002] 17 THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER FEDERAL OR APPLICABLE STATE SECURITIES LAWS AND INSTEAD ARE BEING ISSUED PURSUANT TO EXEMPTIONS CONTAINED IN SAID LAWS. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED UNLESS (1) A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES SHALL BE EFFECTIVE UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR (2) GULFPORT ENERGY CORPORATION (THE "COMPANY") SHALL HAVE RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT THAT NO VIOLATION OF THE SECURITIES ACT OR SIMILAR STATE ACTS WILL BE INVOLVED IN SUCH TRANSFER; PROVIDED THAT IN THE EVENT SUCH SECURITIES ARE TRANSFERRED PURSUANT TO RULE 144, OR ANY SUCCESSOR RULE, UNDER THE SECURITIES ACT, NO SUCH OPINION SHALL BE REQUIRED UNLESS REQUESTED IN WRITING BY THE TRANSFER AGENT OF SUCH SECURITIES. THE SECURITIES EVIDENCED HEREBY ARE SUBJECT TO THE TERMS OF A CERTAIN SECURITIES PURCHASE AGREEMENT BY AND AMONG THE COMPANY AND CERTAIN STOCKHOLDERS IDENTIFIED THEREIN, PROVIDING, AMONG OTHER THINGS, FOR CERTAIN RESTRICTIONS ON TRANSFER WITHOUT THE CONSENT OF THE COMPANY. A COPY OF SUCH SECURITIES PURCHASE AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE COMPANY. WARRANT TO PURCHASE COMMON STOCK OF GULFPORT ENERGY CORPORATION This certifies that, for good and valuable consideration, Gulfport Energy Corporation, a Delaware corporation (the "Company"), grants to [_____] or its registered assigns (the "Warrantholder"), the right to subscribe for and purchase from the Company the number of duly authorized and validly issued fully paid and non-assessable shares of common stock, par value $0.01 per share, of the Company (the "Common Stock") set forth in Subsection 1.1 at the Exercise Price (as defined in Subsection 1.2). This Warrant shall be exercisable at any time, and from time to time, from and after the date hereof (the "Initial Exercise Date") to and including 5:00 P.M., Central Standard Time on the date that is ten years after the Initial Exercise Date (the "Expiration Date"). The Exercise Price and the number of Warrant Shares are subject to adjustment from time to time as provided in Section 6. SECTION 1. NUMBER OF WARRANT SHARES; EXERCISE PRICE. 1.1. NUMBER OF WARRANT SHARES. The Warrantholder shall initially have the right to subscribe for and purchase hereunder [__] shares of Common Stock (the "Warrant Shares"). The number of Warrant Shares that the Warrantholder shall have the right to subscribe for and purchase from the Company is subject to adjustment as provided in Section 6. 1.2. EXERCISE PRICE. The exercise price per Warrant Share shall be $4.00, subject to adjustment as provided in Section 6 (the "Exercise Price"). SECTION 2. DURATION AND EXERCISE OF WARRANT; LIMITATION ON EXERCISE; TAXES; TRANSFER; DIVISIBILITY. 2.1. DURATION AND EXERCISE OF WARRANT. This Warrant is immediately exercisable on the Initial Exercise Date and may be exercised, in whole or in part, at

any time and from time to time from and after the Initial Exercise Date to the Expiration Date. The rights represented by this Warrant may be exercised by the Warrantholder of record, in whole or in part, from time to time, by (a) surrender of this Warrant, accompanied by the Exercise Form annexed hereto (the "Exercise Form") duly executed by the Warrantholder of record and specifying the number of Warrants Shares to be purchased to the Company at the office of the Company located at 6307 Waterford Blvd., Suite 100, Oklahoma City, Oklahoma 73118, Attention: Lisa Holbrook, Esq. (or such other office or agency of the Company as it may designate by notice to the Warrantholder at the address of such Warrantholder appearing on the books of the Company), during normal business hours on any day (a "Business Day") other than a Saturday, Sunday or a day on which the New York Stock Exchange is authorized to close (a "Nonbusiness Day"), or after 9:00 A.M. Central Standard Time on the Initial Exercise Date, but not later than 5:00 P.M. Central Standard Time on the Expiration Date (or 5:00 P.M. on the next succeeding Business Day, if the Expiration Date is a Nonbusiness Day), (b) payment of the Exercise Price by (i) delivery to the Company in cash or by certified or official bank check in New York Clearing House Funds, of an amount equal to the Exercise Price for the number of Warrant Shares specified in the Exercise Form, (ii) delivery to the Company of such number of shares of Cumulative Preferred Stock, Series A, par value $0.01 per share, of the Company having a Liquidation Preference plus accrued and unpaid dividends, if any, equal to the Exercise Price for the number of Warrant Shares specified in the Exercise Form, (iii) a combination of (i) and (ii), or (iv) notice that the Warrantholder elects to effect a cashless exercise as contemplated by Subsection 2.6, and (c) such documentation as to the identity and authority of the Warrantholder as the Company may reasonably request. Such Warrant Shares shall be deemed by the Company to be issued to the Warrantholder as the record holder of such Warrant Shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for the Warrant Shares as aforesaid. Certificates for the Warrant Shares specified in the Exercise Form shall be delivered to the Warrantholder as promptly as practicable, and in any event within ten (10) Business Days, thereafter. The stock certificates so delivered shall be in denominations as may be specified by the Warrantholder and shall be issued in the name of the Warrantholder or, if permitted by Subsection 2.4 and in accordance with the provisions thereof, such other name as shall be designated in the Exercise Form. If this Warrant shall have been exercised only in part, the Company shall, at the time of delivery of the certificates for the Warrant Shares, deliver to the Warrantholder a new Warrant evidencing the rights to purchase the remaining Warrant Shares, which new Warrant shall in all other respects be identical with this Warrant. No adjustments or payments shall be made on or in respect of Warrant Shares issuable on the exercise of this Warrant for any cash dividends paid or payable 2 to holders of record of Common Stock prior to the date as of which the Warrantholder shall be deemed to be the record holder of such Warrant Shares. 2.2. LIMITATION ON EXERCISE. If this Warrant is not exercised prior to 5:00 P.M. Central Standard Time on the Expiration Date (or the next succeeding Business Day, if the Expiration Date is a Nonbusiness Day), this Warrant, or any new Warrant issued pursuant to Subsection 2.1, shall cease to be exercisable and shall become void, and all rights of the Warrantholder hereunder shall cease. 2.3. PAYMENT OF TAXES. The issuance of certificates for Warrant Shares shall be made without charge to the Warrantholder for any stock transfer or other issuance tax in respect thereto; provided, however, that the Warrantholder shall be required to pay any and all taxes which may be payable in respect of any transfer involved in the issuance and delivery of any certificates for Warrant Shares in a name other than that of the then Warrantholder as reflected upon the books of the Company. 2.4. RESTRICTIONS ON TRANSFER. Neither this Warrant nor any of the Warrant Shares may be transferred or sold, in whole or in part, without the prior

written consent of the Company and except in compliance with applicable United States federal and state securities laws. Subject to the foregoing, this Warrant and all rights hereunder are transferable, in whole or in part, by the Warrantholder and any such transfer is registrable at the office of the Company referred to in Subsection 7.6(a) by the Warrantholder in person or by its duly authorized attorney, upon surrender of this Warrant in accordance with Section 4. The Company may not transfer or assign any of its rights or obligations under this Warrant, or any portion thereof. 2.5. DIVISIBILITY OF WARRANT. This Warrant may be divided into multiple warrants upon surrender at the office of the Company referred to in Subsection 7.6(a) on any Business Day, without charge to the Warrantholder. 2.6. CASHLESS EXERCISE. At the option of the Warrantholder, the Warrantholder may exercise this Warrant, without a cash payment of the Exercise Price, through a reduction in the number of Warrant Shares issuable upon the exercise of the Warrant. Such reduction may be effected by designating that the number of the shares of Common Stock issuable to the Warrantholder upon such exercise shall be reduced by the number of shares having an aggregate Fair Market Value as of the date of exercise equal to the amount of the total Exercise Price for such exercise. For purposes of this Warrant, the "Fair Market Value" of the Common Stock on any date in question shall be the average closing sale price of the Common Stock on the principal stock exchange, stock market or quotation market on which the Common Stock is traded for the thirty (30) Business Days immediately preceding such date, as quoted in The Wall Street Journal or other nationally recognized, reputable publication. If the Common Stock is not listed or qualified for trading or quotation on a stock exchange or stock market or national quotation system at such time, then the Fair Market Value shall be determined using such method as the Warrantholder and the Company shall agree. In connection with any cashless exercise, no cash or other consideration will be paid by the Warrantholder in connection with such exercise other than the surrender of the Warrant itself, and no commission or other remuneration will be paid or given by the Warrantholder or the Company in connection with such exercise. 3 Section 3. RESERVATION OF SHARES. All Warrant Shares issued upon the exercise of the rights represented by this Warrant, upon issuance and payment of the Exercise Price in accordance with the terms of this Warrant, shall be validly issued, fully paid and non-assessable and free from all taxes, liens, security interests, charges and other encumbrances with respect to the issuance thereof other than taxes in respect of any transfer occurring contemporaneously with such issuance. The issuance of the Warrant Shares pursuant hereto will not be subject to, and will not violate, any preemptive or similar rights. During the period within which this Warrant may be exercised, the Company shall at all times have authorized and reserved, and keep available and free from preemptive or similar rights, a sufficient number of shares of Common Stock to provide for the exercise of this Warrant and of all other options or rights to purchase or subscribe for Common Stock and the conversion or exchange of all convertible or exchangeable securities of the Company. SECTION 4. EXCHANGE, LOSS OR DESTRUCTION OF WARRANT. If permitted by Subsection 2.4 or 2.5, upon surrender of this Warrant to the Company with a duly executed instrument of assignment and funds sufficient to pay any transfer tax, the Company shall, without charge, execute and deliver a new Warrant of like tenor in the name of the assignee named in such instrument of assignment and this Warrant shall promptly be canceled. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, the Company will execute and deliver a new Warrant of like tenor. Section 5. OWNERSHIP OF WARRANT. The Company may deem and treat the person or entity in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by anyone other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration of

transfer as provided in Subsections 2.1 and 2.5 or in Section 4. Section 6. CERTAIN ADJUSTMENTS. The Exercise Price at which Warrant Shares may be purchased hereunder and the number of Warrant Shares to be purchased upon exercise hereof are subject to change or adjustment as follows: 6.1. NOTICE OF ADJUSTMENT. Whenever the number of Warrant Shares or the Exercise Price of such Warrant Shares is adjusted, as herein provided, the Company shall promptly send by first class mail, postage prepaid, to the Warrantholder, notice of such adjustment. 6.2. PRESERVATION OF PURCHASE RIGHTS UPON MERGER, CONSOLIDATION. In case of any consolidation of the Company with or merger of the Company with or into 4 another entity or in case of any sale, transfer or lease to another entity of all or substantially all the assets or stock of the Company, the Warrantholder shall have the right thereafter upon payment of the Exercise Price in effect immediately prior to such action to receive upon exercise of this Warrant the kind and amount of shares and other securities and property which such holder would have been entitled to receive after the happening of such consolidation, merger, sale, transfer or lease had this Warrant been exercised immediately prior to such action, and the Company or such successor or purchasing entity, as the case may be, shall execute with the Warrantholder an agreement to that effect. Such agreement shall provide for adjustments, which shall be as nearly equivalent as practicable to the adjustments provided for in this Section 6. The provisions of this Subsection 6.2 shall apply similarly to successive consolidations, mergers, sales, transfers or leases. 6.3. ADJUSTMENTS. (a) Stock Dividends, Distributions or Subdivisions. In the event the Company at any time or from time after the date hereof shall issue additional shares of Common Stock pursuant to a stock dividend, stock distribution, subdivision, share split or reclassification, then, and in each such case, concurrently with the effectiveness of such event, the Exercise Price in effect immediately prior to such event shall be proportionately decreased with the number of Warrant Shares purchasable upon exercise of this Warrant immediately prior to such event shall be proportionately increased. (b) Combinations or Consolidations. In the event the outstanding shares of Common Stock shall be combined or consolidated, by reclassification, reverse split or otherwise, into a lesser number of shares of Common Stock, concurrently with the effectiveness of such event, the Exercise Price in effect immediately prior to such event shall be proportionately increased and the number of Warrant Shares purchasable upon exercise of this Warrant immediately prior to such event shall be proportionately decreased. (c) Issuance of Additional Shares of Common Stock. (i) In the event the Company at any time or from time to time after the date hereof shall issue or sell Additional Shares (as defined below) without consideration or for a consideration per share less than the Exercise Price in effect immediately prior to the issuance, then the Exercise Price shall be reduced to the price at which such Additional Shares are issued. The total number of shares of Common Stock to be purchased under the Warrant shall be increased by dividing the new Exercise Price into the aggregate exercise amount of the Warrant prior to the lowering of the Exercise Price. 5 (ii) In the event the Company shall issue Additional Shares for a consideration per share less than the Fair Market Value of the Common Stock as of the date of such issuance, but greater than the Exercise Price in effect immediately prior to the issuance, then the Exercise Price shall be reduced (but in no event increased) to the amount determined by multiplying such Exercise Price by a fraction: (A) the numerator of which is the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Shares plus the number of shares of Common Stock that the aggregate consideration, if any, received by the Company for the Additional Shares so issued would purchase at a price equal to the Fair Market Value of the Common Stock as of the date of issuance; and 6 (B) the denominator of which is the number of shares of Common Stock outstanding immediately prior to the issuance of such Additional Shares plus the number of Additional Shares so issued. The total

number of shares of Common Stock to be purchased under the Warrant shall be increased by dividing the new Exercise Price into the aggregate exercise amount of the Warrant prior to the lowering of the Exercise Price. (iii) If the Company issues Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by mutual agreement of the Warrantholder and the Company. (iv) If the Company issues options or rights to purchase or subscribe for Common Stock, securities convertible into or exchangeable for Common Stock or options or rights to purchase or subscribe for such convertible or exchangeable securities, the following provisions shall apply for all purposes of calculating the number of shares of Common Stock outstanding under this Subsection 6.3 upon the Exercise of the Warrants: (A) The aggregate maximum number of shares of Common Stock deliverable upon exercise (assuming the satisfaction of any conditions to exercisability including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) of such options or rights to purchase or subscribe for Common Stock shall be deemed to have been issued at the time such options or rights were issued and for a 6 consideration equal to the consideration, if any, received by the Company upon the issuance of such options or rights plus the exercise price provided in such options or rights (without taking into account potential antidilution adjustments) for the Common Stock covered thereby. (B) The aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange (assuming the satisfaction of any conditions to convertibility or exchangeability, including, without limitation, the passage of time, but without taking into account potential antidilution adjustments) for any such convertible or exchangeable securities, or options or rights to purchase or subscribe therefore, shall be deemed to have been issued at the time such securities were issued or such options or rights were issued and for consideration equal to the consideration, if any, received by the Company for any such securities and related options or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the additional consideration, if any, to be received by the Company (without taking into account potential antidilution adjustments) upon the conversion or exchange of such securities or the exercise of any related options or rights. (C) In the event of any change in the number of shares of Common Stock deliverable or in the consideration payable to the Company upon exercise of such options or rights or upon conversion of or in exchange for such convertible or exchangeable securities, including, but not limited to, a change resulting from the antidilution provisions thereof, the Exercise Price, to the extent previously adjusted upon the issuance of such options, rights or securities, shall be readjusted to reflect such change, but no further adjustment shall be made for the actual issuance of Common Stock or any payment of such consideration upon the exercise of any such options or rights or the conversion or exchange of such securities. (D) Upon the expiration of any such options or rights, the termination of any such rights to convert or exchange or the expiration of any options or rights related to such convertible or exchangeable securities, the Exercise Price, to the extent previously adjusted upon the issuance of such options, rights or securities or options or rights related to such securities, shall be readjusted to reflect the issuance of only the number 7 of shares of Common Stock (and convertible or exchangeable securities which remain in effect) actually issued upon the exercise of such options or rights, upon the conversion or exchange of such securities or upon the exercise of the options or rights related to such securities. (E) The number of shares of Common Stock deemed issued and the consideration deemed paid therefore pursuant to Subsections 6.3(c)(iv)(A) and (B) shall be appropriately adjusted to reflect any change, termination or expiration of the type described in either Subsection 6.3(c)(iv)(C) or (D). (F) Notwithstanding the foregoing provisions of this Subsection 6.3(c)(iv), the adjustments required by this Subsection 6.3 with respect to the issuance of options under

employee benefit plans of the Company shall be made, in the aggregate, only after the Warrantholder has notified the Company that it intends to exercise this Warrant, in whole or in part, at which time the required adjustments shall be made with respect to all such options that shall have been issued on or prior to the date of such notice and remain outstanding (it being understood that if any such options are actually exercised prior thereto, the appropriate adjustments, if any, shall be made pursuant to the applicable provision of this subsection 6.3(c) at the time of exercise). (v) "Additional Shares" shall mean any shares of Common Stock issued (or deemed to have been issued as contemplated by Subsection 6.3(c)(iv)) by the Company on or after the date of this Warrant other than (i) the Common Stock issued upon exercise of the Warrants, (ii) the issuance and sale of, or the grant of options to purchase up to 100,000 shares (subject to adjustment in accordance with Section 6.3(a) or (b)) of Common Stock, after the date of this Warrant, to employees, directors or officers of, or bona fide by the Company's Board of Directors, and (iii) Common Stock issued pursuant to the exercise of any stock option, warrant or other right to purchase Common Stock outstanding on the date of this Warrant. (vi) "Warrants" shall mean the warrants to purchase shares of Common Stock issued by the Company pursuant to the Securities Purchase Agreement (as defined below). 8 Section 7. MISCELLANEOUS. 7.1. ENTIRE AGREEMENT. This Warrant was issued pursuant to the terms and conditions of a certain Securities Purchase Agreement, dated as of March 31, 2001, by and among the Company and, among others, the Warrantholder (the "Securities Purchase Agreement"). This Warrant and the Securities Purchase Agreement constitute the entire agreement between the Company and the Warrantholder with respect to this Warrant and the Warrant Shares. 7.2. BINDING EFFECTS; BENEFITS. This Warrant shall inure to the benefit of and shall be binding upon the Company, the Warrantholder, and each of their respective heirs, legal representatives, successors and assigns. Nothing in this Warrant, expressed or implied, is intended to or shall confer on any person entity other than the Company, the Warrantholder, and each of their respective heirs, legal representatives, successors or assigns, any rights, remedies, obligations or liabilities under or by reason of this Warrant. 7.3 TRANSFER RESTRICTIONS; ASSIGNMENT. This Warrant may not be transferred, in whole or in part, without the prior written consent of the Company, which may be given or withheld in the Company's sole discretion. 7.4. AMENDMENTS. This Warrant may not be modified or amended except by a written instrument signed by the Company and the Warrantholder. 7.3. SECTION AND OTHER HEADINGS. The section and other headings contained in this Warrant are for reference purposes only and shall not be deemed to be a part of this Warrant or to affect the meaning or interpretation of this Warrant. 7.4. FURTHER ASSURANCES. Each of the Company and the Warrantholder shall do and perform all such further acts and things and execute and deliver all such other certificates, instruments and/or documents as any party hereto may reasonably request in connection with the performance of the provisions of this Warrant. 7.5. NOTICES. All demands, requests, notices, and other communications required or permitted to be given under this Warrant shall be in writing and shall be deemed to have been duly given if delivered personally, sent by confirmed facsimile or sent by United States certified or registered first class mail, postage prepaid, to the parties hereto at the following addresses or at such other address as any party hereto shall hereafter specify by notice to the other party hereto: (a) if to the Company, addressed to: Gulfport Energy Corporation 6307 Waterford Blvd., Suite 100 Oklahoma City, Oklahoma 73118 Attention: Lisa Holbrook, Esq. Telephone No.: (405) 848-8807 Facsimile No.: (405) 848-8816 9 (b) If to the Warrantholder or any other holder, addressed to the address of such person appearing on the books of the Company. Except as otherwise provided herein, all such demands, requests, notices and other communications shall be deemed to have been received on the date of personal delivery thereof, the sending of

confirmed facsimile thereof or on the third Business Day after the mailing thereof. 7.6. SEPARABILITY. Any term or provision of this Warrant which is invalid or unenforceable in any jurisdiction shall be ineffective in such jurisdiction to the extent of such invalidity or unenforceability without rendering invalid or unenforceable any other term or provision of this Warrant or affecting the validity or enforceability of any of the terms or provisions of this Warrant in any other jurisdiction. 7.7. FRACTIONAL SHARES. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. With respect to any fraction of a share called for upon any exercise hereof, the Company shall pay to the Warrantholder an amount in cash equal to such fraction multiplied by the Fair Market Value of a share of Common Stock as of the date of such exercise. 7.8. GOVERNING LAW; CONSENT TO JURISDICTION. This Warrant shall be governed by, and construed in accordance with, the laws of the State of New York (without giving effect to any choice or conflict of law provisions). Each of the parties hereby irrevocably and unconditionally submits to the jurisdiction of the courts of the State of New York and of the federal courts sitting in the State of New York in all actions or proceedings arising out of or relating to this Warrant. Each of the parties agrees that all actions or proceedings arising out of or relating to this Warrant must be litigated exclusively in any state or federal court in the City of New York, and accordingly, each party irrevocably waives any objection which it may now or hereafter have to the laying of the venue of any such litigation in any such court. Each of the parties hereby irrevocably and unconditionally waives its right to a jury trial in any action arising out of or relating to this Warrant. 7.9. EQUITABLE RELIEF. The Company recognizes that, in the event the Company fails to perform, observe or discharge any of its obligations or liabilities under this Warrant, any remedy of law may prove to be inadequate relief to the Warrantholder or any other holder, and therefore, the Company agrees that the Warrantholder or any other holder, if it so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages, in addition to any other remedies that may be available to it at law or in equity. 7.10. EXPENSES AND ATTORNEYS' FEES. If, at any time or times, whether prior or subsequent to the date hereof, the Warrantholder employs counsel for advice or other representation or incurs reasonable legal and/or other costs and expenses in connection with: 10 (a) the amendment, waiver or modification of any provision of this Warrant; (b) any litigation, contest, dispute, suite, proceeding or action (whether instituted by the Warrantholder, the Company or any other person) in any way relating to this Warrant, unless a court of competent jurisdiction finds in favor of the Company as the prevailing party, and awards court costs and attorneys' fees to the Company as such prevailing party; or (c) any attempt to enforce any rights of the Warrantholder against the Company or any other person that may be obligated to the Warrantholder by virtue of this Warrant in accordance with the terms of this Warrant; then, in any such event, the reasonable attorneys' fees arising from such services and all reasonable expenses, costs, charges, and fees of counsel or of the Warrantholder in any way or respect arising in connection with or relating to any of the events or actions described in this subsection shall be payable on demand by the Company, to the Warrantholder. 7.11. COUNTERPARTS. This Warrant may be separately executed in counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to constitute one and the same Warrant. [REMAINDER OF PAGE INTENTIONALLY LEFT BLANK] 11 IN WITNESS WHEREOF, the Company and the initial Warrantholder have caused this Warrant to be signed by their duly authorized officers as of the _____ day of _____, 2002. GULFPORT ENERGY CORPORATION By: ---------- Mike Liddell, Chief Executive Officer WARRANTHOLDER By: ---------- 12 GULFPORT ENERGY CORPORATION WARRANT

EXERCISE FORM (To be executed upon exercise Warrant) The undersigned, the record holder of this Warrant, hereby irrevocably elects to exercise the right, represented by this Warrant, to purchase _____ of the Warrant Shares and herewith pays the Exercise Price in accordance with the terms of this Warrant by (check applicable boxes): [ ] tendering payment for such Warrant Shares to the order of GULFPORT ENERGY CORPORATION in the amount of $_____. [ ] delivering to the Company such shares of Cumulative Preferred Stock, Series A, par value $0.01 per share, having a Liquidation Preference (as defined in the Certificate of Designations for the Company's Cumulative Preferred Stock Series A) together with accrued and unpaid dividends of $_____. [ ] surrendering the undersigned's purchase rights with respect to _____ Warrant Shares, having an aggregate Fair Market Value as of the date of this exercise of $_____, which equals or exceeds the aggregate Exercise Price of the Warrant Shares being purchased, as permitted by subsection 2.6 of the Warrant. (The Company shall refund to the Warrantholder in cash any such excess value, not to exceed 99.9% of the Fair Market Value of one share of Common Stock). The undersigned requests that a certificate for the Warrant Shares being purchased be registered in the name of _____ and that such certificate be delivered to _____. Date _____ Signature _____ FORM OF ASSIGNMENT FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers all of the rights of the undersigned under the within Warrant, with respect to the number of shares of Common Stock covered thereby set forth below, to: Name of Assignee Address No. of Shares ---------- and hereby irrevocable constitutes and appoints _____ as agent and attorney-in-fact to transfer said Warrant on the books of Gulfport Energy Corporation, with full power of substitution in the premises. Dated _____ In the presence of _____ Name: _____ Signature: _____ Title of Signing Offer or Agent (if any): Address: _____ _____ Note: The above signature should correspond with the name on the face of the within Warrant. CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS OF PREFERRED STOCK AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS THEREOF OF GULFPORT ENERGY CORPORATION CUMULATIVE PREFERRED STOCK, SERIES A ---------- Pursuant to Section 151 of the General Corporation Law of the State of Delaware ---------- The following resolution has been duly adopted by the Board of Directors (such Board, including any committee thereof duly authorized to act on behalf of such Board, herein referred to as the "Board") of Gulfport Energy Corporation, a Delaware corporation (the "Corporation"), pursuant to the provisions of Section 151 of the General Corporation Law of the State of Delaware, which resolution remains in full force and effect as of the date hereof: RESOLVED that, pursuant to the authority expressly granted to and vested in the Board by the provisions of the Certificate of Incorporation of the Corporation, as amended (collectively, the "Certificate of Incorporation") to fix by resolution or resolutions the designation, number and voting powers, if any, of each series of Preferred Stock, par value $0.01 per share (the "Preferred Stock") of the Corporation and the preferences and relative, participating, optional and other special rights and qualifications, limitations and restrictions thereof, the Board hereby authorizes and creates a series of Preferred Stock on the terms and with the provisions (in addition to those set forth in the Certificate of Incorporation of the Corporation that are applicable to all Preferred Stock) as follows: SECTION 1. Designation, Number of Shares and Liquidation Preference. The series of Preferred Stock created by this resolution shall be designated the "Cumulative Preferred

Stock, Series A" (the "Series A Preferred Stock"). The number of authorized shares of Series A Preferred Stock shall be 15,000. The liquidation preference of each share of Series A Preferred Stock (the "Liquidation Preference") shall be $1,000.00. SECTION 2. Rank. The Series A Preferred Stock shall, as to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding up of the Corporation, rank (i) prior to the Common Stock, par value $.01 per share (the "Common Stock"), and any other capital stock, of the Corporation (other than any other class or series of a class of capital stock of the Corporation the terms of which expressly provide that the shares thereof rank senior or on a parity as to the payment of dividends and the distribution of assets upon the liquidation, dissolution or winding up of the Corporation with the shares of the Series A Preferred Stock) (such securities, other than those described in the immediately preceding parenthetical clause, collectively referred to herein as the "Junior Securities") and (ii) on a parity with any other class or series of a class of capital stock of the Corporation the terms of which expressly provide that the shares thereof rank on a parity as to the payment of dividends and the distribution of assets upon liquidation, dissolution or winding up of the Corporation with the shares of the Series A Preferred Stock (the "Parity Securities"). SECTION 3. Dividends. (a) (i) The holders of outstanding shares of Series A Preferred Stock shall be entitled to receive, in preference to the holders of shares of Junior Securities, out of funds of the Corporation legally available for the payment of dividends, a cumulative dividend at the rate per annum of $120 per share of Series A Preferred Stock, subject to the provisions of Subsection (ii) below (the "Series A Preferred Dividend"). Dividends shall accrue and be payable quarterly, in arrears on each June 30, September 30, December 31, and March 31 (each a "Dividend Payment Date"), commencing on June 30, 2002. Each quarter, to the extent the Corporation has funds legally available, the Board of Directors of the Corporation shall declare and the Corporation shall pay the Series A Preferred Dividend to the holders of the Series A Preferred Stock. Each such quarterly dividend shall be cumulative and shall accumulate, whether or not earned or declared and whether or not there are funds of the Corporation legally available for payment of dividends, for the period (each, a "Dividend Period") commencing on and including the most recent Dividend Payment Date to which dividends have been paid or accumulated to but excluding the next succeeding Dividend Payment Date, except (x) that the Dividend Period terminating on June 30, 2002 (the "Initial Dividend Period") shall commence on and include the date of original issuance of the Series A Preferred Stock and (y) as otherwise provided in Sections 4 and 6 with respect to shares of Series A Preferred Stock that are redeemed or with respect to which distributions are made upon a Liquidation Transaction (as defined in Section 6). (ii) Dividends shall be payable, net of any amounts required to be withheld for or with respect to taxes, to holders of record as they appear on the stock books of the Corporation at the close of business on such record dates, not more than 60 days nor less than 10 days prior to the respective Dividend Payment Date, as shall be fixed by the Board. If any Dividend Payment Date is not a Business Day (as defined below), the quarterly dividend to be paid on such Dividend Payment Date shall be paid on the next following Business Day. A "Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are required or authorized by law to be closed. Dividends shall be payable in cash; provided, however, the Board may, at its option, with respect to any Dividend Period ending on or prior to March 31, 2004, in lieu of declaring a cash dividend for such Dividend Period, declare a dividend payable in whole or in part in shares of Series A Preferred Stock, provided, further, that if the Board elects to pay such a dividend, the sum of (1) the aggregate Liquidation Preference of the shares of Series A Preferred 2 Stock declared as a dividend, and (2) any cash so paid as a dividend shall equal 125% of the cash dividend accruing for such Dividend Period without regard to this and the preceding proviso. Accumulated and unpaid

dividends for any past Dividend Periods shall be declared and paid at such time as the Corporation has funds legally available therefor, without reference to any Dividend Payment Date, to holders of record on such date, not exceeding 45 days preceding the payment date thereof, as may be fixed by the Board. (iii) Payments of dividends in cash shall be made in coin or currency of the United States that as of the date of payment shall be legal tender for payment of public and private debts by mailing a check to each holder of shares of Series A Preferred Stock at the address of such holder as shown on the stock books of the Corporation. (iv) Payments of dividends in Series A Preferred Stock shall be made by mailing within five (5) days of the relevant Dividend Payment Date to each holder of shares of Series A Preferred Stock at the address of such holder as shown on the stock books of the Corporation (a) a certificate or certificates representing the shares of Series A Preferred Stock to which such holder is entitled and (b) a check made payable for an amount corresponding to any fractional interest in a share of Series A Preferred Stock as provided in this clause (iv). All shares of Series A Preferred Stock issued and delivered pursuant to Subsection 3(a)(ii) will upon issuance by the Corporation and delivery be duly and validly issued, fully paid and nonassessable. If any shares of Series A Preferred Stock are listed on any national securities exchange, the Corporation shall, if permitted by the rules of such exchange, list the shares of Series A Preferred Stock to be delivered pursuant to Subsection 3(a)(ii), prior to such payment, on such exchange. The Corporation shall have the option of issuing fractional shares of Series A Preferred Stock or scrip representing fractional shares of Series A Preferred Stock upon payment of dividends or, in lieu thereof, paying a cash adjustment in respect of such fractional interest in an amount equal to that fraction of the Liquidation Preference. The Corporation shall pay all documentary, stamp, transfer or other transactional taxes attributable to the issuance or delivery of shares of Common Stock pursuant to this Section 3; provided that the Corporation shall not be required to pay any taxes payable in respect of any transfer involved in the issuance or delivery of any certificates representing such shares of Series A Preferred Stock in a name other than that of the holder of the shares of Series A Preferred Stock in respect of which such certificates are being issued and no such issuance or delivery shall be made unless and until the holder requesting such issuance has paid to the Corporation the amount of any such tax or has established to the reasonable satisfaction of the Corporation that such tax is not required to be paid. (b) Subject to the provisions of Subsection 3(a)(ii) above, the amount of dividends payable for each full Dividend Period for the Series A Preferred Stock shall be computed by dividing the annual cash dividend rate by four. The amount of dividends payable for the Initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series A Preferred Stock shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Holders of shares of Series A Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Series A Preferred Stock. (c) All dividends paid with respect to shares of Series A Preferred Stock shall be paid pro rata to the holders entitled thereto. 3 (d) When dividends are not paid in full upon the Series A Preferred Stock, any dividends declared or paid upon shares of Series A Preferred Stock and any Parity Securities shall be declared or paid, as the case may be, pro rata so that the amounts of dividends declared or paid, as the case may be, per share on the Series A Preferred and such other Parity Securities in all cases bear to each other the same ratio that accumulated and unpaid dividends per share on the shares of Series A Preferred Stock and such other Parity Securities bear to each other. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock, or any Parity Security, which may be in arrears. (e) Unless full cumulative dividends on the Series A Preferred Stock have been or contemporaneously are declared by the Board

and paid or declared and an amount of cash or, to the extent permitted under Subsection 3(a)(ii), shares of Series A Preferred Stock, as the case may be, sufficient for the payment thereof set apart by the Corporation for all Dividend Periods terminating on or prior to the date of payment of dividends on any Junior Securities, no dividends shall be declared or paid or any sum set apart for such payment or any other distribution made on or with respect to such Junior Securities for any period, other than dividends payable or distributions made in shares of Junior Securities. (f) Unless full cumulative dividends on the Series A Preferred Stock have been or contemporaneously are declared by the board and paid or declared and an amount of cash or, to the extent permitted under Subsection 3(a)(ii), shares of Series A Preferred Stock, as the case may be, sufficient for the payment thereof set apart by the Corporation for all Dividend Periods terminating on or prior to the date of any event described in clause (x) or (y) of this Subsection 3(f), the Corporation shall not, and shall not permit its Subsidiaries to (x) redeem, purchase, retire or otherwise acquire for any consideration any shares of Series A Preferred Stock, unless (A) all shares of Series A Preferred Stock outstanding shall be redeemed or (B) the shares of Series A Preferred Stock are redeemed, purchased, retired or otherwise acquired pro rata from among the holders of the shares then outstanding or (y) redeem, purchase, retire or otherwise acquire for any consideration, or make any payment on account of a sinking fund or other similar fund for redemption, purchase, retirement or acquisition of, any Junior Securities or any Parity Securities, or any warrant, right or option to purchase any thereof, or make any distribution in respect thereof, directly or indirectly, whether in cash, obligations or securities of the Corporation or other property, except (i) in the case of Junior Securities, redemptions, purchases, retirements, acquisitions or distributions made in shares of Junior Securities or redemptions, purchases or acquisitions of shares of Common Stock for purposes of any employee benefit plan or program of the Corporation or any Subsidiary and (ii) in the case of Parity Securities, redemptions, purchases, retirements, acquisitions or distributions made pro rata so that the amounts redeemed, purchased, retired or otherwise acquired or paid or distributed in respect thereof, as the case may be, per share on the Series A Preferred Stock and such other Parity Securities in all cases bear to each other the same ratio that accumulated and unpaid dividends on the Series A Preferred Stock and such other Parity Securities bear to each other. A "Subsidiary" means any corporation, association or other business entity more than 50% of the shares of stock of any class or classes (or equivalent interests) of which is at the time owned by the Corporation or by one or more Subsidiaries of the Corporation or by the Corporation and one or more Subsidiaries of the Corporation, if the holders of the stock of such class or classes (or equivalent interests) are ordinarily, 4 in the absence of contingencies, entitled to vote for the election of a majority of the directors (or Persons performing similar functions) of such business entity. A "Person" means any individual, corporation, limited liability company, partnership, firm, joint venture, association, joint stock company, trust, unincorporated organization, governmental or regulatory authority or other entity. SECTION 4. Redemption. (a) (i) To the extent the Corporation shall have funds legally available therefor, the Series A Preferred Stock shall be subject to redemption in cash, at the option of the Corporation, at any time, in part from time to time or in whole, at a price per share (the "Optional Redemption Price") equal to (x) 100% of the Liquidation Preference per share plus (y) an amount per share equal to all accrued and unpaid cash dividends thereon, whether or not declared or payable, to the date fixed by the Corporation for such redemption (an "Optional Redemption Date"). (ii) On March 29, 2007 (the "Mandatory Redemption Date"), the Corporation shall redeem out of the assets of the Corporation legally available therefor, all of the shares of Series A Preferred Stock then outstanding at a price per share (the "Mandatory Redemption Price") payable in cash equal to (x) 100% of the Liquidation Preference per share plus (y) an amount per

share equal to all accrued and unpaid dividends thereon, whether or not declared or payable, to the Mandatory Redemption Date. (b) (i) Notice of any redemption pursuant to Subsection 4(a) shall be given not less than 30 nor more than 60 days prior to the Optional Redemption Date or Mandatory Redemption Date, as the case may be, to each holder of record of the shares to be redeemed, by first class mail, postage prepaid, at such holder's address as the same appears on the stock records of the Corporation. Neither the failure to mail any such notice, nor any defect therein or in the mailing thereof, to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed, whether or not the holder receives the notice. Each such notice shall state, in addition to any information the Corporation deems appropriate: (i) the Optional Redemption Date or Mandatory Redemption Date, as the case may be; (ii) the number of shares of Series A Preferred Stock of such holder to be redeemed; (iii) the applicable redemption price; and (iv) the place or places where certificates for shares of Series A Preferred Stock are to be surrendered for redemption. (ii) In order to facilitate the redemption of the Series A Preferred Stock, the Board may cause the transfer books of the Corporation for the Series A Preferred Stock to be closed, not more than 60 days or less than 30 days prior to the Optional Redemption Date or Mandatory Redemption Date, as the case may be. (c) (i) From and after the Optional Redemption Date or Mandatory Redemption Date, as the case may be (unless the Corporation shall fail to set apart the cash necessary to effect such redemption), (x) except as otherwise provided herein, dividends on the shares of the Series A Preferred Stock so 5 called for redemption shall cease to accrue, (y) such shares of Series A Preferred Stock shall no longer be deemed to be outstanding and (z) all rights of the holders thereof as holders of Series A Preferred Stock shall cease except as provided in clause (iii) of this Subsection 4(c). (ii) The Corporation's obligation to pay the Optional Redemption Price or the Mandatory Redemption Price in accordance with clause (i) of this Subsection 4(c) shall be deemed fulfilled if, on or before the Optional Redemption Date or Mandatory Redemption Date, as the case may be, the Corporation shall deposit with a bank or trust company that has an office in the borough of Manhattan, City of New York, and that has a capital and surplus of at least $50,000,000, cash in the amount of the Optional Redemption Price or Mandatory Redemption Price, as the case may be, in trust, with irrevocable instructions that such cash be applied to the redemption of the shares of Series A Preferred Stock called for redemption. (iii) Unless the Corporation defaults in the payment of the Optional Redemption Price or Mandatory Redemption Price, as the case may be, the shares of Series A Preferred Stock to be redeemed shall from and after the close of business on the Optional Redemption Date or the Mandatory Redemption Date, as the case may be, cease to accumulate dividends and the only right of the holders of such shares shall be to receive payment of the Optional Redemption Price or the Mandatory Redemption Price, as the case may be. No interest shall accrue for the benefit of the holders of Series A Preferred Stock to be redeemed on any sum set aside by the Corporation in connection with a redemption pursuant to this Section 4. Subject to applicable escheat laws, any cash unclaimed at the end of two years from the Optional Redemption Date or the Mandatory Redemption Date, as the case may be, shall revert to the general funds of the Corporation and, upon demand, such bank or trust company shall pay over to the Corporation such unclaimed cash, and thereupon such bank or trust company shall be relieved of all responsibility in respect thereof and any holder of Series A Preferred Stock shall look only to the general funds of the Corporation for the payment of such cash. Any interest accrued on cash deposited pursuant to this Subsection 4(c) shall be paid from time to time to the Corporation for its own account. (iv) As promptly as possible after the surrender of the certificates for any shares of Series A Preferred Stock redeemed pursuant to this

Section 4 (with appropriate endorsements and any transfer documents reasonably requested by the corporation or any transfer agent designated by the Corporation), such certificates shall be exchanged for the Optional Redemption Price or Mandatory Redemption Price, as the case may be, for such shares. (d) In the event that the Corporation shall default in the payment of the Optional Redemption Price or Mandatory Redemption Price, as the case may be, the shares of Series A Preferred Stock so called for redemption shall thereafter be deemed to be outstanding and the holders thereof shall have all of the rights of a holder of Series A Preferred Stock; provided, however, that the Corporation shall pay such Optional Redemption Price or Mandatory Redemption Price, in whole or in part, as soon as it has funds legally available therefor. (e) Any fraction of a share of Series A Preferred Stock may be redeemed in the same manner in which a whole share of Series A Preferred Stock may be 6 redeemed pursuant to this Section 4, provided that the cash payable upon the redemption of such fractional interest shall be determined by multiplying the cash payment upon the redemption of one share of Series A Preferred Stock by that fraction. (f) Upon any redemption of Series A Preferred Stock, the Corporation shall pay all accumulated and unpaid dividends (whether or not earned or declared) to but excluding the Optional Redemption Date or the Mandatory Redemption Date, as the case may be. If the Optional Redemption Date or the Mandatory Redemption Date, as the case may be, falls after a dividend payment record date and prior to the corresponding Dividend Payment Date, then each holder of Series A Preferred Stock at the close of business on such dividend payment record date shall be entitled to the dividend payable on such shares on the corresponding Dividend Payment Date (but without duplication of any amounts payable pursuant to the preceding sentence in respect of accumulated and unpaid dividends), notwithstanding the redemption of such shares before such Dividend Payment Date. (g) Payment of the Optional Redemption Price or the Mandatory Redemption Price, as the case may be, to a holder of shares of Series A Preferred Stock shall be made in coin or currency of the United States that as of the date of payment shall be legal tender for payment of public and private debts by mailing a check to such holder at the address of such holder as shown on the stock books of the Corporation. SECTION 5. Shares to be Retired. All shares of Series A Preferred Stock purchased or redeemed by the Corporation shall be retired and cancelled and shall be restored to the status of authorized but unissued shares of Preferred Stock, without designation as to series. SECTION 6. Liquidation. (a) The shares of Series A Preferred Stock shall rank prior to the shares of Junior Securities upon liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (a "Liquidation Transaction"), so that in the event of any Liquidation Transaction, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to receive out of the assets or surplus funds of the Corporation available for distribution to its stockholders, or proceeds thereof, whether from capital, surplus or earnings, before any distribution is made to holders of any Junior Securities, a liquidation preference in an amount per share of Series A Preferred Stock equal to the Liquidation Preference, plus an amount equal to all dividends (whether or not earned or declared) accumulated and unpaid on the shares of Series A Preferred Stock to the date of final distribution. (b) If, upon any Liquidation Transaction, the assets or surplus funds of the Corporation, or proceeds thereof, whether from capital, surplus or earnings, distributable among the holders of shares of Series A Preferred Stock and any Parity Securities then outstanding are insufficient to pay in full the preferential liquidation payments due to such holders, such assets, surplus funds or proceeds shall be distributable among such holders ratably in accordance with the amounts that would be payable on such shares of Series A Preferred Stock and Parity Securities if all amounts payable thereon were payable in full. 7 (c) Neither the consolidation, merger or other business combination of the Corporation with or into any other Person or Persons nor the

sale or transfer of all or substantially all the assets of the Corporation shall be deemed to be a Liquidation Transaction. SECTION 7. Voting Rights. (a) The holders of shares of Series A Preferred Stock shall not be entitled to any voting rights except as provided in this Section 7, the Certificate of Incorporation of the Corporation or as otherwise required by law. (b) So long as any shares of Series A Preferred Stock are outstanding, unless the vote or consent of the holders of a greater number of shares shall be required by law or by the Certificate of Incorporation, the affirmative vote of at least 66 2/3% of the votes entitled to be cast by the holders of the shares of Series A Preferred Stock given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating: (i) Any amendment, alteration or repeal of any of the provisions of the Certificate of Incorporation that adversely affects the voting powers, rights or preferences of the holders of the Series A Preferred Stock; provided, that the amendment of the provisions of the Certificate of Incorporation so as to authorize or create, or to increase the authorized amount of, any shares of any Junior Securities or any shares of any class of Parity Securities shall not be deemed to have a material adverse effect on the voting powers, rights or preferences of the holders of Series A Preferred Stock; or (ii) the authorization or creation of, or the increase in the authorized amount of, any shares of (x) any class or series of a class of capital stock of the Corporation the terms of which expressly provide that the shares thereof rank senior as to the payment of dividends or the distribution of assets upon the liquidation, dissolution or winding up of the Corporation to the shares of the Series A Preferred Stock (the "Senior Securities") or (y) any security convertible into, or exchangeable or exercisable for, shares of any Senior Securities; provided, however, that no such vote of the holders of Series A Preferred Stock shall be required if the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such Senior Securities or security convertible into, or exchangeable or exercisable for, Senior Securities is to be made, as the case may be, is after the Mandatory Redemption Date or an Optional Redemption Date for all outstanding shares of Series A Preferred Stock and the Mandatory Redemption Price or Optional Redemption Price of the Series A Preferred Stock, as the case may be, shall have been irrevocably deposited as provided in clause (ii) of Subsection 4(c). For purposes of the foregoing provisions of this Section 7, each share of Series A Preferred Stock shall have one vote per share. Except as otherwise required by applicable law or as set forth herein, the shares of Series A Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers and the consent of the holders thereof shall not be required for the taking of any corporate action. 8 * * * 9 IN WITNESS WHEREOF, Gulfport Energy Corporation has caused this Certificate of Designations, Preferences and Relative, Participating, Optional and other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions thereof of its Cumulative Preferred Stock, Series A, to be duly executed by its _____ and attested to by its Secretary and has caused its corporate seal to be affixed hereto, as of this _____ day of _____, 2002. ---------- Name: Title: [Corporate Seal] ATTEST: ---------- Name: Title: 10