UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 22, 2019**

Jones Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**001-36006**	**80-0907968**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

807 Las Cimas Parkway, Suite 350 **Austin, Texas** (Address of Principal Executive Offices)	**78746** (Zip Code)

Registrant's telephone number, including area code: **(512) 328-2953**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02. Results of Operations and Financial Condition.

On February 27, 2019, Jones Energy, Inc. (the "Company"), issued a press release announcing its earnings for the fourth quarter of 2018 and the year ended December 31, 2018. A copy of the Company's press release is attached hereto and furnished as Exhibit 99.1 and is incorporated in this report by reference.

The information in this Item 2.02, including the accompanying Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liability of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of the general incorporation language of such filing, except as shall be expressly set forth by specific reference in such filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Employment Agreements

Thomas Hester Employment Agreement

As previously disclosed, on January 14, 2019, the Company entered into a severance agreement with Mr. Thomas Hester (the "Original Hester Severance Agreement"). On February 27, 2019, Jones Energy, LLC, a wholly owned subsidiary of the Company, and Mr. Hester, in his capacity as the Company's Chief Financial Officer, entered into an Employment Agreement (the "Hester Employment Agreement") which superseded the Original Hester Severance Agreement.

The Hester Employment Agreement provides that Mr. Hester will receive an annualized base salary of $378,000. In addition, Mr. Hester will (i) be entitled to annual discretionary incentive payments under the Company's annual bonus plan based on a target bonus of 80% of his base salary upon the attainment of specified performance goals established by the Board or the Compensation Committee, in its sole discretion and (ii) be eligible to participate in any future Management Incentive Plan established by the Company.

Pursuant to the Hester Employment Agreement, in the event Mr. Hester's employment is terminated (except in the context of a Change of Control as defined in the Hester Employment Agreement) (i) by the Company without Cause (as defined in the Hester Employment Agreement), (ii) by Mr. Hester for Good Reason (as defined in the Hester Employment Agreement) or (iii) as a result of the Company's non-extension of the term of his employment, (a) the Company will pay Mr. Hester a pro-rata portion of his annual bonus for the fiscal year in which the termination occurs, (b) the Company will pay Mr. Hester an amount equal to his base salary and target bonus for the calendar year during which his termination occurs, subject to certain conditions, (c) the Company will pay Mr. Hester an amount equal to his Accrued Benefits (as defined in the Hester Employment Agreement) and (d) if Mr. Hester elects to receive continued coverage under a group health plan of the Company, the Company will reimburse any portion of such premiums that exceeds the amount Mr. Hester would have paid if he were an employee of the Company for a period of up to 12 months following such termination. In the event Mr. Hester's employment is terminated (i) by the Company without Cause or by Mr. Hester for Good Reason during the twelve months immediately following the occurrence of a Change of Control or (ii) by the Company without Cause within the three months prior to the occurrence of a Change of Control, Mr. Hester would be entitled to (a) an amount equal to two times his base salary and target bonus for the calendar year during which his termination occurs, subject to certain conditions, (b) an amount equal to the pro-rata portion of Mr. Hester's annual bonus for the fiscal year in which such termination occurs, subject to certain conditions and (c) an amount equal to Mr. Hester's Accrued Benefits.

The Hester Employment Agreement also includes certain confidentiality provisions that apply indefinitely and certain noncompetition and non-solicitation covenants that apply during the period of Mr. Hester's employment with the Company and for up to one year thereafter. Unless terminated earlier in accordance with its terms, the Hester Employment Agreement will continue for an initial term of two years. In addition, on each anniversary following the initial term, unless the Hester Employment Agreement has been terminated, the term of the Hester Employment Agreement will automatically be extended for an additional year unless either party provides written notice of non-renewal at least 120 days prior to such anniversary.

The summary of the Hester Employment Agreement set forth under this Item 5.02 is qualified in its entirety by reference to the complete terms and conditions of the Hester Employment Agreement, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and incorporated by reference into this Item 5.02.

Kirk Goehring Employment Agreement

A s previously disclosed, on January 14, 2019, the Company entered into a severance agreement with Mr. Kirk Goehring (the "Original Goehring Severance Agreement"). On February 27, 2019, Jones Energy, LLC and Mr. Goehring, in his capacity as the Company's Chief Operating Officer, entered into an Employment Agreement (the "Goehring Employment Agreement") which superseded the Original Goehring Severance Agreement.

The Goehring Employment Agreement provides that Mr. Goehring will receive an annualized base salary of $425,000. In addition, Mr. Goehring will (i) be entitled to annual discretionary incentive payments under the Company's annual bonus plan based on a target bonus of 80% of his base salary upon the attainment of specified performance goals established by the Board or the Compensation Committee, in its sole discretion and (ii) be eligible to participate in any future Management Incentive Plan established by the Company.

Pursuant to the Goehring Employment Agreement, in the event Mr. Goehring's employment is terminated (except in the context of a Change of Control as defined in the Goehring Employment Agreement) (i) by the Company without Cause (as defined in the Goehring Employment Agreement), (ii) by Mr. Goehring for Good Reason (as defined in the Goehring Employment Agreement) or (iii) as a result of the Company's non-extension of the term of his employment, (a) the Company will pay Mr. Goehring a pro-rata portion of his annual bonus for the fiscal year in which the termination occurs, (b) the Company will pay Mr. Goehring an amount equal to his base salary and target bonus for the calendar year during which his termination occurs, subject to certain conditions, (c) the Company will pay Mr. Goehring an amount equal to his Accrued Benefits (as defined in the Goehring Employment Agreement) and (d) if Mr. Goehring elects to receive continued coverage under a group health plan of the Company, the Company will reimburse any portion of such premiums that exceeds the amount Mr. Goehring would have paid if he were an employee of the Company for a period of up to 12 months following such termination. In the event Mr. Goehring's employment is terminated (i) by the Company without Cause or by Mr. Goehring for Good Reason during the twelve months immediately following the occurrence of a Change of Control or (ii) by the Company without Cause within the three months prior to the occurrence of a Change of Control, Mr. Goehring would be entitled to (a) an amount equal to two times his base salary and target bonus for the calendar year during which his termination occurs, subject to certain conditions, (b) an amount equal to the pro-rata portion of Mr. Goehring's annual bonus for the fiscal year in which such termination occurs, subject to certain conditions and (c) an amount equal to Mr. Goehring's Accrued Benefits.

The Goehring Employment Agreement also includes certain confidentiality provisions that apply indefinitely and certain noncompetition and non-solicitation covenants that apply during the period of Mr. Goehring's employment with the Company and for up to one year thereafter. Unless terminated earlier in accordance with its terms, the Goehring Employment Agreement will continue for an initial term of two years. In addition, on each anniversary following the initial term, unless the Goehring Employment Agreement has been terminated, the term of the Goehring Employment Agreement will automatically be extended for an additional year unless either party provides written notice of non-renewal at least 120 days prior to such anniversary.

The summary of the Goehring Employment Agreement set forth under this Item 5.02 is qualified in its entirety by reference to the complete terms and conditions of the Goehring Employment Agreement, which is filed as Exhibit 10.2 to this Current Report on Form 8-K and incorporated by reference into this Item 5.02.

Carl F. Giesler, Jr. Third Amended and Restated Employment Agreement

On February 27, 2019, Jones Energy, LLC entered into a Third Amended and Restated Employment Agreement (the "Third Restated Employment Agreement") with Mr. Carl F. Giesler, Jr., in his capacity as the Company's Chief Executive Officer, which amended and restated the second amended and restated employment agreement entered into with Mr. Giesler on January 14, 2019 (the "Second Restated Employment Agreement") to, among other things, amend certain of Mr. Giesler's severance arrangements and certain restrictive covenants to align with the terms of Hester Employment Agreement and Goehring Employment Agreement, as further described below.

The Third Restated Employment Agreement amends Mr. Giesler's severance arrangements such that, in the event Mr. Giesler's employment is terminated (except in the context of a Change of Control as defined in the Third Restated Employment Agreement) (i) by the Company without Cause (as defined in the Third Restated Employment Agreement), (ii) by Mr. Giesler for Good Reason (as defined in the Third Restated Employment Agreement) or (iii) as a result of the Company's non-extension of the term of his employment, the Company will pay Mr. Giesler (a) a pro-rata portion of his annual bonus for the fiscal year in which the termination occurs, (b) an amount equal to two times Mr. Giesler's base salary and target bonus for the calendar year during which his termination occurs, (c) the Company will pay Mr. Giesler an amount equal to his Accrued Benefits (as defined in the Third Restated Employment Agreement) and (d) if Mr. Giesler elects to receive continued coverage under a group health plan of

the Company, the Company will reimburse any portion of such premiums that exceeds the amount Mr. Giesler would have paid if he were an employee of the Company for a period of up to 12 months following such termination, subject to certain conditions. In the event Mr. Giesler's employment is terminated (i) by the Company without Cause or by Mr. Giesler for Good Reason during the twelve months immediately following the occurrence of a Change of Control or (ii) by the Company without Cause within the three months prior to the occurrence of a Change of Control, Mr. Giesler would be entitled to (a) an amount equal to three times his base salary and target bonus for the calendar year during which his termination occurs, subject to certain conditions, (b) an amount equal to the pro-rata portion of Mr. Giesler's annual bonus for the fiscal year in which such termination occurs, subject to certain conditions and (c) an amount equal to Mr. Giesler's Accrued Benefits.

The Third Restated Employment Agreement also amends the non-solicitation and non-disparagement covenants to apply for one year after the period of Mr. Giesler's employment with the Company. In addition, the Third Restated Employment Agreement amends the notice period for either party to provide written notice of non-renewal from 90 to 120 days prior to the expiration. Other than the changes described above, the Third Restated Employment Agreement is substantially identical to the Second Restated Agreement.

The summary of the Third Restated Employment Agreement set forth under this Item 5.02 is qualified in its entirety by reference to the complete terms and conditions of the Third Restated Employment Agreement, which is filed as Exhibit 10.3 to this Current Report on Form 8-K and incorporated by reference into this Item 5.02.

Prepaid Retention Program

On February 22, 2019, the Compensation Committee recommended, and the Board of Directors approved, a prepaid retention program for its executive officers that replaces the Company's existing long-term incentive plan. The prepaid retention program includes retention payments to each of the Company's executive officers, the terms of which will be governed by the applicable letter agreement (the "Letter Agreement"). The Board of Directors approved the form of Letter Agreement and the eligible executive officers anticipate executing the Letter Agreement in the near-term. The retention payments will be paid in lump sum in cash in connection with the execution of the Letter Agreement and will total approximately 150% of base salary for Messrs. Hester and Goehring and approximately 200% of base salary for Mr. Giesler. In the event that an executive's employment is terminated within twelve months of the retention payment, other than by reason of a Qualifying Termination (as defined in the Letter Agreement), such executive will be required to repay the retention payment.

The summary of the payments under the prepaid retention program set forth under this Item 5.02 is qualified in its entirety by reference to the complete terms and conditions as set forth in the form of Letter Agreement which is filed as Exhibit 10.4 to this Current Report on Form 8-K and incorporated by reference into this Item 5.02.

Key Employee Incentive Plan

On February 22, 2019, the Compensation Committee recommended, and the Board of Directors approved, a key employee incentive plan for its executive officers that provides for quarterly bonus opportunities for the second, third and fourth quarters of 2019 based on the achievement of specified weighted performance criteria, comprised of base production levels, lease operating expense levels, general and administrative expense levels and safety.

The Compensation Committee recommended, and the Board of Directors approved, the following target quarterly bonus opportunities pursuant to the key employee incentive plan for the executive officers, up to 200% of which may be earned per quarter: approximately 27% of base salary for Mr. Giesler, 20% of base salary for Mr. Hester and 20% of base salary for Mr. Goehring.

Acceleration of LTIP Payments

On February 22, 2019, the Compensation Committee recommended, and the Board of Directors approved, the acceleration of outstanding payments to executives that are to be made under the Company's 2018 Long Term Incentive Plan. Pursuant to such acceleration, and together with the other payments to be made in the ordinary course of business under the 2018 Long Term Incentive Plan, Messrs. Giesler, Hester and Goehring will be paid an aggregate amount of $485,371 (the "LTIP Payments") on or before April 5, 2019. In the event that an executive's employment is terminated within

twelve months of the LTIP Payments, other than by reason of a Qualifying Termination (as defined in the Letter Agreement), such executive will be required to repay the any LTIP Payments that have been accelerated.

Acceleration of STIP Payments

On February 22, 2019, the Compensation Committee approved the acceleration of (i) any outstanding payments that are to be made under the Company's 2018 Short Term Incentive Plan (the "STIP") and (ii) any payments to be made under the Company's 2019 Short Term Incentive Plan for the first quarter of 2019 (the "Q1 2019 Payment"). In the event that an executive's employment is terminated within twelve months of the Q1 2019 Payment, other than by reason of a Qualifying Termination (as defined in the Letter Agreement), such executive will be required to repay the Q1 2019 Payment. Messrs. Giesler, Hester and Goehring will be paid an aggregate amount of $432,225 on account of the STIP and Q1 2019 Payment, including the payments to be accelerated (the " STIP and Q1 2019 Payments"). The STIP and Q1 2019 Payments will be made on or before April 5, 2019.

Consulting Agreement

As previously disclosed, on January 10, 2019, Jeff Tanner was transitioned from his role as an Executive Vice President and Chief Operating Officer to the non-executive role of Executive Vice President of Geosciences. Mr. Tanner will continue to work for the Company in this new position until March 7, 2019 (the "Separation Date") after which Mr. Tanner will no longer be employed by the Company.

Beginning on the Separation Date and ending on November 30, 2019, in order to assist the Company in the transition of his duties, Mr. Tanner has agreed to assist the Company's Chief Operating Officer and any other employees designated by the Chief Executive Officer of the Company pursuant to a Consulting Agreement dated February 22, 2019 (the "Tanner Consulting Agreement"). Pursuant to the Tanner Consulting Agreement, Mr. Tanner shall provide the consulting services in exchange for a monthly fee of $44,666.66. The Tanner Consulting Agreement may be terminated by the Company at any time for Cause (as defined in the Tanner Consulting Agreement).

The summary of the Tanner Consulting Agreement set forth under this Item 5.02 is qualified in its entirety by reference to the complete terms and conditions as set forth in the Tanner Consulting Agreement which is filed as Exhibit 10.5 to this Current Report on Form 8-K and incorporated by reference into this Item 5.02.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Employment Agreement, dated February 27, 2019, between Jones Energy, LLC and Thomas Hester.
10.2	Employment Agreement, dated February 27, 2019, between Jones Energy, LLC and Kirk Goehring.
10.3	Third Amended and Restated Employment Agreement, dated February 27, 2019, between Jones Energy, LLC and Carl F. Giesler, Jr.
10.4	Form of Letter Agreement.
10.5	Consulting Agreement, dated February 22, 2019, between Jeff Tanner and Jones Energy, Inc.
99.1	Press release dated February 27, 2019.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 27, 2019

JONES ENERGY, INC.

By:	/s/ Carl F. Giesler, Jr.
Name:	Carl F. Giesler, Jr.
Title:	Chief Executive Officer

JONES ENERGY, LLC.

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this " Agreement ") dated as of February 27, 2019, between Jones Energy, LLC, a Delaware corporation (the " Company "), and Thomas Hester (the " Employee ").

W I T N E S S E T H

WHEREAS , the Employee is currently serving as the Chief Financial Officer of the Company; and

WHEREAS , the Company desires to continue to employ the Employee as its Chief Financial Officer, and the Employee desires to continue to be employed by the Company in such position on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. POSITION AND DUTIES.

(a) During the Employment Term (as defined in Section 2 hereof), the Employee shall serve as the Chief Financial Officer of the Company. In this capacity, the Employee shall have the duties, authorities and responsibilities as are commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies, and such other duties, authorities and responsibilities as may reasonably be assigned to the Employee by the Company's Chief Executive Officer (the " CEO ") that are not inconsistent with the Employee's position as Chief Financial Officer of the Company. The Employee's principal place of employment with the Company shall be in Austin, Texas, provided that the Employee understands and agrees that the Employee may be required to travel from time to time for business purposes. The Employee shall report directly to the CEO.

(b) During the Employment Term, the Employee shall devote substantially all of the Employee's business time, energy, business judgment, knowledge and skill and the Employee's best efforts to the performance of the Employee's duties with the Company, provided that the foregoing shall not prevent the Employee from (i) serving on the boards of directors of non-profit organizations, (ii) participating in charitable, civic, educational, professional, community or industry affairs, and (iii) managing the Employee's passive personal investments so long as such activities in the aggregate do not materially interfere or conflict with the Employee's duties hereunder or create a potential business or fiduciary conflict.

2. EMPLOYMENT TERM. The Company agrees to employ the Employee pursuant to the terms of this Agreement, and the Employee agrees to be so employed, for a term of two (2) years (the " Initial Term ") commencing as of February 27, 2019 (the " Effective Date ").

On each anniversary of the Effective Date following the Initial Term, the term of this Agreement shall be automatically extended for successive one-year periods, provided , however , that either party hereto may elect not to extend this Agreement by giving written notice to the other party at least one hundred and twenty (120) days prior to any such anniversary date. Notwithstanding the foregoing, the Employee's employment hereunder may be earlier terminated in accordance with Section 7 hereof, subject to Section 8 hereof. The period of time between the Effective Date and the termination of the Employee's employment hereunder shall be referred to herein as the " Employment Term ."

3. BASE SALARY. The Company agrees to pay the Employee a base salary at an annual rate of $378,000, payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. The Employee's Base Salary shall be subject to annual review by the Company's Board of Directors (the " Board ") (or a committee thereof), and may be adjusted, from time to time by the Board, subject to Section 7(e) hereof. The base salary as determined herein and adjusted from time to time shall constitute " Base Salary " for purposes of this Agreement.

4. ANNUAL BONUS. Commencing with the 2019 performance year and during the Employment Term, the Employee shall be eligible to receive an annual discretionary incentive payment under the Company's annual bonus plan as may be in effect from time to time (the " Annual Bonus ") based on a target bonus opportunity of eighty percent (80%) of Base Salary (the " Target Bonus ") (provided that the Board or the Company's Compensation Committee (the " Committee ") may, in its discretion, pay the Employee a greater Annual Bonus), upon the attainment of certain pre-established performance goals established by the Board or the Committee after discussion with the CEO in its sole discretion, and subject to the Employee's continued employment with the Company through the date of payment (provided such payment is made in the ordinary course of business and consistent with historical practices) of any such Annual Bonus ultimately earned.

5. EQUITY AWARDS. The Employee will be eligible to participate in any future Management Incentive Plan established by the Company or any successor thereto.

6. EMPLOYEE BENEFITS.

(a) **BENEFIT PLANS.** During the Employment Term, the Employee shall be entitled to participate in any employee benefit plan that the Company has adopted or may adopt, maintain or contribute to for the benefit of its employees generally, subject to satisfying the applicable eligibility requirements, except to the extent such plans are duplicative of the benefits otherwise provided to hereunder. The Employee's participation will be subject to the terms of the applicable plan documents and generally applicable Company policies. Notwithstanding the foregoing, the Company may modify or terminate any employee benefit plan at any time.

(b) **VACATIONS.** During the Employment Term, the Employee shall be entitled to twenty (20) days of paid vacation per calendar year (as prorated for partial years) in accordance with the Company's policy on accrual and use applicable to employees as in effect from time to time. Up to five (5) days of any accrued and unused vacation time may be carried forward to use in the first quarter of the following year. The Employee will also be eligible for up to five (5) days

of personal time each calendar year which do not carry forward. Vacation may be taken at such times and intervals as the Employee determines, subject to the business needs of the Company.

(c) **BUSINESS EXPENSES.** Upon presentation of reasonable substantiation and documentation as the Company may specify from time to time, the Employee shall be reimbursed in accordance with the Company's expense reimbursement policy, for all reasonable out-of-pocket business expenses incurred and paid by the Employee during the Employment Term and in connection with the performance of the Employee's duties hereunder.

7. TERMINATION. The Employee's employment and the Employment Term shall terminate on the first of the following to occur:

(a) **DISABILITY.** Upon ten (10) business days' prior written notice by the Company to the Employee of termination due to Disability. For purposes of this Agreement, " Disability " shall be defined as the inability of the Employee to have performed the Employee's material duties hereunder due to a physical or mental injury, infirmity or incapacity for one hundred eighty (180) days (including weekends and holidays) in any 365-day period as determined by the Board in its reasonable discretion. The Employee shall cooperate in all respects with the Company if a question arises as to whether the Employee has become disabled, including, without limitation, submitting to reasonable examinations by one or more medical doctors and other health care specialists selected by the Company and authorizing such medical doctors and other health care specialists to discuss the Employee's condition with the Company.

(b) **DEATH.** Automatically upon the date of death of the Employee.

(c) **CAUSE.** Immediately upon written notice by the Company to the Employee of a termination for Cause. " Cause " shall mean:

(i) the refusal to perform the Employee's material job duties that continues for at least ten (10) days after written notice from the Company;

(ii) material violation of a material policy of the Company that causes material damage to the Company and that is not cured within fifteen (15) days of written notice from the Company;

(iii) the Employee's failure to cooperate in any audit or investigation of the business or financial practices of the Company or any of its subsidiaries;

(iv) willful misconduct or gross negligence in the course of the Employee's duties that causes material damage to the Company;

(v) indictment for, conviction of, or pleading of guilty or nolo contendere to a felony or any crime involving moral turpitude; or

(vi) the material breach of the restrictive covenant provisions in Section 10 hereof, that causes material damage to the Company and that is not cured within fifteen (15) days of written notice from the Company.

Any determination of Cause by the Company will be made by a resolution approved by a majority of the members of the Board, provided , that no such determination may be made until the Employee has been given written notice detailing the specific Cause event and a period of thirty (30) days following receipt of such notice to cure such event (if susceptible to cure) to the satisfaction of the Board. Notwithstanding anything to the contrary contained herein, the Employee's right to cure as set forth in Sections 7(c)(i), (ii), and (v) hereof shall not apply if there are habitual or repeated breaches by the Employee.

(d) **WITHOUT CAUSE.** Immediately upon written notice by the Company to the Employee of an involuntary termination without Cause (other than for death or Disability).

(e) **GOOD REASON.** Upon written notice by the Employee to the Company of a termination for Good Reason. " Good Reason " shall mean the occurrence of any of the following events, without the express written consent of the Employee, unless such events are fully corrected in all material respects by the Company within fifteen (15) days following written notification by the Employee to the Company of the occurrence of one of the reasons set forth below:

(i) diminution in the Employee's Base Salary or Target Bonus;

(ii) material diminution in the Employee's titles, duties, authorities, or responsibilities (other than temporarily while physically or mentally incapacitated or as required by applicable law);

(iii) the Company's material violation of this Agreement;

(iv) relocation of the Employee's primary office location by more than 35 miles; or

(v) a material reduction in the Employee's severance benefits (it being understood that any such reduction shall not be applied to the Employee terminating for Good Reason as a result of such reduction).

(f) The Employee shall provide the Company with a written notice detailing the specific circumstances alleged to constitute Good Reason within forty-five (45) days after the first occurrence of such circumstances, and actually terminate employment within fifteen (15) days following the expiration of the Company's fifteen (15)-day cure period described above. Otherwise, any claim of such circumstances as "Good Reason" shall be deemed irrevocably waived by the Employee.

(g) **WITHOUT GOOD REASON.** Upon ninety (90) days' prior written notice by the Employee to the Company of the Employee's voluntary termination of employment without Good Reason (which the Company may, in its sole discretion, make effective earlier than any notice date).

(h) **EXPIRATION OF EMPLOYMENT TERM; NON-EXTENSION OF AGREEMENT.** Upon the expiration of the Employment Term due to a non-extension of the Agreement by the Company or the Employee pursuant to the provisions of Section 2 hereof.

8. CONSEQUENCES OF TERMINATION.

(a) **DEATH.** In the event that the Employee's employment and the Employment Term ends on account of the Employee's death, the Employee or the Employee's estate, as the case may be, shall be entitled to the following (with the amounts due under Sections 8(a)(i) through 8(a)(iv) hereof to be paid within sixty (60) days following termination of employment, or such earlier date as may be required by applicable law):

(i) any unpaid Base Salary through the date of termination;

(ii) any Annual Bonus earned but unpaid with respect to the fiscal year ending on or preceding the date of termination;

(iii) reimbursement for any unreimbursed business expenses incurred through the date of termination;

(iv) any accrued but unused vacation time in accordance with Company policy; and

(v) all other payments, benefits or fringe benefits to which the Employee shall be entitled under the terms of any applicable compensation arrangement or benefit, equity or fringe benefit plan or program or grant or this Agreement (collectively, Sections 8(a)(i) through 8(a)(v) hereof shall be hereafter referred to as the " Accrued Benefits ").

In addition, the Company shall pay the Employee's estate a pro-rata portion of the Employee's Annual Bonus for the fiscal year in which the Employee's termination occurs based on actual results for such year (determined by multiplying the amount of such bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is 365) payable at the same time bonuses for such year are paid to other senior executives of the Company.

(b) **DISABILITY.** In the event that the Employee's employment and/or Employment Term ends on account of the Employee's Disability, the Company shall pay or provide the Employee with the Accrued Benefits. In addition, the Company shall pay the Employee a pro-rata portion of the Employee's Annual Bonus for the fiscal year in which the Employee's termination occurs based on actual results for such year (determined by multiplying the amount of such bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is 365) payable at the same time bonuses for such year are paid to other senior executives of the Company.

(c) **TERMINATION FOR CAUSE OR WITHOUT GOOD REASON OR AS A RESULT OF EMPLOYEE NON-EXTENSION OF THIS AGREEMENT.** If the Employee's employment is terminated (x) by the Company for Cause, (y) by the Employee without Good Reason, or (z) as a result of the Employee's non-extension of the Employment Term as provided in Section 2 hereof, the Company shall pay to the Employee the Accrued Benefits other than the benefit described in Section 8(a)(ii) hereof if such termination is for Cause.

(d) **TERMINATION WITHOUT CAUSE OR FOR GOOD REASON OR AS A RESULT OF COMPANY NON-EXTENSION OF THIS AGREEMENT.** If the Employee's employment by the Company is terminated (x) by the Company other than for Cause (excluding a Change of Control as set forth under Section 8(e)), (y) by the Employee for Good Reason, or (z) as a result of the Company's non-extension of the Employment Term as provided in Section 2 hereof (excluding a Change of Control as set forth under Section 8(e)), the Company shall pay or provide the Employee with the following, subject to the provisions of Section 24 hereof and the Employee's continued compliance with the obligations in Sections 9 , 10 and 11 hereof:

(i) the Accrued Benefits;

(ii) a pro-rata portion of the Employee's Annual Bonus for the fiscal year in which the Employee's termination occurs based on actual results for such year (determined by multiplying the amount of such bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is 365) payable at the same time bonuses for such year are paid to other senior executives of the Company;

(iii) an amount equal to the Employee's Base Salary plus the Employee's Target Bonus, payable in a lump sum within the first thirty (30) days following the Employee's termination; and

(iv) subject to (A) the Employee's timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (" COBRA ") and (B) the Employee's continued copayment of premiums at the same level and cost to the Employee as if the Employee were an employee of the Company (excluding, for purposes of calculating cost, an employee's ability to pay premiums with pre-tax dollars),continued participation in the Company's group health plan (to the extent permitted under applicable law and the terms of such plan) which covers the Employee (and the Employee's eligible dependents) for a period of twelve (12) months, provided that the Employee is eligible and remains eligible for COBRA coverage; provided , further , that the Company may modify the continuation coverage contemplated by this Section 8(d)(iv) to the extent reasonably necessary to avoid the imposition of any excise taxes on the Company for failure to comply with the nondiscrimination requirements of the Patient Protection and Affordable Care Act of 2010, as amended, and/or the Health Care and Education Reconciliation Act of 2010, as amended (to the extent applicable); and provided , further , that in the event that the Employee obtains other employment that offers group health benefits, such continuation of coverage by the Company under this Section 8(d)(iv) shall immediately cease.

Payments and benefits provided in this Section 8(d) shall be in lieu of any termination or severance payments or benefits for which the Employee may be eligible under any of the plans, policies or programs of the Company or under the Worker Adjustment Retraining Notification Act of 1988 or any similar state statute or regulation.

(e) **TERMINATION IN CONNECTION WITH A CHANGE OF CONTROL** .

(i) **Definition of Change of Control** . For purposes of this Agreement, a " Change of Control " shall mean the occurrence of one or more of the following events:

1. Any "person" or "group" within the meaning of those terms as used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, other than an affiliate of the Company, shall become the beneficial owner, by way of merger consolidation, recapitalization, reorganization or otherwise, of fifty percent (50%) or more of the combined voting power of the equity interests in the Company;

2. The Company's shareholders approve, in one or a series of transactions, a plan of complete liquidation of the Company; or

3. The sale or other disposition by the Company of all or substantially all of its assets in one or more transactions to any person other than an affiliate of the Company.

Notwithstanding the foregoing, (x) with respect to a payment that is subject to section 409A of the Internal Revenue Code of 1986, as amended (the " Code "), a "Change of Control" shall mean a "change of control event" as defined in the regulations and guidance issued under section 409A of the Code, and (y) a Change of Control shall not be deemed to have occurred solely by virtue of the filing of a voluntary petition by, or an involuntary petition against, the Company under Chapter 11 of Title 11 of the U.S. Code, it being understood, however, that the foregoing shall not apply to consummation of a plan of reorganization or any other transactions or series of transactions pursuant to, arising from, in connection with, or following, any such petition filing.

(ii) If, (1) during the twelve (12) months immediately following the occurrence of a Change of Control of the Company, Executive is terminated by the Company without Cause or resigns for Good Reason (as defined above) or (2) in the three (3) months immediately following Executive's termination by the Company without Cause (the " Tail Period "), (i) a Change of Control occurs, or (ii) the Company enters into a definitive agreement to undergo a Change of Control and such Change in Control actually occurs (each, as applicable, the " Change of Control Period "), Executive will be entitled to receive (A) within thirty (30) days after the date of termination, his Accrued Benefits (as defined above); (B) on the 60th day following the date of termination, a lump sum payment of an amount equaling two (2) times the sum of Employee's Base Salary and Employee's Target Bonus paid or payable with respect to the calendar year preceding the year in which the Change of Control occurs; and (C) a pro-rata portion of the Employee's Annual Bonus for the fiscal year in which the Employee's termination occurs based on actual results for such year (determined by multiplying the amount of such bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is 365) payable at the same time bonuses for such year are paid to other senior executives of the Company (collectively, the " Change of Control Payment "). For the sake of clarity, if benefits become payable under Section 8(d) during the Tail Period, such benefits shall be paid and Executive will be trued up if benefits under this Section 8(e) subsequently become payable thereunder. Solely for purposes of the Change of Control Payment, Executive's Base Salary (and Target Bonus, as applicable) shall be valued as in effect at the time of the Change of Control.

(f) **CODE SECTION 280G.** To the extent that any amount payable to the Employee hereunder, as well as any other "parachute payment," as such term is defined under Section 280G of the Internal Revenue Code, payable to the Employee in connection with the Employee's

employment by the Company or any of its affiliates, exceed the limitations of Section 280G of the Internal Revenue Code such that an excise tax will be imposed under Section 4999 of the Code, such parachute payments shall be reduced to the extent necessary to avoid application of the excise tax in the following order: (i) any cash severance based on a multiple of Base Salary or Annual Bonus, (ii) any other cash amounts payable to the Employee, (iii) benefits valued as parachute payments, and (iv) acceleration of vesting of any equity awards.

(g) **OTHER OBLIGATIONS.** Upon any termination of the Employee's employment with the Company, the Employee shall promptly resign from the Board and any other position as an officer, director or fiduciary of any Company-related entity.

(h) **EXCLUSIVE REMEDY.** The amounts payable to the Employee following termination of employment and the Employment Term hereunder pursuant to Sections 7 and 8 hereof shall be in full and complete satisfaction of the Employee's rights under this Agreement and any other claims that the Employee may have in respect of the Employee's employment with the Company or any of its affiliates, and the Employee acknowledges that such amounts are fair and reasonable, and are the Employee's sole and exclusive remedy, in lieu of all other remedies at law or in equity, with respect to the termination of the Employee's employment hereunder or any breach of this Agreement.

9. RELEASE; NO MITIGATION. Any and all amounts payable and benefits or additional rights provided pursuant to this Agreement beyond the Accrued Benefits (other than amounts described in Section 8(a)(iii) hereof) shall only be payable if the Employee delivers to the Company and does not revoke a general release of claims in favor of the Company in substantially the form set forth as Exhibit A hereto. Such release shall be executed and delivered (and no longer subject to revocation, if applicable) within sixty (60) days following termination. The Employee shall not be required to mitigate his damages in order to receive the amounts payable under Sections 7 and 8 hereof.

10. RESTRICTIVE COVENANTS.

(a) **CONFIDENTIALITY.** During the course of the Employee's employment with the Company, the Employee will have access to Confidential Information. For purposes of this Agreement, " Confidential Information " means all data, information, ideas, concepts, discoveries, trade secrets, inventions (whether or not patentable or reduced to practice), innovations, improvements, know-how, developments, techniques, methods, processes, treatments, drawings, sketches, specifications, designs, plans, patterns, models, plans and strategies, and all other confidential or proprietary information or trade secrets in any form or medium (whether merely remembered or embodied in a tangible or intangible form or medium) whether now or hereafter existing, relating to or arising from the past, current or potential business, activities and/or operations of the Company or any of its affiliates, including, without limitation, any such information relating to or concerning finances, sales, marketing, advertising, transition, promotions, pricing, personnel, customers, suppliers, vendors, raw partners and/or competitors. The Employee agrees that the Employee shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Employee's assigned duties and for the benefit of the Company, either during the period of the Employee's employment or at any time thereafter, any Confidential Information or other confidential or

proprietary information received from third parties subject to a duty on the Company's and its subsidiaries' and affiliates' part to maintain the confidentiality of such information, and to use such information only for certain limited purposes, in each case, which shall have been obtained by the Employee during the Employee's employment by the Company (or any predecessor). The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Employee; (ii) becomes generally known to the public subsequent to disclosure to the Employee through no wrongful act of the Employee or any representative of the Employee; or (iii) the Employee is required to disclose by applicable law, regulation or legal process (provided that the Employee provides the Company with prior notice of the contemplated disclosure and cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information). The terms and conditions of this Agreement shall remain strictly confidential, and the Employee hereby agrees not to disclose the terms and conditions hereof to any person or entity, other than immediate family members, legal advisors or personal tax or financial advisors, or prospective future employers solely for the purpose of disclosing the limitations on the Employee's conduct imposed by the provisions of this Section 10 who, in each case, agree to keep such information confidential.

(b) **NONCOMPETITION.** The Employee acknowledges that (i) the Employee performs services of a unique nature for the Company that are irreplaceable, and that the Employee's performance of such services to a competing business will result in irreparable harm to the Company, (ii) the Employee has had and will continue to have access to Confidential Information which, if disclosed, would unfairly and inappropriately assist in competition against the Company or any of its affiliates, (iii) in the course of the Employee's employment by a competitor, the Employee would inevitably use or disclose such Confidential Information, (iv) the Company and its affiliates have substantial relationships with their customers and the Employee has had and will continue to have access to these customers, (v) the Employee has received and will receive specialized training from the Company and its affiliates, and (vi) the Employee has generated and will continue to generate goodwill for the Company and its affiliates in the course of the Employee's employment . Accordingly, during the Employee's employment hereunder and for a period of one (1) year thereafter, the Employee agrees that the Employee will not, directly or indirectly, own, manage, operate, control, be employed by (whether as an employee, consultant, independent contractor or otherwise, and whether or not for compensation) or render services to any person, firm, corporation or other entity, in whatever form, engaged in competition with the Company or any of its subsidiaries or affiliates in any other material business in which the Company or any of its subsidiaries or affiliates is engaged on the date of termination or in which the Board has considered, on or prior to such date, to have the Company or any of its subsidiaries or affiliates become engaged in on or after such date, in Oklahoma and the Texas Panhandle, and any basin or area in which the Company's Board has actively considered having the Company operate during the Employment Term. Notwithstanding the foregoing, nothing herein shall prohibit the Employee from being a passive owner of not more than one percent (1%) of the equity securities of a publicly traded corporation engaged in a business that is in competition with the Company or any of its subsidiaries or affiliates, so long as the Employee has no active participation in the business of such corporation. In addition, the provisions of this Section 10(b) shall not be violated by the Employee commencing employment with a subsidiary, division or unit of any entity that engages in a business in competition with the Company or any of its subsidiaries or affiliates so long as the Employee and such subsidiary, division or unit does not engage in a business in competition with the Company or any of its subsidiaries or affiliates.

(c) **NONSOLICITATION; NONINTERFERENCE.** (i) During the Employee's employment with the Company and for a period of one (1) year thereafter, the Employee agrees that the Employee shall not, except in the furtherance of the Employee's duties hereunder, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, solicit, aid or induce any customer of the Company or any of its subsidiaries or affiliates to purchase goods or services then sold by the Company or any of its subsidiaries or affiliates from another person, firm, corporation or other entity or assist or aid any other persons or entity in identifying or soliciting any such customer.

(ii) During the Employee's employment with the Company and for a period of one (1) years thereafter, the Employee agrees that the Employee shall not, except in the furtherance of the Employee's duties hereunder, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, (A) solicit, aid or induce any employee, representative or agent of the Company or any of its subsidiaries or affiliates to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or hire or retain any such employee, representative or agent, or take any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee, representative or agent, or (B) interfere, or aid or induce any other person or entity in interfering, with the relationship between the Company or any of its subsidiaries or affiliates and any of their respective vendors, joint venturers or licensors. An employee, representative or agent shall be deemed covered by this Section 10(c)(ii) while so employed or retained and for a period of six (6) months thereafter.

(d) **NONDISPARAGEMENT.** During the Employee's employment with the Company and for a period of one (1) year thereafter, the Employee agrees not to make negative comments or otherwise disparage the Company or its officers, directors, employees, shareholders, agents or products other than in the good faith performance of the Employee's duties to the Company while the Employee is employed by the Company. The Company agrees that it will direct its directors and executive officers not to, while employed by the Company or serving as a director of the Company, as the case may be, make negative comments about the Employee or otherwise disparage the Employee in any manner that is likely to be harmful to the Employee's business reputation. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings (including SEC filings), or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), and the foregoing limitation on the Company's executives and directors shall not be violated by statements that they in good faith believe are necessary or appropriate to make in connection with performing their duties and obligations to the Company.

(e) **INVENTIONS.** (i) The Employee acknowledges and agrees that all ideas, methods, inventions, discoveries, improvements, work products, developments, software, know-how, processes, techniques, methods, works of authorship and other work product, whether patentable or unpatentable, (A) that are reduced to practice, created, invented, designed, developed, contributed to, or improved with the use of any Company resources and/or within the scope of the Employee's work with the Company or that relate to the business, operations or actual or demonstrably anticipated research or development of the Company, and that are made or conceived by the Employee, solely or jointly with others, during the Employment Term, or (B) suggested by any work that the Employee performs in connection with the Company, either while

performing the Employee's duties with the Company or on the Employee's own time, shall belong exclusively to the Company (or its designee), whether or not patent or other applications for intellectual property protection are filed thereon (the " Inventions "). The Employee will keep full and complete written records (the " Records "), in the manner prescribed by the Company, of all Inventions, and will promptly disclose all Inventions completely and in writing to the Company. The Records shall be the sole and exclusive property of the Company, and the Employee will surrender them upon the termination of the Employment Term, or upon the Company's request. The Employee irrevocably conveys, transfers and assigns to the Company the Inventions and all patents or other intellectual property rights that may issue thereon in any and all countries, whether during or subsequent to the Employment Term, together with the right to file, in the Employee's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the " Applications "). The Employee will, at any time during and subsequent to the Employment Term, make such applications, sign such papers, take all rightful oaths, and perform all other acts as may be requested from time to time by the Company to perfect, record, enforce, protect, patent or register the Company's rights in the Inventions, all without additional compensation to the Employee from the Company. The Employee will also execute assignments to the Company (or its designee) of the Applications, and give the Company and its attorneys all reasonable assistance (including the giving of testimony) to obtain the Inventions for the Company's benefit, all without additional compensation to the Employee from the Company.

(ii) In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company and the Employee agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to the Employee. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, or the rights in such Inventions do not otherwise automatically vest in the Company, the Employee hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including, without limitation, all of the Employee's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including, without limitation, all rights of any kind or any nature now or hereafter recognized, including, without limitation, the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, prior to the date hereof, including, without limitation, the right to receive all proceeds and damages therefrom. In addition, the Employee hereby waives any so-called "moral rights" with respect to the Inventions. The Employee hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents and other registrations for intellectual property that may issue thereon, including, without limitation, any rights that would otherwise accrue to the Employee's benefit by virtue of the Employee being an employee of or other service provider to the Company.

(f) **RETURN OF COMPANY PROPERTY.** On the date of the Employee's termination of employment with the Company for any reason (or at any time prior thereto at the Company's request), the Employee shall return all property belonging to the Company or its affiliates (including, but not limited to, any Company-provided laptops, computers, cell phones, wireless electronic mail devices or other equipment, or documents and property belonging to the

Company). The Employee may retain the Employee's rolodex and similar address books provided that such items only include contact information.

(g) **REASONABLENESS OF COVENANTS.** In signing this Agreement, the Employee gives the Company assurance that the Employee has carefully read and considered all of the terms and conditions of this Agreement, including the restraints imposed under this Section 10 hereof. The Employee agrees that these restraints are necessary for the reasonable and proper protection of the Company and its affiliates and their Confidential Information and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent the Employee from obtaining other suitable employment during the period in which the Employee is bound by the restraints. The Employee acknowledges that each of these covenants has a unique, very substantial and immeasurable value to the Company and its affiliates and that the Employee has sufficient assets and skills to provide a livelihood while such covenants remain in force. The Employee further covenants that the Employee will not challenge the reasonableness or enforceability of any of the covenants set forth in this Section 10 , and that the Employee will reimburse the Company and its affiliates for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Section 10 if the Employee challenges the reasonableness or enforceability of any of the provisions of this Section 10 . It is also agreed that each of the Company's affiliates will have the right to enforce all of the Employee's obligations to that affiliate under this Agreement, including without limitation pursuant to this Section 10 .

(h) **REFORMATION.** If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of that state.

(i) **TOLLING.** In the event of any violation of the provisions of this Section 10 , the Employee acknowledges and agrees that the post-termination restrictions contained in this Section 10 shall be extended by a period of time equal to the period of such violation, it being the intention of the parties hereto that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.

(j) **SURVIVAL OF PROVISIONS.** The obligations contained in Sections 10 and 11 hereof shall survive the termination or expiration of the Employment Term and the Employee's employment with the Company and shall be fully enforceable thereafter.

11. COOPERATION. Upon the receipt of reasonable notice from the Company (including outside counsel), the Employee agrees that while employed by the Company and thereafter, the Employee will respond and provide information with regard to matters in which the Employee has knowledge as a result of the Employee's employment with the Company, and will provide reasonable assistance to the Company, its affiliates and their respective representatives in defense of any claims that may be made against the Company or its affiliates, and will assist the Company and its affiliates in the prosecution of any claims that may be made by the Company or its affiliates, to the extent that such claims may relate to the period of the Employee's employment with the Company (collectively, the " Claims "). The Employee agrees to promptly inform the

Company if the Employee becomes aware of any lawsuits involving Claims that may be filed or threatened against the Company or its affiliates. The Employee also agrees to promptly inform the Company (to the extent that the Employee is legally permitted to do so) if the Employee is asked to assist in any investigation of the Company or its affiliates (or their actions) or another party attempts to obtain information or documents from the Employee (other than in connection with any litigation or other proceeding in which the Employee is a party-in-opposition) with respect to matters the Employee believes in good faith to relate to any investigation of the Company or its affiliates, in each case, regardless of whether a lawsuit or other proceeding has then been filed against the Company or its affiliates with respect to such investigation, and shall not do so unless legally required. During the pendency of any litigation or other proceeding involving Claims, the Employee shall not communicate with anyone (other than the Employee's attorneys and tax and/or financial advisors and except to the extent that the Employee determines in good faith is necessary in connection with the performance of the Employee's duties hereunder) with respect to the facts or subject matter of any pending or potential litigation or regulatory or administrative proceeding involving the Company or any of its affiliates without giving prior written notice to the Company or the Company's counsel. Upon presentation of appropriate documentation, the Company shall pay or reimburse the Employee for all reasonable attorneys' fees and out-of-pocket expenses, including travel, duplicating or telephonic expenses, incurred by the Employee in complying with this Section 11 .

12. WHISTLEBLOWER PROTECTION. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede the Employee (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. The Employee does not need the prior authorization of the Company to make any such reports or disclosures and the Employee shall not be not required to notify the Company that such reports or disclosures have been made.

13. EQUITABLE RELIEF AND OTHER REMEDIES. The Employee acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 10 or Section 11 hereof would be inadequate and, in recognition of this fact, the Employee agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond or other security, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available, without the necessity of showing actual monetary damages. In the event of a violation by the Employee of Section 10 or Section 11 hereof, any severance being paid to the Employee pursuant to this Agreement or otherwise shall immediately cease, and any severance previously paid to the Employee shall be immediately repaid to the Company.

14. NO ASSIGNMENTS. This Agreement is personal to each of the parties hereto. Except as provided in this Section 14 hereof, no party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto. The Company may assign this Agreement to any successor to all or substantially all of the business and/or assets of the Company, provided that the Company shall require such successor to expressly

assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, " Company " shall mean the Company and any successor to its business and/or assets, which assumes and agrees to perform the duties and obligations of the Company under this Agreement by operation of law or otherwise.

15. NOTICE . For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery, if delivered by hand, (b) on the date of transmission, if delivered by confirmed facsimile or electronic mail, (c) on the first business day following the date of deposit, if delivered by guaranteed overnight delivery service, or (d) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Employee:

At the address (or to the facsimile number) shown
in the books and records of the Company.

If to the Company:
807 Las Cimas Parkway
Suite 350
Austin, TX 78746

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

16. SECTION HEADINGS; INCONSISTENCY. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. In the event of any inconsistency between the terms of this Agreement and any form, award, plan or policy of the Company, the terms of this Agreement shall govern and control.

17. SEVERABILITY. The provisions of this Agreement shall be deemed severable. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by applicable law.

18. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

19. INDEMNIFICATION. The Company hereby agrees to indemnify the Employee and hold the Employee harmless to the extent provided under the By-Laws of the Company against and in respect of any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorney's fees), losses, and damages resulting from the Employee's good faith performance of the Employee's duties and obligations with the Company. This obligation shall survive the termination of the Employee's employment with the Company.

20. LIABILITY INSURANCE. The Company shall cover the Employee under directors' and officers' liability insurance both during and, while potential liability exists, after the term of this Agreement in the same amount and to the same extent as the Company covers its other officers and directors.

21. GOVERNING LAW; ARBITRATION . This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Texas (without regard to its choice of law provisions). Each of the Parties agrees that any dispute or controversy arising under or in connection with this Agreement or the Employee's employment with the Company, other than injunctive relief under Section 13 hereof, shall be settled exclusively by arbitration, conducted before a single arbitrator in the metropolitan area of Houston, Texas in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association then in effect. The decision of the arbitrator will be final and binding upon the parties hereto. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The parties acknowledge and agree that in connection with any such arbitration and regardless of outcome, (a) each party shall pay all of its own costs and expenses, including, without limitation, its own legal fees and expenses, and (b) the arbitration costs shall be borne entirely by the Company, provided , that the Employee's costs and expenses, including, without limitation, its own legal fees and expenses shall be reimbursed by the Company to the Employee within fifteen (15) days of the arbitrator's final decision, if such decision indicates that the Employee has prevailed on a material issue in dispute.

22. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Employee and such officer or director as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement together with all exhibits hereto sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes any and all prior agreements or understandings between the Employee and the Company with respect to the subject matter hereof. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

23. REPRESENTATIONS. The Employee represents and warrants to the Company that (a) the Employee has the legal right to enter into this Agreement and to perform all of the obligations on the Employee's part to be performed hereunder in accordance with its terms, and (b) the Employee is not a party to any agreement or understanding, written or oral, and is not

subject to any restriction, which, in either case, could prevent the Employee from entering into this Agreement or performing all of the Employee's duties and obligations hereunder. In addition, the Employee acknowledges that the Employee is aware of Section 304 (Forfeiture of Certain Bonuses and Profits) of the Sarbanes-Oxley Act of 2002 and the right of the Company to be reimbursed for certain payments to the Employee in compliance therewith.

24. TAX MATTERS.

(a) **WITHHOLDING.** The Company may withhold from any and all amounts payable under this Agreement or otherwise such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation. In the event that the Company fails to withhold any taxes required to be withheld by applicable law or regulation, the Employee agrees to indemnify the Company for any amount paid with respect to any such taxes, together with any interest, penalty and/or expense related thereto.

(b) **SECTION 409A COMPLIANCE.**

(i) The intent of the parties is that payments and benefits under this Agreement comply with Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively " Code Section 409A ") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Employee and the Company of the applicable provision without violating the provisions of Code Section 409A. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on the Employee by Code Section 409A or damages for failing to comply with Code Section 409A.

(ii) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." Notwithstanding anything to the contrary in this Agreement, if the Employee is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered deferred compensation under Code Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided until the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Employee, and (B) the date of the Employee's death, to the extent required under Code Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this Section 24(b)(ii) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Employee in a lump sum following the date of the "separation from service", and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(iii) To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Code Section 409A, (A) all expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Employee, (B) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

(iv) For purposes of Code Section 409A, the Employee's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(v) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment under this Agreement that constitutes "nonqualified deferred compensation" for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

COMPANY

JONES ENERGY, INC.

By: /s/ Carl F. Giesler, Jr.
Name: Carl F. Giesler, Jr.

Title: Chief Executive Officer

EMPLOYEE

/s/ Thomas Hester
Thomas Hester

EXHIBIT A

GENERAL RELEASE

I, , in consideration of and subject to the performance by Jones Energy, Inc. (together with its subsidiaries, the " Company "), of its obligations under the Employment Agreement dated as of [DATE] (the " Agreement "), which are further described on Schedule A attached hereto, do hereby release and forever discharge as of the date hereof the Company and its respective affiliates and all present, former and future managers, directors, officers, employees, successors and assigns of the Company and its affiliates and direct or indirect owners (collectively, the " Released Parties ") to the extent provided below (this " General Release "). The Released Parties are intended to be third-party beneficiaries of this General Release, and this General Release may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Released Parties hereunder. Terms used herein but not otherwise defined shall have the meanings given to them in the Agreement.

1. My employment or service with the Company and its affiliates terminated as of [DATE], and I hereby resign from any position as an officer, member of the board of managers or directors (as applicable) or fiduciary of the Company or its affiliates (or reaffirm any such resignation that may have already occurred). I understand that any payments or benefits paid or granted to me under Section 8(d) of the Agreement represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive certain of the payments and benefits specified in Section 8(d) of the Agreement unless I execute this General Release and do not revoke this General Release within the time period permitted hereafter. Such payments and benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or its affiliates.

2. Except as provided in paragraphs 4 and 5 below and except for the provisions of the Agreement which expressly survive the termination of my employment with the Company, I knowingly and voluntarily (for myself, my heirs, executors, administrators and assigns) release and forever discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, or liabilities of any nature whatsoever in law and in equity, both past and present (through the date that this General Release becomes effective and enforceable) and whether known or unknown, suspected, or claimed against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, may have as of the date hereof, including claims that arise out of or are connected with my employment with, or my separation or termination from, the Company and any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; any applicable Executive Order Programs; the Fair Labor Standards Act; or their state or local

counterparts; or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract or tort, or under common law; or arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other expenses, including attorneys' fees incurred in these matters) (all of the foregoing collectively referred to herein as the " Claims ").

3. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action, or other matter covered by paragraph 2 above.

4. I agree that this General Release does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967 which arise after the date I execute this General Release. I acknowledge and agree that my separation from employment with the Company in compliance with the terms of the Agreement shall not serve as the basis for any claim or action (including, without limitation, any claim under the Age Discrimination in Employment Act of 1967).

5. I agree that I hereby waive all rights to sue or obtain equitable, remedial or punitive relief from any or all Released Parties of any kind whatsoever in respect of any Claim, including, without limitation, reinstatement, back pay, front pay, and any form of injunctive relief. Notwithstanding the above, I further acknowledge that I am not waiving and am not being required to waive any right that cannot be waived under law, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided , however , that I disclaim and waive any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation or proceeding. Additionally, I am not waiving (i) any right to the Accrued Benefits or any severance benefits to which I am entitled under Schedule A, (ii) any claim relating to directors' and officers' liability insurance coverage or any right of indemnification under the Company's organizational documents or otherwise, or (iii) my rights as an equity or security holder in the Company or its affiliates.

6. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state or local statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the Agreement. I further agree that in the event I should bring a Claim seeking damages against the Company, or in the event I should seek to recover against the Company in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims to the maximum extent permitted by law. I further agree that I am not aware of any pending claim of the type described in paragraph 2 above as of the execution of this General Release.

7. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.

8. I agree that if I violate this General Release by suing the Company or the other Released Parties, I will pay all costs and expenses of defending against the suit incurred by the Released Parties, including reasonable attorneys' fees.

9. I agree that this General Release and the Agreement are confidential and agree not to disclose any information regarding the terms of this General Release or the Agreement, except to my immediate family and any tax, legal or other counsel I have consulted regarding the meaning or effect hereof or as required by law, and I will instruct each of the foregoing not to disclose the same to anyone.

10. Any non-disclosure provision in this General Release does not prohibit or restrict me (or my attorney) from responding to any inquiry about this General Release or its underlying facts and circumstances by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), any other self-regulatory organization or any governmental entity.

11. I hereby acknowledge that Sections 8 through 15, 19 through 22 and 24 of the Agreement shall survive my execution of this General Release.

12. I represent that I am not aware of any claim by me other than the claims that are released by this General Release. I acknowledge that I may hereafter discover claims or facts in addition to or different than those which I now know or believe to exist with respect to the subject matter of the release set forth in paragraph 2 above and which, if known or suspected at the time of entering into this General Release, may have materially affected this General Release and my decision to enter into it.

13. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish, or in any way affect any rights or claims arising out of any breach by the Company or by any Released Party of the Agreement after the date hereof.

14. Whenever possible, each provision of this General Release shall be interpreted in, such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

1. I HAVE READ IT CAREFULLY;

2. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963, THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;

3. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

4. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;

5. I HAVE HAD AT LEAST **[21][45]** DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE TO CONSIDER IT, AND THE CHANGES MADE SINCE MY RECEIPT OF THIS RELEASE ARE NOT MATERIAL OR WERE MADE AT MY REQUEST AND WILL NOT RESTART THE REQUIRED **[21][45]** -DAY PERIOD;

6. I UNDERSTAND THAT I HAVE SEVEN (7) DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;

7. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

8. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

SIGNED: _____ DATED: _____

JONES ENERGY, LLC.

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this " Agreement ") dated as of February 27, 2019, between Jones Energy, LLC, a Delaware corporation (the " Company "), and Kirk Goehring (the " Employee ").

W I T N E S S E T H

WHEREAS , the Employee is currently serving as the Chief Operating Officer of the Company; and

WHEREAS , the Company desires to continue to employ the Employee as its Chief Operating Officer, and the Employee desires to continue to be employed by the Company in such position on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. POSITION AND DUTIES.

(a) During the Employment Term (as defined in Section 2 hereof), the Employee shall serve as the Chief Operating Officer of the Company. In this capacity, the Employee shall have the duties, authorities and responsibilities as are commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies, and such other duties, authorities and responsibilities as may reasonably be assigned to the Employee by the Company's Chief Executive Officer (the " CEO ") that are not inconsistent with the Employee's position as Chief Operating Officer of the Company. The Employee's principal place of employment with the Company shall be in Austin, Texas, provided that the Employee understands and agrees that the Employee may be required to travel from time to time for business purposes. The Employee shall report directly to the CEO.

(b) During the Employment Term, the Employee shall devote substantially all of the Employee's business time, energy, business judgment, knowledge and skill and the Employee's best efforts to the performance of the Employee's duties with the Company, provided that the foregoing shall not prevent the Employee from (i) serving on the boards of directors of non-profit organizations, (ii) participating in charitable, civic, educational, professional, community or industry affairs, and (iii) managing the Employee's passive personal investments so long as such activities in the aggregate do not materially interfere or conflict with the Employee's duties hereunder or create a potential business or fiduciary conflict.

2. EMPLOYMENT TERM. The Company agrees to employ the Employee pursuant to the terms of this Agreement, and the Employee agrees to be so employed, for a term of two (2) years (the " Initial Term ") commencing as of February 27, 2019 (the " Effective Date ").

On each anniversary of the Effective Date following the Initial Term, the term of this Agreement shall be automatically extended for successive one-year periods, provided , however , that either party hereto may elect not to extend this Agreement by giving written notice to the other party at least one hundred and twenty (120) days prior to any such anniversary date. Notwithstanding the foregoing, the Employee's employment hereunder may be earlier terminated in accordance with Section 7 hereof, subject to Section 8 hereof. The period of time between the Effective Date and the termination of the Employee's employment hereunder shall be referred to herein as the " Employment Term ."

3. BASE SALARY. The Company agrees to pay the Employee a base salary at an annual rate of $425,000, payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. The Employee's Base Salary shall be subject to annual review by the Company's Board of Directors (the " Board ") (or a committee thereof), and may be adjusted, from time to time by the Board, subject to Section 7(e) hereof. The base salary as determined herein and adjusted from time to time shall constitute " Base Salary " for purposes of this Agreement.

4. ANNUAL BONUS. Commencing with the 2019 performance year and during the Employment Term, the Employee shall be eligible to receive an annual discretionary incentive payment under the Company's annual bonus plan as may be in effect from time to time (the " Annual Bonus ") based on a target bonus opportunity of eighty percent (80%) of Base Salary (the " Target Bonus ") (provided that the Board or the Company's Compensation Committee (the " Committee ") may, in its discretion, pay the Employee a greater Annual Bonus), upon the attainment of certain pre-established performance goals established by the Board or the Committee after discussion with the CEO in its sole discretion, and subject to the Employee's continued employment with the Company through the date of payment (provided such payment is made in the ordinary course of business and consistent with historical practices) of any such Annual Bonus ultimately earned.

5. EQUITY AWARDS. The Employee will be eligible to participate in any future Management Incentive Plan established by the Company or any successor thereto.

6. EMPLOYEE BENEFITS.

(a) **BENEFIT PLANS.** During the Employment Term, the Employee shall be entitled to participate in any employee benefit plan that the Company has adopted or may adopt, maintain or contribute to for the benefit of its employees generally, subject to satisfying the applicable eligibility requirements, except to the extent such plans are duplicative of the benefits otherwise provided to hereunder. The Employee's participation will be subject to the terms of the applicable plan documents and generally applicable Company policies. Notwithstanding the foregoing, the Company may modify or terminate any employee benefit plan at any time.

(b) **VACATIONS.** During the Employment Term, the Employee shall be entitled to twenty (20) days of paid vacation per calendar year (as prorated for partial years) in accordance with the Company's policy on accrual and use applicable to employees as in effect from time to time. Up to five (5) days of any accrued and unused vacation time may be carried forward to use in the first quarter of the following year. The Employee will also be eligible for up to five (5) days

of personal time each calendar year which do not carry forward. Vacation may be taken at such times and intervals as the Employee determines, subject to the business needs of the Company.

(c) **BUSINESS EXPENSES.** Upon presentation of reasonable substantiation and documentation as the Company may specify from time to time, the Employee shall be reimbursed in accordance with the Company's expense reimbursement policy, for all reasonable out-of-pocket business expenses incurred and paid by the Employee during the Employment Term and in connection with the performance of the Employee's duties hereunder.

7. TERMINATION. The Employee's employment and the Employment Term shall terminate on the first of the following to occur:

(a) **DISABILITY.** Upon ten (10) business days' prior written notice by the Company to the Employee of termination due to Disability. For purposes of this Agreement, " Disability " shall be defined as the inability of the Employee to have performed the Employee's material duties hereunder due to a physical or mental injury, infirmity or incapacity for one hundred eighty (180) days (including weekends and holidays) in any 365-day period as determined by the Board in its reasonable discretion. The Employee shall cooperate in all respects with the Company if a question arises as to whether the Employee has become disabled, including, without limitation, submitting to reasonable examinations by one or more medical doctors and other health care specialists selected by the Company and authorizing such medical doctors and other health care specialists to discuss the Employee's condition with the Company.

(b) **DEATH.** Automatically upon the date of death of the Employee.

(c) **CAUSE.** Immediately upon written notice by the Company to the Employee of a termination for Cause. " Cause " shall mean:

(i) the refusal to perform the Employee's material job duties that continues for at least ten (10) days after written notice from the Company;

(ii) material violation of a material policy of the Company that causes material damage to the Company and that is not cured within fifteen (15) days of written notice from the Company;

(iii) the Employee's failure to cooperate in any audit or investigation of the business or financial practices of the Company or any of its subsidiaries;

(iv) willful misconduct or gross negligence in the course of the Employee's duties that causes material damage to the Company;

(v) indictment for, conviction of, or pleading of guilty or nolo contendere to a felony or any crime involving moral turpitude; or

(vi) the material breach of the restrictive covenant provisions in Section 10 hereof, that causes material damage to the Company and that is not cured within fifteen (15) days of written notice from the Company.

Any determination of Cause by the Company will be made by a resolution approved by a majority of the members of the Board, provided , that no such determination may be made until the Employee has been given written notice detailing the specific Cause event and a period of thirty (30) days following receipt of such notice to cure such event (if susceptible to cure) to the satisfaction of the Board. Notwithstanding anything to the contrary contained herein, the Employee's right to cure as set forth in Sections 7(c)(i), (ii), and (v) hereof shall not apply if there are habitual or repeated breaches by the Employee.

(d) **WITHOUT CAUSE.** Immediately upon written notice by the Company to the Employee of an involuntary termination without Cause (other than for death or Disability).

(e) **GOOD REASON.** Upon written notice by the Employee to the Company of a termination for Good Reason. " Good Reason " shall mean the occurrence of any of the following events, without the express written consent of the Employee, unless such events are fully corrected in all material respects by the Company within fifteen (15) days following written notification by the Employee to the Company of the occurrence of one of the reasons set forth below:

(i) diminution in the Employee's Base Salary or Target Bonus;

(ii) material diminution in the Employee's titles, duties, authorities, or responsibilities (other than temporarily while physically or mentally incapacitated or as required by applicable law);

(iii) the Company's material violation of this Agreement;

(iv) relocation of the Employee's primary office location by more than 35 miles; or

(v) a material reduction in the Employee's severance benefits (it being understood that any such reduction shall not be applied to the Employee terminating for Good Reason as a result of such reduction).

(f) The Employee shall provide the Company with a written notice detailing the specific circumstances alleged to constitute Good Reason within forty-five (45) days after the first occurrence of such circumstances, and actually terminate employment within fifteen (15) days following the expiration of the Company's fifteen (15)-day cure period described above. Otherwise, any claim of such circumstances as "Good Reason" shall be deemed irrevocably waived by the Employee.

(g) **WITHOUT GOOD REASON.** Upon ninety (90) days' prior written notice by the Employee to the Company of the Employee's voluntary termination of employment without Good Reason (which the Company may, in its sole discretion, make effective earlier than any notice date).

(h) **EXPIRATION OF EMPLOYMENT TERM; NON-EXTENSION OF AGREEMENT.** Upon the expiration of the Employment Term due to a non-extension of the Agreement by the Company or the Employee pursuant to the provisions of Section 2 hereof.

8. CONSEQUENCES OF TERMINATION.

(a) **DEATH.** In the event that the Employee's employment and the Employment Term ends on account of the Employee's death, the Employee or the Employee's estate, as the case may be, shall be entitled to the following (with the amounts due under Sections 8(a)(i) through 8(a)(iv) hereof to be paid within sixty (60) days following termination of employment, or such earlier date as may be required by applicable law):

(i) any unpaid Base Salary through the date of termination;

(ii) any Annual Bonus earned but unpaid with respect to the fiscal year ending on or preceding the date of termination;

(iii) reimbursement for any unreimbursed business expenses incurred through the date of termination;

(iv) any accrued but unused vacation time in accordance with Company policy; and

(v) all other payments, benefits or fringe benefits to which the Employee shall be entitled under the terms of any applicable compensation arrangement or benefit, equity or fringe benefit plan or program or grant or this Agreement (collectively, Sections 8(a)(i) through 8(a)(v) hereof shall be hereafter referred to as the " Accrued Benefits ").

In addition, the Company shall pay the Employee's estate a pro-rata portion of the Employee's Annual Bonus for the fiscal year in which the Employee's termination occurs based on actual results for such year (determined by multiplying the amount of such bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is 365) payable at the same time bonuses for such year are paid to other senior executives of the Company.

(b) **DISABILITY.** In the event that the Employee's employment and/or Employment Term ends on account of the Employee's Disability, the Company shall pay or provide the Employee with the Accrued Benefits. In addition, the Company shall pay the Employee a pro-rata portion of the Employee's Annual Bonus for the fiscal year in which the Employee's termination occurs based on actual results for such year (determined by multiplying the amount of such bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is 365) payable at the same time bonuses for such year are paid to other senior executives of the Company.

(c) **TERMINATION FOR CAUSE OR WITHOUT GOOD REASON OR AS A RESULT OF EMPLOYEE NON-EXTENSION OF THIS AGREEMENT.** If the Employee's employment is terminated (x) by the Company for Cause, (y) by the Employee without Good Reason, or (z) as a result of the Employee's non-extension of the Employment Term as provided in Section 2 hereof, the Company shall pay to the Employee the Accrued Benefits other than the benefit described in Section 8(a)(ii) hereof if such termination is for Cause.

(d) **TERMINATION WITHOUT CAUSE OR FOR GOOD REASON OR AS A RESULT OF COMPANY NON-EXTENSION OF THIS AGREEMENT.** If the Employee's employment by the Company is terminated (x) by the Company other than for Cause (excluding a Change of Control as set forth under Section 8(e)), (y) by the Employee for Good Reason, or (z) as a result of the Company's non-extension of the Employment Term as provided in Section 2 hereof (excluding a Change of Control as set forth under Section 8(e)), the Company shall pay or provide the Employee with the following, subject to the provisions of Section 24 hereof and the Employee's continued compliance with the obligations in Sections 9 , 10 and 11 hereof:

(i) the Accrued Benefits;

(ii) a pro-rata portion of the Employee's Annual Bonus for the fiscal year in which the Employee's termination occurs based on actual results for such year (determined by multiplying the amount of such bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is 365) payable at the same time bonuses for such year are paid to other senior executives of the Company;

(iii) an amount equal to the Employee's Base Salary plus the Employee's Target Bonus, payable in a lump sum within the first thirty (30) days following the Employee's termination; and

(iv) subject to (A) the Employee's timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (" COBRA ") and (B) the Employee's continued copayment of premiums at the same level and cost to the Employee as if the Employee were an employee of the Company (excluding, for purposes of calculating cost, an employee's ability to pay premiums with pre-tax dollars),continued participation in the Company's group health plan (to the extent permitted under applicable law and the terms of such plan) which covers the Employee (and the Employee's eligible dependents) for a period of twelve (12) months, provided that the Employee is eligible and remains eligible for COBRA coverage; provided , further , that the Company may modify the continuation coverage contemplated by this Section 8(d)(iv) to the extent reasonably necessary to avoid the imposition of any excise taxes on the Company for failure to comply with the nondiscrimination requirements of the Patient Protection and Affordable Care Act of 2010, as amended, and/or the Health Care and Education Reconciliation Act of 2010, as amended (to the extent applicable); and provided , further , that in the event that the Employee obtains other employment that offers group health benefits, such continuation of coverage by the Company under this Section 8(d)(iv) shall immediately cease.

Payments and benefits provided in this Section 8(d) shall be in lieu of any termination or severance payments or benefits for which the Employee may be eligible under any of the plans, policies or programs of the Company or under the Worker Adjustment Retraining Notification Act of 1988 or any similar state statute or regulation.

(e) **TERMINATION IN CONNECTION WITH A CHANGE OF CONTROL** .

(i) **Definition of Change of Control** . For purposes of this Agreement, a " Change of Control " shall mean the occurrence of one or more of the following events:

1. Any "person" or "group" within the meaning of those terms as used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, other than an affiliate of the Company, shall become the beneficial owner, by way of merger consolidation, recapitalization, reorganization or otherwise, of fifty percent (50%) or more of the combined voting power of the equity interests in the Company;

2. The Company's shareholders approve, in one or a series of transactions, a plan of complete liquidation of the Company; or

3. The sale or other disposition by the Company of all or substantially all of its assets in one or more transactions to any person other than an affiliate of the Company.

Notwithstanding the foregoing, (x) with respect to a payment that is subject to section 409A of the Internal Revenue Code of 1986, as amended (the " Code "), a "Change of Control" shall mean a "change of control event" as defined in the regulations and guidance issued under section 409A of the Code, and (y) a Change of Control shall not be deemed to have occurred solely by virtue of the filing of a voluntary petition by, or an involuntary petition against, the Company under Chapter 11 of Title 11 of the U.S. Code, it being understood, however, that the foregoing shall not apply to consummation of a plan of reorganization or any other transactions or series of transactions pursuant to, arising from, in connection with, or following, any such petition filing.

(ii) If, (1) during the twelve (12) months immediately following the occurrence of a Change of Control of the Company, Executive is terminated by the Company without Cause or resigns for Good Reason (as defined above) or (2) in the three (3) months immediately following Executive's termination by the Company without Cause (the " Tail Period "), (i) a Change of Control occurs, or (ii) the Company enters into a definitive agreement to undergo a Change of Control and such Change in Control actually occurs (each, as applicable, the " Change of Control Period "), Executive will be entitled to receive (A) within thirty (30) days after the date of termination, his Accrued Benefits (as defined above); (B) on the 60th day following the date of termination, a lump sum payment of an amount equaling two (2) times the sum of Employee's Base Salary and Employee's Target Bonus paid or payable with respect to the calendar year preceding the year in which the Change of Control occurs; and (C) a pro-rata portion of the Employee's Annual Bonus for the fiscal year in which the Employee's termination occurs based on actual results for such year (determined by multiplying the amount of such bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is 365) payable at the same time bonuses for such year are paid to other senior executives of the Company (collectively, the " Change of Control Payment "). For the sake of clarity, if benefits become payable under Section 8(d) during the Tail Period, such benefits shall be paid and Executive will be trued up if benefits under this Section 8(e) subsequently become payable thereunder. Solely for purposes of the Change of Control Payment, Executive's Base Salary (and Target Bonus, as applicable) shall be valued as in effect at the time of the Change of Control.

(f) **CODE SECTION 280G.** To the extent that any amount payable to the Employee hereunder, as well as any other "parachute payment," as such term is defined under Section 280G of the Internal Revenue Code, payable to the Employee in connection with the Employee's

employment by the Company or any of its affiliates, exceed the limitations of Section 280G of the Internal Revenue Code such that an excise tax will be imposed under Section 4999 of the Code, such parachute payments shall be reduced to the extent necessary to avoid application of the excise tax in the following order: (i) any cash severance based on a multiple of Base Salary or Annual Bonus, (ii) any other cash amounts payable to the Employee, (iii) benefits valued as parachute payments, and (iv) acceleration of vesting of any equity awards.

(g) **OTHER OBLIGATIONS.** Upon any termination of the Employee's employment with the Company, the Employee shall promptly resign from the Board and any other position as an officer, director or fiduciary of any Company-related entity.

(h) **EXCLUSIVE REMEDY.** The amounts payable to the Employee following termination of employment and the Employment Term hereunder pursuant to Sections 7 and 8 hereof shall be in full and complete satisfaction of the Employee's rights under this Agreement and any other claims that the Employee may have in respect of the Employee's employment with the Company or any of its affiliates, and the Employee acknowledges that such amounts are fair and reasonable, and are the Employee's sole and exclusive remedy, in lieu of all other remedies at law or in equity, with respect to the termination of the Employee's employment hereunder or any breach of this Agreement.

9. RELEASE; NO MITIGATION. Any and all amounts payable and benefits or additional rights provided pursuant to this Agreement beyond the Accrued Benefits (other than amounts described in Section 8(a)(iii) hereof) shall only be payable if the Employee delivers to the Company and does not revoke a general release of claims in favor of the Company in substantially the form set forth as Exhibit A hereto. Such release shall be executed and delivered (and no longer subject to revocation, if applicable) within sixty (60) days following termination. The Employee shall not be required to mitigate his damages in order to receive the amounts payable under Sections 7 and 8 hereof.

10. RESTRICTIVE COVENANTS.

(a) **CONFIDENTIALITY.** During the course of the Employee's employment with the Company, the Employee will have access to Confidential Information. For purposes of this Agreement, " Confidential Information " means all data, information, ideas, concepts, discoveries, trade secrets, inventions (whether or not patentable or reduced to practice), innovations, improvements, know-how, developments, techniques, methods, processes, treatments, drawings, sketches, specifications, designs, plans, patterns, models, plans and strategies, and all other confidential or proprietary information or trade secrets in any form or medium (whether merely remembered or embodied in a tangible or intangible form or medium) whether now or hereafter existing, relating to or arising from the past, current or potential business, activities and/or operations of the Company or any of its affiliates, including, without limitation, any such information relating to or concerning finances, sales, marketing, advertising, transition, promotions, pricing, personnel, customers, suppliers, vendors, raw partners and/or competitors. The Employee agrees that the Employee shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Employee's assigned duties and for the benefit of the Company, either during the period of the Employee's employment or at any time thereafter, any Confidential Information or other confidential or

proprietary information received from third parties subject to a duty on the Company's and its subsidiaries' and affiliates' part to maintain the confidentiality of such information, and to use such information only for certain limited purposes, in each case, which shall have been obtained by the Employee during the Employee's employment by the Company (or any predecessor). The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Employee; (ii) becomes generally known to the public subsequent to disclosure to the Employee through no wrongful act of the Employee or any representative of the Employee; or (iii) the Employee is required to disclose by applicable law, regulation or legal process (provided that the Employee provides the Company with prior notice of the contemplated disclosure and cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information). The terms and conditions of this Agreement shall remain strictly confidential, and the Employee hereby agrees not to disclose the terms and conditions hereof to any person or entity, other than immediate family members, legal advisors or personal tax or financial advisors, or prospective future employers solely for the purpose of disclosing the limitations on the Employee's conduct imposed by the provisions of this Section 10 who, in each case, agree to keep such information confidential.

(b) **NONCOMPETITION.** The Employee acknowledges that (i) the Employee performs services of a unique nature for the Company that are irreplaceable, and that the Employee's performance of such services to a competing business will result in irreparable harm to the Company, (ii) the Employee has had and will continue to have access to Confidential Information which, if disclosed, would unfairly and inappropriately assist in competition against the Company or any of its affiliates, (iii) in the course of the Employee's employment by a competitor, the Employee would inevitably use or disclose such Confidential Information, (iv) the Company and its affiliates have substantial relationships with their customers and the Employee has had and will continue to have access to these customers, (v) the Employee has received and will receive specialized training from the Company and its affiliates, and (vi) the Employee has generated and will continue to generate goodwill for the Company and its affiliates in the course of the Employee's employment. Accordingly, during the Employee's employment hereunder and for a period of one (1) year thereafter, the Employee agrees that the Employee will not, directly or indirectly, own, manage, operate, control, be employed by (whether as an employee, consultant, independent contractor or otherwise, and whether or not for compensation) or render services to any person, firm, corporation or other entity, in whatever form, engaged in competition with the Company or any of its subsidiaries or affiliates in any other material business in which the Company or any of its subsidiaries or affiliates is engaged on the date of termination or in which the Board has considered, on or prior to such date, to have the Company or any of its subsidiaries or affiliates become engaged in on or after such date, in Oklahoma and the Texas Panhandle, and any basin or area in which the Company's Board has actively considered having the Company operate during the Employment Term. Notwithstanding the foregoing, nothing herein shall prohibit the Employee from being a passive owner of not more than one percent (1%) of the equity securities of a publicly traded corporation engaged in a business that is in competition with the Company or any of its subsidiaries or affiliates, so long as the Employee has no active participation in the business of such corporation. In addition, the provisions of this Section 10(b) shall not be violated by the Employee commencing employment with a subsidiary, division or unit of any entity that engages in a business in competition with the Company or any of its subsidiaries or affiliates so long as the Employee and such subsidiary, division or unit does not engage in a business in competition with the Company or any of its subsidiaries or affiliates.

(c) **NONSOLICITATION; NONINTERFERENCE.** (i) During the Employee's employment with the Company and for a period of one (1) year thereafter, the Employee agrees that the Employee shall not, except in the furtherance of the Employee's duties hereunder, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, solicit, aid or induce any customer of the Company or any of its subsidiaries or affiliates to purchase goods or services then sold by the Company or any of its subsidiaries or affiliates from another person, firm, corporation or other entity or assist or aid any other persons or entity in identifying or soliciting any such customer.

(ii) During the Employee's employment with the Company and for a period of one (1) years thereafter, the Employee agrees that the Employee shall not, except in the furtherance of the Employee's duties hereunder, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, (A) solicit, aid or induce any employee, representative or agent of the Company or any of its subsidiaries or affiliates to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or hire or retain any such employee, representative or agent, or take any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee, representative or agent, or (B) interfere, or aid or induce any other person or entity in interfering, with the relationship between the Company or any of its subsidiaries or affiliates and any of their respective vendors, joint venturers or licensors. An employee, representative or agent shall be deemed covered by this Section 10(c)(ii) while so employed or retained and for a period of six (6) months thereafter.

(d) **NONDISPARAGEMENT.** During the Employee's employment with the Company and for a period of one (1) year thereafter, the Employee agrees not to make negative comments or otherwise disparage the Company or its officers, directors, employees, shareholders, agents or products other than in the good faith performance of the Employee's duties to the Company while the Employee is employed by the Company. The Company agrees that it will direct its directors and executive officers not to, while employed by the Company or serving as a director of the Company, as the case may be, make negative comments about the Employee or otherwise disparage the Employee in any manner that is likely to be harmful to the Employee's business reputation. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings (including SEC filings), or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), and the foregoing limitation on the Company's executives and directors shall not be violated by statements that they in good faith believe are necessary or appropriate to make in connection with performing their duties and obligations to the Company.

(e) **INVENTIONS.** (i) The Employee acknowledges and agrees that all ideas, methods, inventions, discoveries, improvements, work products, developments, software, know-how, processes, techniques, methods, works of authorship and other work product, whether patentable or unpatentable, (A) that are reduced to practice, created, invented, designed, developed, contributed to, or improved with the use of any Company resources and/or within the scope of the Employee's work with the Company or that relate to the business, operations or actual or demonstrably anticipated research or development of the Company, and that are made or conceived by the Employee, solely or jointly with others, during the Employment Term, or (B) suggested by any work that the Employee performs in connection with the Company, either while

performing the Employee's duties with the Company or on the Employee's own time, shall belong exclusively to the Company (or its designee), whether or not patent or other applications for intellectual property protection are filed thereon (the " Inventions "). The Employee will keep full and complete written records (the " Records "), in the manner prescribed by the Company, of all Inventions, and will promptly disclose all Inventions completely and in writing to the Company. The Records shall be the sole and exclusive property of the Company, and the Employee will surrender them upon the termination of the Employment Term, or upon the Company's request. The Employee irrevocably conveys, transfers and assigns to the Company the Inventions and all patents or other intellectual property rights that may issue thereon in any and all countries, whether during or subsequent to the Employment Term, together with the right to file, in the Employee's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the " Applications "). The Employee will, at any time during and subsequent to the Employment Term, make such applications, sign such papers, take all rightful oaths, and perform all other acts as may be requested from time to time by the Company to perfect, record, enforce, protect, patent or register the Company's rights in the Inventions, all without additional compensation to the Employee from the Company. The Employee will also execute assignments to the Company (or its designee) of the Applications, and give the Company and its attorneys all reasonable assistance (including the giving of testimony) to obtain the Inventions for the Company's benefit, all without additional compensation to the Employee from the Company.

(ii) In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company and the Employee agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to the Employee. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, or the rights in such Inventions do not otherwise automatically vest in the Company, the Employee hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including, without limitation, all of the Employee's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including, without limitation, all rights of any kind or any nature now or hereafter recognized, including, without limitation, the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, prior to the date hereof, including, without limitation, the right to receive all proceeds and damages therefrom. In addition, the Employee hereby waives any so-called "moral rights" with respect to the Inventions. The Employee hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents and other registrations for intellectual property that may issue thereon, including, without limitation, any rights that would otherwise accrue to the Employee's benefit by virtue of the Employee being an employee of or other service provider to the Company.

(f) **RETURN OF COMPANY PROPERTY.** On the date of the Employee's termination of employment with the Company for any reason (or at any time prior thereto at the Company's request), the Employee shall return all property belonging to the Company or its affiliates (including, but not limited to, any Company-provided laptops, computers, cell phones, wireless electronic mail devices or other equipment, or documents and property belonging to the

Company). The Employee may retain the Employee's rolodex and similar address books provided that such items only include contact information.

(g) **REASONABLENESS OF COVENANTS.** In signing this Agreement, the Employee gives the Company assurance that the Employee has carefully read and considered all of the terms and conditions of this Agreement, including the restraints imposed under this Section 10 hereof. The Employee agrees that these restraints are necessary for the reasonable and proper protection of the Company and its affiliates and their Confidential Information and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent the Employee from obtaining other suitable employment during the period in which the Employee is bound by the restraints. The Employee acknowledges that each of these covenants has a unique, very substantial and immeasurable value to the Company and its affiliates and that the Employee has sufficient assets and skills to provide a livelihood while such covenants remain in force. The Employee further covenants that the Employee will not challenge the reasonableness or enforceability of any of the covenants set forth in this Section 10 , and that the Employee will reimburse the Company and its affiliates for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Section 10 if the Employee challenges the reasonableness or enforceability of any of the provisions of this Section 10 . It is also agreed that each of the Company's affiliates will have the right to enforce all of the Employee's obligations to that affiliate under this Agreement, including without limitation pursuant to this Section 10 .

(h) **REFORMATION.** If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of that state.

(i) **TOLLING.** In the event of any violation of the provisions of this Section 10 , the Employee acknowledges and agrees that the post-termination restrictions contained in this Section 10 shall be extended by a period of time equal to the period of such violation, it being the intention of the parties hereto that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.

(j) **SURVIVAL OF PROVISIONS.** The obligations contained in Sections 10 and 11 hereof shall survive the termination or expiration of the Employment Term and the Employee's employment with the Company and shall be fully enforceable thereafter.

11. COOPERATION. Upon the receipt of reasonable notice from the Company (including outside counsel), the Employee agrees that while employed by the Company and thereafter, the Employee will respond and provide information with regard to matters in which the Employee has knowledge as a result of the Employee's employment with the Company, and will provide reasonable assistance to the Company, its affiliates and their respective representatives in defense of any claims that may be made against the Company or its affiliates, and will assist the Company and its affiliates in the prosecution of any claims that may be made by the Company or its affiliates, to the extent that such claims may relate to the period of the Employee's employment with the Company (collectively, the " Claims "). The Employee agrees to promptly inform the

Company if the Employee becomes aware of any lawsuits involving Claims that may be filed or threatened against the Company or its affiliates. The Employee also agrees to promptly inform the Company (to the extent that the Employee is legally permitted to do so) if the Employee is asked to assist in any investigation of the Company or its affiliates (or their actions) or another party attempts to obtain information or documents from the Employee (other than in connection with any litigation or other proceeding in which the Employee is a party-in-opposition) with respect to matters the Employee believes in good faith to relate to any investigation of the Company or its affiliates, in each case, regardless of whether a lawsuit or other proceeding has then been filed against the Company or its affiliates with respect to such investigation, and shall not do so unless legally required. During the pendency of any litigation or other proceeding involving Claims, the Employee shall not communicate with anyone (other than the Employee's attorneys and tax and/or financial advisors and except to the extent that the Employee determines in good faith is necessary in connection with the performance of the Employee's duties hereunder) with respect to the facts or subject matter of any pending or potential litigation or regulatory or administrative proceeding involving the Company or any of its affiliates without giving prior written notice to the Company or the Company's counsel. Upon presentation of appropriate documentation, the Company shall pay or reimburse the Employee for all reasonable attorneys' fees and out-of-pocket expenses, including travel, duplicating or telephonic expenses, incurred by the Employee in complying with this Section 11 .

12. WHISTLEBLOWER PROTECTION. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede the Employee (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. The Employee does not need the prior authorization of the Company to make any such reports or disclosures and the Employee shall not be not required to notify the Company that such reports or disclosures have been made.

13. EQUITABLE RELIEF AND OTHER REMEDIES. The Employee acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 10 or Section 11 hereof would be inadequate and, in recognition of this fact, the Employee agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond or other security, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available, without the necessity of showing actual monetary damages. In the event of a violation by the Employee of Section 10 or Section 11 hereof, any severance being paid to the Employee pursuant to this Agreement or otherwise shall immediately cease, and any severance previously paid to the Employee shall be immediately repaid to the Company.

14. NO ASSIGNMENTS. This Agreement is personal to each of the parties hereto. Except as provided in this Section 14 hereof, no party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto. The Company may assign this Agreement to any successor to all or substantially all of the business and/or assets of the Company, provided that the Company shall require such successor to expressly

assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, " Company " shall mean the Company and any successor to its business and/or assets, which assumes and agrees to perform the duties and obligations of the Company under this Agreement by operation of law or otherwise.

15. NOTICE . For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery, if delivered by hand, (b) on the date of transmission, if delivered by confirmed facsimile or electronic mail, (c) on the first business day following the date of deposit, if delivered by guaranteed overnight delivery service, or (d) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Employee:

At the address (or to the facsimile number) shown
in the books and records of the Company.

If to the Company:
807 Las Cimas Parkway
Suite 350
Austin, TX 78746

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

16. SECTION HEADINGS; INCONSISTENCY. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. In the event of any inconsistency between the terms of this Agreement and any form, award, plan or policy of the Company, the terms of this Agreement shall govern and control.

17. SEVERABILITY. The provisions of this Agreement shall be deemed severable. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by applicable law.

18. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

19. INDEMNIFICATION. The Company hereby agrees to indemnify the Employee and hold the Employee harmless to the extent provided under the By-Laws of the Company against and in respect of any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorney's fees), losses, and damages resulting from the Employee's good faith performance of the Employee's duties and obligations with the Company. This obligation shall survive the termination of the Employee's employment with the Company.

20. LIABILITY INSURANCE. The Company shall cover the Employee under directors' and officers' liability insurance both during and, while potential liability exists, after the term of this Agreement in the same amount and to the same extent as the Company covers its other officers and directors.

21. GOVERNING LAW; ARBITRATION . This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Texas (without regard to its choice of law provisions). Each of the Parties agrees that any dispute or controversy arising under or in connection with this Agreement or the Employee's employment with the Company, other than injunctive relief under Section 13 hereof, shall be settled exclusively by arbitration, conducted before a single arbitrator in the metropolitan area of Houston, Texas in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association then in effect. The decision of the arbitrator will be final and binding upon the parties hereto. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The parties acknowledge and agree that in connection with any such arbitration and regardless of outcome, (a) each party shall pay all of its own costs and expenses, including, without limitation, its own legal fees and expenses, and (b) the arbitration costs shall be borne entirely by the Company, provided , that the Employee's costs and expenses, including, without limitation, its own legal fees and expenses shall be reimbursed by the Company to the Employee within fifteen (15) days of the arbitrator's final decision, if such decision indicates that the Employee has prevailed on a material issue in dispute.

22. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Employee and such officer or director as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement together with all exhibits hereto sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes any and all prior agreements or understandings between the Employee and the Company with respect to the subject matter hereof. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

23. REPRESENTATIONS. The Employee represents and warrants to the Company that (a) the Employee has the legal right to enter into this Agreement and to perform all of the obligations on the Employee's part to be performed hereunder in accordance with its terms, and (b) the Employee is not a party to any agreement or understanding, written or oral, and is not

subject to any restriction, which, in either case, could prevent the Employee from entering into this Agreement or performing all of the Employee's duties and obligations hereunder. In addition, the Employee acknowledges that the Employee is aware of Section 304 (Forfeiture of Certain Bonuses and Profits) of the Sarbanes-Oxley Act of 2002 and the right of the Company to be reimbursed for certain payments to the Employee in compliance therewith.

24. TAX MATTERS.

(a) **WITHHOLDING.** The Company may withhold from any and all amounts payable under this Agreement or otherwise such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation. In the event that the Company fails to withhold any taxes required to be withheld by applicable law or regulation, the Employee agrees to indemnify the Company for any amount paid with respect to any such taxes, together with any interest, penalty and/or expense related thereto.

(b) **SECTION 409A COMPLIANCE.**

(i) The intent of the parties is that payments and benefits under this Agreement comply with Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively " Code Section 409A ") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Employee and the Company of the applicable provision without violating the provisions of Code Section 409A. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on the Employee by Code Section 409A or damages for failing to comply with Code Section 409A.

(ii) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." Notwithstanding anything to the contrary in this Agreement, if the Employee is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered deferred compensation under Code Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided until the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Employee, and (B) the date of the Employee's death, to the extent required under Code Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this Section 24(b)(ii) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Employee in a lump sum following the date of the "separation from service", and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(iii) To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Code Section 409A, (A) all expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Employee, (B) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

(iv) For purposes of Code Section 409A, the Employee's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(v) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment under this Agreement that constitutes "nonqualified deferred compensation" for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

COMPANY

JONES ENERGY, INC.

By: /s/ Carl F. Giesler, Jr.
Name: Carl F. Giesler, Jr.

Title: Chief Executive Officer

EMPLOYEE

/s/ Kirk Goehring
Kirk Goehring

EXHIBIT A

GENERAL RELEASE

I, , in consideration of and subject to the performance by Jones Energy, Inc. (together with its subsidiaries, the " Company "), of its obligations under the Employment Agreement dated as of [DATE] (the " Agreement "), which are further described on Schedule A attached hereto, do hereby release and forever discharge as of the date hereof the Company and its respective affiliates and all present, former and future managers, directors, officers, employees, successors and assigns of the Company and its affiliates and direct or indirect owners (collectively, the " Released Parties ") to the extent provided below (this " General Release "). The Released Parties are intended to be third-party beneficiaries of this General Release, and this General Release may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Released Parties hereunder. Terms used herein but not otherwise defined shall have the meanings given to them in the Agreement.

1. My employment or service with the Company and its affiliates terminated as of [DATE], and I hereby resign from any position as an officer, member of the board of managers or directors (as applicable) or fiduciary of the Company or its affiliates (or reaffirm any such resignation that may have already occurred). I understand that any payments or benefits paid or granted to me under Section 8(d) of the Agreement represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive certain of the payments and benefits specified in Section 8(d) of the Agreement unless I execute this General Release and do not revoke this General Release within the time period permitted hereafter. Such payments and benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or its affiliates.

2. Except as provided in paragraphs 4 and 5 below and except for the provisions of the Agreement which expressly survive the termination of my employment with the Company, I knowingly and voluntarily (for myself, my heirs, executors, administrators and assigns) release and forever discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, or liabilities of any nature whatsoever in law and in equity, both past and present (through the date that this General Release becomes effective and enforceable) and whether known or unknown, suspected, or claimed against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, may have as of the date hereof, including claims that arise out of or are connected with my employment with, or my separation or termination from, the Company and any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; any applicable Executive Order Programs; the Fair Labor Standards Act; or their state or local

counterparts; or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract or tort, or under common law; or arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other expenses, including attorneys' fees incurred in these matters) (all of the foregoing collectively referred to herein as the " Claims ").

3. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action, or other matter covered by paragraph 2 above.

4. I agree that this General Release does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967 which arise after the date I execute this General Release. I acknowledge and agree that my separation from employment with the Company in compliance with the terms of the Agreement shall not serve as the basis for any claim or action (including, without limitation, any claim under the Age Discrimination in Employment Act of 1967).

5. I agree that I hereby waive all rights to sue or obtain equitable, remedial or punitive relief from any or all Released Parties of any kind whatsoever in respect of any Claim, including, without limitation, reinstatement, back pay, front pay, and any form of injunctive relief. Notwithstanding the above, I further acknowledge that I am not waiving and am not being required to waive any right that cannot be waived under law, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided , however , that I disclaim and waive any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation or proceeding. Additionally, I am not waiving (i) any right to the Accrued Benefits or any severance benefits to which I am entitled under Schedule A, (ii) any claim relating to directors' and officers' liability insurance coverage or any right of indemnification under the Company's organizational documents or otherwise, or (iii) my rights as an equity or security holder in the Company or its affiliates.

6. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state or local statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the Agreement. I further agree that in the event I should bring a Claim seeking damages against the Company, or in the event I should seek to recover against the Company in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims to the maximum extent permitted by law. I further agree that I am not aware of any pending claim of the type described in paragraph 2 above as of the execution of this General Release.

7. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.

8. I agree that if I violate this General Release by suing the Company or the other Released Parties, I will pay all costs and expenses of defending against the suit incurred by the Released Parties, including reasonable attorneys' fees.

9. I agree that this General Release and the Agreement are confidential and agree not to disclose any information regarding the terms of this General Release or the Agreement, except to my immediate family and any tax, legal or other counsel I have consulted regarding the meaning or effect hereof or as required by law, and I will instruct each of the foregoing not to disclose the same to anyone.

10. Any non-disclosure provision in this General Release does not prohibit or restrict me (or my attorney) from responding to any inquiry about this General Release or its underlying facts and circumstances by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), any other self-regulatory organization or any governmental entity.

11. I hereby acknowledge that Sections 8 through 15, 19 through 22 and 24 of the Agreement shall survive my execution of this General Release.

12. I represent that I am not aware of any claim by me other than the claims that are released by this General Release. I acknowledge that I may hereafter discover claims or facts in addition to or different than those which I now know or believe to exist with respect to the subject matter of the release set forth in paragraph 2 above and which, if known or suspected at the time of entering into this General Release, may have materially affected this General Release and my decision to enter into it.

13. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish, or in any way affect any rights or claims arising out of any breach by the Company or by any Released Party of the Agreement after the date hereof.

14. Whenever possible, each provision of this General Release shall be interpreted in, such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

1. I HAVE READ IT CAREFULLY;

2. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963, THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;

3. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

4. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;

5. I HAVE HAD AT LEAST **[21][45]** DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE TO CONSIDER IT, AND THE CHANGES MADE SINCE MY RECEIPT OF THIS RELEASE ARE NOT MATERIAL OR WERE MADE AT MY REQUEST AND WILL NOT RESTART THE REQUIRED **[21][45]** -DAY PERIOD;

6. I UNDERSTAND THAT I HAVE SEVEN (7) DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;

7. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

8. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

SIGNED: _____ DATED: _____

JONES ENERGY, LLC.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this " Agreement ") dated as of February 27, 2019, between Jones Energy, LLC, a Delaware corporation (the " Company "), and Carl Giesler (the " Employee ").

W I T N E S S E T H

WHEREAS , on July 12, 2018, the Company and the Employee executed that certain employment agreement, pursuant to which the Employee would serve as Chief Executive Officer of the Company (the "Initial Employment Agreement ");

WHEREAS , the Employee is currently serving as the Chief Executive Officer of the Company and as a member of the Company's Board of Directors (the " Board ");

WHEREAS , the Company desires to continue to employ the Employee as its Chief Executive Officer, and the Employee desires to continue to be employed by the Company in such position on the terms and conditions set forth herein; and

WHEREAS , the Company and the Employee desire to amend and restate the Initial Employment Agreement.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows, which terms shall supplement and amend the Initial Employment Agreement as applicable:

1. POSITION AND DUTIES.

(a) During the Employment Term (as defined in Section 2 hereof), the Employee shall serve as the Chief Executive Officer of the Company and as a member of Board. In this capacity, the Employee shall have the duties, authorities and responsibilities as are commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies, and such other duties, authorities and responsibilities as may reasonably be assigned to the Employee by the Board that are not inconsistent with the Employee's position as Chief Executive Officer of the Company. The Employee's principal place of employment with the Company shall be in Austin, Texas, provided that the Employee understands and agrees that the Employee may be required to travel from time to time for business purposes. The Company understands that the Employee will reside in Houston, Texas and commute to Austin, Texas as appropriate. The Employee shall report directly to the Board.

(b) During the Employment Term, the Employee shall devote substantially all of the Employee's business time, energy, business judgment, knowledge and skill and the Employee's best efforts to the performance of the Employee's duties with the Company, provided that the

foregoing shall not prevent the Employee from (i) serving on the boards of directors of non-profit organizations, (ii) participating in charitable, civic, educational, professional, community or industry affairs, and (iii) managing the Employee's passive personal investments so long as such activities in the aggregate do not materially interfere or conflict with the Employee's duties hereunder or create a potential business or fiduciary conflict.

(c) During the balance of the Employment Term, the Board shall nominate the Employee for re-election as a member of the Board at the expiration of the then current term, provided that the foregoing shall not be required to the extent prohibited by legal or regulatory requirements.

2. EMPLOYMENT TERM. The Company agrees to employ the Employee pursuant to the terms of this Agreement, and the Employee agrees to be so employed, for a term of two (2) years (the " Initial Term ") commencing as of February 27, 2019 (the " Effective Date "). On each anniversary of the Effective Date following the Initial Term, the term of this Agreement shall be automatically extended for successive one-year periods, provided , however , that either party hereto may elect not to extend this Agreement by giving written notice to the other party at least one hundred and twenty (120) days prior to any such anniversary date. Notwithstanding the foregoing, the Employee's employment hereunder may be earlier terminated in accordance with Section 7 hereof, subject to Section 8 hereof. The period of time between the Effective Date and the termination of the Employee's employment hereunder shall be referred to herein as the " Employment Term ."

3. BASE SALARY. The Company agrees to pay the Employee a base salary at an annual rate of $495,000, payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. The Employee's Base Salary shall be subject to annual review by the Board (or a committee thereof), and may be adjusted, from time to time by the Board, subject to Section 7(e) hereof. The base salary as determined herein and adjusted from time to time shall constitute " Base Salary " for purposes of this Agreement.

4. ANNUAL BONUS. Commencing with the 2019 performance year and during the Employment Term, the Employee shall be eligible to receive an annual discretionary incentive payment under the Company's annual bonus plan as may be in effect from time to time (the " Annual Bonus ") based on a target bonus opportunity of one hundred percent (100%) of Base Salary (the " Target Bonus ") (provided that the Board or the Company's Compensation Committee (the " Committee ") may, in its discretion, pay the Employee a greater Annual Bonus), upon the attainment of certain pre-established performance goals established by the Board or the Committee after discussion with the Employee in its sole discretion, and subject to the Employee's continued employment with the Company through the date of payment (provided such payment is made in the ordinary course of business and consistent with historical practices) of any such Annual Bonus ultimately earned.(1)

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(1) Pursuant to the Initial Employment Agreement, within thirty (30) days following the Effective Date of the Initial Employment Agreement, the Company paid the Employee a guarantee bonus payment in respect of the 2018 performance year, equal to $371,250 (less applicable taxes) (the " Guaranteed Bonus "), provided that, if the Company terminates the Employee for Cause or the Employee resigns without Good Reason, in either case, prior to the first anniversary of the Effective Date under the Initial Employment Agreement, the Employee shall repay to the Company within ten (10) business days of such termination in full the after-tax value of the Guaranteed Bonus.

5. EQUITY AWARDS. The Employee will be eligible to participate in any future Management Incentive Plan established by the Company or any successor thereto. Pursuant to the Initial Employment Agreement, the Employee was granted four million (4,000,000) Class A Shares of Jones Energy, Inc. (the " Corporation ") (the " Restricted Shares "), which will, subject to continued employment through the applicable vesting dates, be eligible to vest in equal 1/3 installments on each of July 1, 2019, July 1, 2020, and July 1, 2021, subject to the terms and conditions of (i) the Amended and Restated Jones Energy, Inc.'s 2013 Omnibus Incentive Plan (the " Plan "), (ii) a corresponding award agreement under the Plan to be executed by the Employee, and (iii) approval of such award by the Compensation Committee of the Board of Directors of the Corporation.

6. EMPLOYEE BENEFITS.

(a) **BENEFIT PLANS.** During the Employment Term, the Employee shall be entitled to participate in any employee benefit plan that the Company has adopted or may adopt, maintain or contribute to for the benefit of its employees generally, subject to satisfying the applicable eligibility requirements, except to the extent such plans are duplicative of the benefits otherwise provided to hereunder. The Employee's participation will be subject to the terms of the applicable plan documents and generally applicable Company policies. Notwithstanding the foregoing, the Company may modify or terminate any employee benefit plan at any time.

(b) **VACATIONS.** During the Employment Term, the Employee shall be entitled to twenty (20) days of paid vacation per calendar year (as prorated for partial years) in accordance with the Company's policy on accrual and use applicable to employees as in effect from time to time. Up to five (5) days of any accrued and unused vacation time may be carried forward to use in the first quarter of the following year. The Employee will also be eligible for up to five (5) days of personal time each calendar year which do not carry forward. Vacation may be taken at such times and intervals as the Employee determines, subject to the business needs of the Company.

(c) **BUSINESS EXPENSES.** Upon presentation of reasonable substantiation and documentation as the Company may specify from time to time, the Employee shall be reimbursed in accordance with the Company's expense reimbursement policy, for all reasonable out-of-pocket business expenses, including but not limited to reasonable commuting expenses between Houston and the Company's headquarters, incurred and paid by the Employee during the Employment Term and in connection with the performance of the Employee's duties hereunder.

7. TERMINATION. The Employee's employment and the Employment Term shall terminate on the first of the following to occur:

(a) **DISABILITY.** Upon ten (10) business days' prior written notice by the Company to the Employee of termination due to Disability. For purposes of this Agreement, " Disability " shall be defined as the inability of the Employee to have performed the Employee's material duties hereunder due to a physical or mental injury, infirmity or incapacity for one hundred eighty (180) days (including weekends and holidays) in any 365-day period as determined by the Board in its

reasonable discretion. The Employee shall cooperate in all respects with the Company if a question arises as to whether the Employee has become disabled, including, without limitation, submitting to reasonable examinations by one or more medical doctors and other health care specialists selected by the Company and authorizing such medical doctors and other health care specialists to discuss the Employee's condition with the Company.

(b) **DEATH.** Automatically upon the date of death of the Employee.

(c) **CAUSE.** Immediately upon written notice by the Company to the Employee of a termination for Cause. " Cause " shall mean:

(i) the refusal to perform the Employee's material job duties that continues for at least ten (10) days after written notice from the Company;

(ii) material violation of a material policy of the Company that causes material damage to the Company and that is not cured within fifteen (15) days of written notice from the Company;

(iii) the Employee's failure to cooperate in any audit or investigation of the business or financial practices of the Company or any of its subsidiaries;

(iv) willful misconduct or gross negligence in the course of the Employee's duties that causes material damage to the Company;

(v) indictment for, conviction of, or pleading of guilty or nolo contendere to a felony or any crime involving moral turpitude; or

(vi) the material breach of the restrictive covenant provisions in Section 10 hereof, that causes material damage to the Company and that is not cured within fifteen (15) days of written notice from the Company.

Any determination of Cause by the Company will be made by a resolution approved by a majority of the members of the Board, provided , that no such determination may be made until the Employee has been given written notice detailing the specific Cause event and a period of thirty (30) days following receipt of such notice to cure such event (if susceptible to cure) to the satisfaction of the Board. Notwithstanding anything to the contrary contained herein, the Employee's right to cure as set forth in Sections 7(c)(i), (ii), and (v) hereof shall not apply if there are habitual or repeated breaches by the Employee.

(d) **WITHOUT CAUSE.** Immediately upon written notice by the Company to the Employee of an involuntary termination without Cause (other than for death or Disability).

(e) **GOOD REASON.** Upon written notice by the Employee to the Company of a termination for Good Reason. " Good Reason " shall mean the occurrence of any of the following events, without the express written consent of the Employee, unless such events are fully corrected in all material respects by the Company within fifteen (15) days following written notification by the Employee to the Company of the occurrence of one of the reasons set forth below:

(i) diminution in the Employee's Base Salary or Target Bonus;

(ii) material diminution in the Employee's titles, duties, authorities, or responsibilities (other than temporarily while physically or mentally incapacitated or as required by applicable law);

(iii) the Company's material violation of this Agreement;

(iv) relocation of the Employee's primary office location by more than 35 miles; or

(v) a material reduction in the Employee's severance benefits (it being understood that any such reduction shall not be applied to the Employee terminating for Good Reason as a result of such reduction).

(f) The Employee shall provide the Company with a written notice detailing the specific circumstances alleged to constitute Good Reason within forty-five (45) days after the first occurrence of such circumstances, and actually terminate employment within fifteen (15) days following the expiration of the Company's fifteen (15)-day cure period described above. Otherwise, any claim of such circumstances as "Good Reason" shall be deemed irrevocably waived by the Employee.

(g) **WITHOUT GOOD REASON.** Upon ninety (90) days' prior written notice by the Employee to the Company of the Employee's voluntary termination of employment without Good Reason (which the Company may, in its sole discretion, make effective earlier than any notice date).

(h) **EXPIRATION OF EMPLOYMENT TERM; NON-EXTENSION OF AGREEMENT.** Upon the expiration of the Employment Term due to a non-extension of the Agreement by the Company or the Employee pursuant to the provisions of Section 2 hereof.

8. CONSEQUENCES OF TERMINATION.

(a) **DEATH.** In the event that the Employee's employment and the Employment Term ends on account of the Employee's death, the Employee or the Employee's estate, as the case may be, shall be entitled to the following (with the amounts due under Sections 8(a)(i) through 8(a)(iv) hereof to be paid within sixty (60) days following termination of employment, or such earlier date as may be required by applicable law):

(i) any unpaid Base Salary through the date of termination;

(ii) any Annual Bonus earned but unpaid with respect to the fiscal year ending on or preceding the date of termination;

(iii) reimbursement for any unreimbursed business expenses incurred through the date of termination;

(iv) any accrued but unused vacation time in accordance with Company policy; and

(v) all other payments, benefits or fringe benefits to which the Employee shall be entitled under the terms of any applicable compensation arrangement or benefit, equity or fringe benefit plan or program or grant or this Agreement (collectively, Sections 8(a)(i) through 8(a)(v) hereof shall be hereafter referred to as the " Accrued Benefits ").

In addition, the Company shall pay the Employee's estate a pro-rata portion of the Employee's Annual Bonus for the fiscal year in which the Employee's termination occurs based on actual results for such year (determined by multiplying the amount of such bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is 365) payable at the same time bonuses for such year are paid to other senior executives of the Company.

(b) **DISABILITY.** In the event that the Employee's employment and/or Employment Term ends on account of the Employee's Disability, the Company shall pay or provide the Employee with the Accrued Benefits In addition, the Company shall pay the Employee a pro-rata portion of the Employee's Annual Bonus for the fiscal year in which the Employee's termination occurs based on actual results for such year (determined by multiplying the amount of such bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is 365) payable at the same time bonuses for such year are paid to other senior executives of the Company.

(c) **TERMINATION FOR CAUSE OR WITHOUT GOOD REASON OR AS A RESULT OF EMPLOYEE NON-EXTENSION OF THIS AGREEMENT.** If the Employee's employment is terminated (x) by the Company for Cause, (y) by the Employee without Good Reason, or (z) as a result of the Employee's non-extension of the Employment Term as provided in Section 2 hereof, the Company shall pay to the Employee the Accrued Benefits other than the benefit described in Section 8(a)(ii) hereof if such termination is for Cause.

(d) **TERMINATION WITHOUT CAUSE OR FOR GOOD REASON OR AS A RESULT OF COMPANY NON-EXTENSION OF THIS AGREEMENT.** If the Employee's employment by the Company is terminated (x) by the Company other than for Cause (excluding a Change of Control as set forth under Section 8(e)), (y) by the Employee for Good Reason, or (z) as a result of the Company's non-extension of the Employment Term as provided in Section 2 hereof (excluding a Change of Control as set forth under Section 8(e)), the Company shall pay or provide the Employee with the following, subject to the provisions of Section 24 hereof and the Employee's continued compliance with the obligations in Sections 9 , 10 and 11 hereof:

(i) the Accrued Benefits;

(ii) a pro-rata portion of the Employee's Annual Bonus for the fiscal year in which the Employee's termination occurs based on actual results for such year (determined by multiplying the amount of such bonus which would be due for the full fiscal year by a fraction, the

numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is 365) payable at the same time bonuses for such year are paid to other senior executives of the Company;

(iii) an amount equal to two (2) times the sum of Employee's Base Salary plus the Employee's Target Bonus, payable in a lump sum within the first thirty (30) days following the Employee's termination; and

(iv) subject to (A) the Employee's timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (" COBRA ") and (B) the Employee's continued copayment of premiums at the same level and cost to the Employee as if the Employee were an employee of the Company (excluding, for purposes of calculating cost, an employee's ability to pay premiums with pre-tax dollars),continued participation in the Company's group health plan (to the extent permitted under applicable law and the terms of such plan) which covers the Employee (and the Employee's eligible dependents) for a period of twelve (12) months, provided that the Employee is eligible and remains eligible for COBRA coverage; provided , further , that the Company may modify the continuation coverage contemplated by this Section 8(d)(iv) to the extent reasonably necessary to avoid the imposition of any excise taxes on the Company for failure to comply with the nondiscrimination requirements of the Patient Protection and Affordable Care Act of 2010, as amended, and/or the Health Care and Education Reconciliation Act of 2010, as amended (to the extent applicable); and provided , further , that in the event that the Employee obtains other employment that offers group health benefits, such continuation of coverage by the Company under this Section 8(d)(iv) shall immediately cease.

Payments and benefits provided in this Section 8(d) shall be in lieu of any termination or severance payments or benefits for which the Employee may be eligible under any of the plans, policies or programs of the Company or under the Worker Adjustment Retraining Notification Act of 1988 or any similar state statute or regulation.

(e) **TERMINATION IN CONNECTION WITH A CHANGE OF CONTROL** .

(i) **Definition of Change of Control** . For purposes of this Agreement, a " Change of Control " shall mean the occurrence of one or more of the following events:

1. Any "person" or "group" within the meaning of those terms as used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, other than an affiliate of the Company, shall become the beneficial owner, by way of merger consolidation, recapitalization, reorganization or otherwise, of fifty percent (50%) or more of the combined voting power of the equity interests in the Company;

2. The Company's shareholders approve, in one or a series of transactions, a plan of complete liquidation of the Company; or

3. The sale or other disposition by the Company of all or substantially all of its assets in one or more transactions to any person other than an affiliate of the Company.

Notwithstanding the foregoing, (x) with respect to a payment that is subject to section 409A of the Internal Revenue Code of 1986, as amended (the " Code "), a "Change of Control" shall mean a "change of control event" as defined in the regulations and guidance issued under section 409A of the Code, and (y) a Change of Control shall not be deemed to have occurred solely by virtue of the filing of a voluntary petition by, or an involuntary petition against, the Company under Chapter 11 of Title 11 of the U.S. Code, it being understood, however, that the foregoing shall not apply to consummation of a plan of reorganization or any other transactions or series of transactions pursuant to, arising from, in connection with, or following, any such petition filing.

(ii) If, (1) during the twelve (12) months immediately following the occurrence of a Change of Control of the Company, Executive is terminated by the Company without Cause or resigns for Good Reason (as defined above) or (2) in the three (3) months immediately following Executive's termination by the Company without Cause (the " Tail Period "), (i) a Change of Control occurs, or (ii) the Company enters into a definitive agreement to undergo a Change of Control and such Change in Control actually occurs (each, as applicable, the " Change of Control Period "), Executive will be entitled to receive (A) within thirty (30) days after the date of termination, his Accrued Benefits (as defined above); (B) on the 60th day following the date of termination, a lump sum payment of an amount equaling three (3) times the sum of Employee's Base Salary and Employee's Target Bonus paid or payable with respect to the calendar year preceding the year in which the Change of Control occurs; and (C) a pro-rata portion of the Employee's Annual Bonus for the fiscal year in which the Employee's termination occurs based on actual results for such year (determined by multiplying the amount of such bonus which would be due for the full fiscal year by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is 365) payable at the same time bonuses for such year are paid to other senior executives of the Company (collectively, the " Change of Control Payment "). For the sake of clarity, if benefits become payable under Section 8(d) during the Tail Period, such benefits shall be paid and Executive will be trued up if benefits under this Section 8(e) subsequently become payable thereunder. Solely for purposes of the Change of Control Payment, Executive's Base Salary (and Target Bonus, as applicable) shall be valued as in effect at the time of the Change of Control.

(f) **CODE SECTION 280G.** To the extent that any amount payable to the Employee hereunder, as well as any other "parachute payment," as such term is defined under Section 280G of the Internal Revenue Code, payable to the Employee in connection with the Employee's employment by the Company or any of its affiliates, exceed the limitations of Section 280G of the Internal Revenue Code such that an excise tax will be imposed under Section 4999 of the Code, such parachute payments shall be reduced to the extent necessary to avoid application of the excise tax in the following order: (i) any cash severance based on a multiple of Base Salary or Annual Bonus, (ii) any other cash amounts payable to the Employee, (iii) benefits valued as parachute payments, and (iv) acceleration of vesting of any equity awards.

(g) **OTHER OBLIGATIONS.** Upon any termination of the Employee's employment with the Company, the Employee shall promptly resign from the Board and any other position as an officer, director or fiduciary of any Company-related entity.

(h) **EXCLUSIVE REMEDY.** The amounts payable to the Employee following termination of employment and the Employment Term hereunder pursuant to Sections 7 and 8

hereof shall be in full and complete satisfaction of the Employee's rights under this Agreement and any other claims that the Employee may have in respect of the Employee's employment with the Company or any of its affiliates, and the Employee acknowledges that such amounts are fair and reasonable, and are the Employee's sole and exclusive remedy, in lieu of all other remedies at law or in equity, with respect to the termination of the Employee's employment hereunder or any breach of this Agreement.

9. RELEASE; NO MITIGATION. Any and all amounts payable and benefits or additional rights provided pursuant to this Agreement beyond the Accrued Benefits (other than amounts described in Section 8(a)(iii) hereof) shall only be payable if the Employee delivers to the Company and does not revoke a general release of claims in favor of the Company in substantially the form set forth as Exhibit A hereto. Such release shall be executed and delivered (and no longer subject to revocation, if applicable) within sixty (60) days following termination. The Employee shall not be required to mitigate his damages in order to receive the amounts payable under Sections 7 and 8 hereof.

10. RESTRICTIVE COVENANTS.

(a) **CONFIDENTIALITY.** During the course of the Employee's employment with the Company, the Employee will have access to Confidential Information. For purposes of this Agreement, " Confidential Information " means all data, information, ideas, concepts, discoveries, trade secrets, inventions (whether or not patentable or reduced to practice), innovations, improvements, know-how, developments, techniques, methods, processes, treatments, drawings, sketches, specifications, designs, plans, patterns, models, plans and strategies, and all other confidential or proprietary information or trade secrets in any form or medium (whether merely remembered or embodied in a tangible or intangible form or medium) whether now or hereafter existing, relating to or arising from the past, current or potential business, activities and/or operations of the Company or any of its affiliates, including, without limitation, any such information relating to or concerning finances, sales, marketing, advertising, transition, promotions, pricing, personnel, customers, suppliers, vendors, raw partners and/or competitors. The Employee agrees that the Employee shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Employee's assigned duties and for the benefit of the Company, either during the period of the Employee's employment or at any time thereafter, any Confidential Information or other confidential or proprietary information received from third parties subject to a duty on the Company's and its subsidiaries' and affiliates' part to maintain the confidentiality of such information, and to use such information only for certain limited purposes, in each case, which shall have been obtained by the Employee during the Employee's employment by the Company (or any predecessor). The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Employee; (ii) becomes generally known to the public subsequent to disclosure to the Employee through no wrongful act of the Employee or any representative of the Employee; or (iii) the Employee is required to disclose by applicable law, regulation or legal process (provided that the Employee provides the Company with prior notice of the contemplated disclosure and cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information). The terms and conditions of this Agreement shall remain strictly confidential, and the Employee hereby agrees not to disclose the terms and conditions hereof to any person or entity, other than immediate family members, legal advisors or personal tax or

financial advisors, or prospective future employers solely for the purpose of disclosing the limitations on the Employee's conduct imposed by the provisions of this Section 10 who, in each case, agree to keep such information confidential.

(b) **NONCOMPETITION.** The Employee acknowledges that (i) the Employee performs services of a unique nature for the Company that are irreplaceable, and that the Employee's performance of such services to a competing business will result in irreparable harm to the Company, (ii) the Employee has had and will continue to have access to Confidential Information which, if disclosed, would unfairly and inappropriately assist in competition against the Company or any of its affiliates, (iii) in the course of the Employee's employment by a competitor, the Employee would inevitably use or disclose such Confidential Information, (iv) the Company and its affiliates have substantial relationships with their customers and the Employee has had and will continue to have access to these customers, (v) the Employee has received and will receive specialized training from the Company and its affiliates, and (vi) the Employee has generated and will continue to generate goodwill for the Company and its affiliates in the course of the Employee's employment . Accordingly, during the Employee's employment hereunder and for a period of one (1) year thereafter, the Employee agrees that the Employee will not, directly or indirectly, own, manage, operate, control, be employed by (whether as an employee, consultant, independent contractor or otherwise, and whether or not for compensation) or render services to any person, firm, corporation or other entity, in whatever form, engaged in competition with the Company or any of its subsidiaries or affiliates in any other material business in which the Company or any of its subsidiaries or affiliates is engaged on the date of termination or in which the Board has considered, on or prior to such date, to have the Company or any of its subsidiaries or affiliates become engaged in on or after such date, in Oklahoma and the Texas Panhandle, and any basin or area in which the Company's Board has actively considered having the Company operate during the Employment Term. Notwithstanding the foregoing, nothing herein shall prohibit the Employee from being a passive owner of not more than one percent (1%) of the equity securities of a publicly traded corporation engaged in a business that is in competition with the Company or any of its subsidiaries or affiliates, so long as the Employee has no active participation in the business of such corporation. In addition, the provisions of this Section 10(b) shall not be violated by the Employee commencing employment with a subsidiary, division or unit of any entity that engages in a business in competition with the Company or any of its subsidiaries or affiliates so long as the Employee and such subsidiary, division or unit does not engage in a business in competition with the Company or any of its subsidiaries or affiliates.

(c) **NONSOLICITATION; NONINTERFERENCE.** (i) During the Employee's employment with the Company and for a period of one (1) year thereafter, the Employee agrees that the Employee shall not, except in the furtherance of the Employee's duties hereunder, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, solicit, aid or induce any customer of the Company or any of its subsidiaries or affiliates to purchase goods or services then sold by the Company or any of its subsidiaries or affiliates from another person, firm, corporation or other entity or assist or aid any other persons or entity in identifying or soliciting any such customer.

(ii) During the Employee's employment with the Company and for a period of one (1) years thereafter, the Employee agrees that the Employee shall not, except in the furtherance of the Employee's duties hereunder, directly or indirectly, individually or on behalf of any other

person, firm, corporation or other entity, (A) solicit, aid or induce any employee, representative or agent of the Company or any of its subsidiaries or affiliates to leave such employment or retention or to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or hire or retain any such employee, representative or agent, or take any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee, representative or agent, or (B) interfere, or aid or induce any other person or entity in interfering, with the relationship between the Company or any of its subsidiaries or affiliates and any of their respective vendors, joint venturers or licensors. An employee, representative or agent shall be deemed covered by this Section 10(c)(ii) while so employed or retained and for a period of six (6) months thereafter.

(d) **NONDISPARAGEMENT.** During the Employee's employment with the Company and for a period of one (1) year thereafter, the Employee agrees not to make negative comments or otherwise disparage the Company or its officers, directors, employees, shareholders, agents or products other than in the good faith performance of the Employee's duties to the Company while the Employee is employed by the Company. The Company agrees that it will direct its directors and executive officers not to, while employed by the Company or serving as a director of the Company, as the case may be, make negative comments about the Employee or otherwise disparage the Employee in any manner that is likely to be harmful to the Employee's business reputation. The foregoing shall not be violated by truthful statements in response to legal process, required governmental testimony or filings (including SEC filings), or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings), and the foregoing limitation on the Company's executives and directors shall not be violated by statements that they in good faith believe are necessary or appropriate to make in connection with performing their duties and obligations to the Company.

(e) **INVENTIONS.** (i) The Employee acknowledges and agrees that all ideas, methods, inventions, discoveries, improvements, work products, developments, software, know-how, processes, techniques, methods, works of authorship and other work product, whether patentable or unpatentable, (A) that are reduced to practice, created, invented, designed, developed, contributed to, or improved with the use of any Company resources and/or within the scope of the Employee's work with the Company or that relate to the business, operations or actual or demonstrably anticipated research or development of the Company, and that are made or conceived by the Employee, solely or jointly with others, during the Employment Term, or (B) suggested by any work that the Employee performs in connection with the Company, either while performing the Employee's duties with the Company or on the Employee's own time, shall belong exclusively to the Company (or its designee), whether or not patent or other applications for intellectual property protection are filed thereon (the " Inventions "). The Employee will keep full and complete written records (the " Records "), in the manner prescribed by the Company, of all Inventions, and will promptly disclose all Inventions completely and in writing to the Company. The Records shall be the sole and exclusive property of the Company, and the Employee will surrender them upon the termination of the Employment Term, or upon the Company's request. The Employee irrevocably conveys, transfers and assigns to the Company the Inventions and all patents or other intellectual property rights that may issue thereon in any and all countries, whether during or subsequent to the Employment Term, together with the right to file, in the Employee's name or in the name of the Company (or its designee), applications for patents and equivalent rights (the " Applications "). The Employee will, at any time during and subsequent to the

Employment Term, make such applications, sign such papers, take all rightful oaths, and perform all other acts as may be requested from time to time by the Company to perfect, record, enforce, protect, patent or register the Company's rights in the Inventions, all without additional compensation to the Employee from the Company. The Employee will also execute assignments to the Company (or its designee) of the Applications, and give the Company and its attorneys all reasonable assistance (including the giving of testimony) to obtain the Inventions for the Company's benefit, all without additional compensation to the Employee from the Company.

(ii) In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Company and the Employee agrees that the Company will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to the Employee. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, or the rights in such Inventions do not otherwise automatically vest in the Company, the Employee hereby irrevocably conveys, transfers and assigns to the Company, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including, without limitation, all of the Employee's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including, without limitation, all rights of any kind or any nature now or hereafter recognized, including, without limitation, the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, prior to the date hereof, including, without limitation, the right to receive all proceeds and damages therefrom. In addition, the Employee hereby waives any so-called "moral rights" with respect to the Inventions. The Employee hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents and other registrations for intellectual property that may issue thereon, including, without limitation, any rights that would otherwise accrue to the Employee's benefit by virtue of the Employee being an employee of or other service provider to the Company.

(f) **RETURN OF COMPANY PROPERTY.** On the date of the Employee's termination of employment with the Company for any reason (or at any time prior thereto at the Company's request), the Employee shall return all property belonging to the Company or its affiliates (including, but not limited to, any Company-provided laptops, computers, cell phones, wireless electronic mail devices or other equipment, or documents and property belonging to the Company). The Employee may retain the Employee's rolodex and similar address books provided that such items only include contact information.

(g) **REASONABLENESS OF COVENANTS.** In signing this Agreement, the Employee gives the Company assurance that the Employee has carefully read and considered all of the terms and conditions of this Agreement, including the restraints imposed under this Section 10 hereof. The Employee agrees that these restraints are necessary for the reasonable and proper protection of the Company and its affiliates and their Confidential Information and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent the Employee from obtaining other suitable employment during the period in which the Employee is bound by the restraints. The Employee acknowledges that each of these covenants has a unique, very substantial

and immeasurable value to the Company and its affiliates and that the Employee has sufficient assets and skills to provide a livelihood while such covenants remain in force. The Employee further covenants that the Employee will not challenge the reasonableness or enforceability of any of the covenants set forth in this Section 10 , and that the Employee will reimburse the Company and its affiliates for all costs (including reasonable attorneys' fees) incurred in connection with any action to enforce any of the provisions of this Section 10 if the Employee challenges the reasonableness or enforceability of any of the provisions of this Section 10 . It is also agreed that each of the Company's affiliates will have the right to enforce all of the Employee's obligations to that affiliate under this Agreement, including without limitation pursuant to this Section 10 .

(h) **REFORMATION.** If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of that state.

(i) **TOLLING.** In the event of any violation of the provisions of this Section 10 , the Employee acknowledges and agrees that the post-termination restrictions contained in this Section 10 shall be extended by a period of time equal to the period of such violation, it being the intention of the parties hereto that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.

(j) **SURVIVAL OF PROVISIONS.** The obligations contained in Sections 10 and 11 hereof shall survive the termination or expiration of the Employment Term and the Employee's employment with the Company and shall be fully enforceable thereafter.

11. COOPERATION. Upon the receipt of reasonable notice from the Company (including outside counsel), the Employee agrees that while employed by the Company and thereafter, the Employee will respond and provide information with regard to matters in which the Employee has knowledge as a result of the Employee's employment with the Company, and will provide reasonable assistance to the Company, its affiliates and their respective representatives in defense of any claims that may be made against the Company or its affiliates, and will assist the Company and its affiliates in the prosecution of any claims that may be made by the Company or its affiliates, to the extent that such claims may relate to the period of the Employee's employment with the Company (collectively, the " Claims "). The Employee agrees to promptly inform the Company if the Employee becomes aware of any lawsuits involving Claims that may be filed or threatened against the Company or its affiliates. The Employee also agrees to promptly inform the Company (to the extent that the Employee is legally permitted to do so) if the Employee is asked to assist in any investigation of the Company or its affiliates (or their actions) or another party attempts to obtain information or documents from the Employee (other than in connection with any litigation or other proceeding in which the Employee is a party-in-opposition) with respect to matters the Employee believes in good faith to relate to any investigation of the Company or its affiliates, in each case, regardless of whether a lawsuit or other proceeding has then been filed against the Company or its affiliates with respect to such investigation, and shall not do so unless legally required. During the pendency of any litigation or other proceeding involving Claims, the Employee shall not communicate with anyone (other than the Employee's attorneys and tax and/or financial advisors and except to the extent that the Employee determines

in good faith is necessary in connection with the performance of the Employee's duties hereunder) with respect to the facts or subject matter of any pending or potential litigation or regulatory or administrative proceeding involving the Company or any of its affiliates without giving prior written notice to the Company or the Company's counsel. Upon presentation of appropriate documentation, the Company shall pay or reimburse the Employee for all reasonable attorneys' fees and out-of-pocket expenses, including travel, duplicating or telephonic expenses, incurred by the Employee in complying with this Section 11 .

12. WHISTLEBLOWER PROTECTION. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall be interpreted so as to impede the Employee (or any other individual) from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures under the whistleblower provisions of federal law or regulation. The Employee does not need the prior authorization of the Company to make any such reports or disclosures and the Employee shall not be not required to notify the Company that such reports or disclosures have been made.

13. EQUITABLE RELIEF AND OTHER REMEDIES. The Employee acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 10 or Section 11 hereof would be inadequate and, in recognition of this fact, the Employee agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond or other security, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available, without the necessity of showing actual monetary damages. In the event of a violation by the Employee of Section 10 or Section 11 hereof, any severance being paid to the Employee pursuant to this Agreement or otherwise shall immediately cease, and any severance previously paid to the Employee shall be immediately repaid to the Company.

14. NO ASSIGNMENTS. This Agreement is personal to each of the parties hereto. Except as provided in this Section 14 hereof, no party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto. The Company may assign this Agreement to any successor to all or substantially all of the business and/or assets of the Company, provided that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, " Company " shall mean the Company and any successor to its business and/or assets, which assumes and agrees to perform the duties and obligations of the Company under this Agreement by operation of law or otherwise.

15. NOTICE . For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery, if delivered by hand, (b) on the date of transmission, if delivered by confirmed facsimile or electronic mail, (c) on the first business day following the date of deposit, if delivered by guaranteed overnight delivery service, or (d) on the fourth business day following

the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Employee:

At the address (or to the facsimile number) shown
in the books and records of the Company.

If to the Company:
807 Las Cimas Parkway
Suite 350
Austin, TX 78746

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

16. SECTION HEADINGS; INCONSISTENCY. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. In the event of any inconsistency between the terms of this Agreement and any form, award, plan or policy of the Company, the terms of this Agreement shall govern and control.

17. SEVERABILITY. The provisions of this Agreement shall be deemed severable. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by applicable law.

18. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

19. INDEMNIFICATION. The Company hereby agrees to indemnify the Employee and hold the Employee harmless to the extent provided under the By-Laws of the Company against and in respect of any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including reasonable attorney's fees), losses, and damages resulting from the Employee's good faith performance of the Employee's duties and obligations with the Company. This obligation shall survive the termination of the Employee's employment with the Company.

20. LIABILITY INSURANCE. The Company shall cover the Employee under directors' and officers' liability insurance both during and, while potential liability exists, after the term of this Agreement in the same amount and to the same extent as the Company covers its other officers and directors.

21. GOVERNING LAW; ARBITRATION . This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Texas (without regard to its choice of law provisions). Each of the Parties agrees that any dispute or controversy arising under or in connection with this Agreement or the Employee's employment with the Company, other than injunctive relief under Section 13 hereof, shall be settled exclusively by arbitration, conducted before a single arbitrator in the metropolitan area of Houston, Texas in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association then in effect. The decision of the arbitrator will be final and binding upon the parties hereto. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The parties acknowledge and agree that in connection with any such arbitration and regardless of outcome, (a) each party shall pay all of its own costs and expenses, including, without limitation, its own legal fees and expenses, and (b) the arbitration costs shall be borne entirely by the Company, provided , that the Employee's costs and expenses, including, without limitation, its own legal fees and expenses shall be reimbursed by the Company to the Employee within fifteen (15) days of the arbitrator's final decision, if such decision indicates that the Employee has prevailed on a material issue in dispute.

22. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Employee and such officer or director as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement together with all exhibits hereto sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes any and all prior agreements or understandings between the Employee and the Company with respect to the subject matter hereof. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

23. REPRESENTATIONS. The Employee represents and warrants to the Company that (a) the Employee has the legal right to enter into this Agreement and to perform all of the obligations on the Employee's part to be performed hereunder in accordance with its terms, and (b) the Employee is not a party to any agreement or understanding, written or oral, and is not subject to any restriction, which, in either case, could prevent the Employee from entering into this Agreement or performing all of the Employee's duties and obligations hereunder. In addition, the Employee acknowledges that the Employee is aware of Section 304 (Forfeiture of Certain Bonuses and Profits) of the Sarbanes-Oxley Act of 2002 and the right of the Company to be reimbursed for certain payments to the Employee in compliance therewith.

24. TAX MATTERS.

(a) **WITHHOLDING.** The Company may withhold from any and all amounts payable under this Agreement or otherwise such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation. In the event that the Company fails to withhold any taxes required to be withheld by applicable law or regulation, the Employee agrees

to indemnify the Company for any amount paid with respect to any such taxes, together with any interest, penalty and/or expense related thereto.

(b) **SECTION 409A COMPLIANCE.**

(i) The intent of the parties is that payments and benefits under this Agreement comply with Internal Revenue Code Section 409A and the regulations and guidance promulgated thereunder (collectively " Code Section 409A ") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Employee and the Company of the applicable provision without violating the provisions of Code Section 409A. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on the Employee by Code Section 409A or damages for failing to comply with Code Section 409A.

(ii) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." Notwithstanding anything to the contrary in this Agreement, if the Employee is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered deferred compensation under Code Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided until the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Employee, and (B) the date of the Employee's death, to the extent required under Code Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this Section 24(b)(ii) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Employee in a lump sum following the date of the "separation from service", and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(iii) To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Code Section 409A, (A) all expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Employee, (B) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

(iv) For purposes of Code Section 409A, the Employee's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment

period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

(v) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment under this Agreement that constitutes "nonqualified deferred compensation" for purposes of Code Section 409A be subject to offset by any other amount unless otherwise permitted by Code Section 409A.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

COMPANY

JONES ENERGY, INC.

By: /s/ Thomas Hester
Name: Thomas Hester

Title: Senior Vice President and Chief Financial Officer

EMPLOYEE

/s/ Carl F. Giesler, Jr.
Carl F. Giesler, Jr.

EXHIBIT A

GENERAL RELEASE

I, , in consideration of and subject to the performance by Jones Energy, Inc. (together with its subsidiaries, the " Company "), of its obligations under the Employment Agreement dated as of [DATE] (the " Agreement "), which are further described on Schedule A attached hereto, do hereby release and forever discharge as of the date hereof the Company and its respective affiliates and all present, former and future managers, directors, officers, employees, successors and assigns of the Company and its affiliates and direct or indirect owners (collectively, the " Released Parties ") to the extent provided below (this " General Release "). The Released Parties are intended to be third-party beneficiaries of this General Release, and this General Release may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Released Parties hereunder. Terms used herein but not otherwise defined shall have the meanings given to them in the Agreement.

1. My employment or service with the Company and its affiliates terminated as of [DATE], and I hereby resign from any position as an officer, member of the board of managers or directors (as applicable) or fiduciary of the Company or its affiliates (or reaffirm any such resignation that may have already occurred). I understand that any payments or benefits paid or granted to me under Section 8(d) of the Agreement represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive certain of the payments and benefits specified in Section 8(d) of the Agreement unless I execute this General Release and do not revoke this General Release within the time period permitted hereafter. Such payments and benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or its affiliates.

2. Except as provided in paragraphs 4 and 5 below and except for the provisions of the Agreement which expressly survive the termination of my employment with the Company, I knowingly and voluntarily (for myself, my heirs, executors, administrators and assigns) release and forever discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, or liabilities of any nature whatsoever in law and in equity, both past and present (through the date that this General Release becomes effective and enforceable) and whether known or unknown, suspected, or claimed against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, may have as of the date hereof, including claims that arise out of or are connected with my employment with, or my separation or termination from, the Company and any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; any applicable Executive Order Programs; the Fair Labor Standards Act; or their state or local

counterparts; or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract or tort, or under common law; or arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other expenses, including attorneys' fees incurred in these matters) (all of the foregoing collectively referred to herein as the " Claims ").

3. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action, or other matter covered by paragraph 2 above.

4. I agree that this General Release does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967 which arise after the date I execute this General Release. I acknowledge and agree that my separation from employment with the Company in compliance with the terms of the Agreement shall not serve as the basis for any claim or action (including, without limitation, any claim under the Age Discrimination in Employment Act of 1967).

5. I agree that I hereby waive all rights to sue or obtain equitable, remedial or punitive relief from any or all Released Parties of any kind whatsoever in respect of any Claim, including, without limitation, reinstatement, back pay, front pay, and any form of injunctive relief. Notwithstanding the above, I further acknowledge that I am not waiving and am not being required to waive any right that cannot be waived under law, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided , however , that I disclaim and waive any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation or proceeding. Additionally, I am not waiving (i) any right to the Accrued Benefits or any severance benefits to which I am entitled under Schedule A, (ii) any claim relating to directors' and officers' liability insurance coverage or any right of indemnification under the Company's organizational documents or otherwise, or (iii) my rights as an equity or security holder in the Company or its affiliates.

6. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state or local statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the Agreement. I further agree that in the event I should bring a Claim seeking damages against the Company, or in the event I should seek to recover against the Company in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims to the maximum extent permitted by law. I further agree that I am not aware of any pending claim of the type described in paragraph 2 above as of the execution of this General Release.

7. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.

8. I agree that if I violate this General Release by suing the Company or the other Released Parties, I will pay all costs and expenses of defending against the suit incurred by the Released Parties, including reasonable attorneys' fees.

9. I agree that this General Release and the Agreement are confidential and agree not to disclose any information regarding the terms of this General Release or the Agreement, except to my immediate family and any tax, legal or other counsel I have consulted regarding the meaning or effect hereof or as required by law, and I will instruct each of the foregoing not to disclose the same to anyone.

10. Any non-disclosure provision in this General Release does not prohibit or restrict me (or my attorney) from responding to any inquiry about this General Release or its underlying facts and circumstances by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), any other self-regulatory organization or any governmental entity.

11. I hereby acknowledge that Sections 8 through 15, 19 through 22 and 24 of the Agreement shall survive my execution of this General Release.

12. I represent that I am not aware of any claim by me other than the claims that are released by this General Release. I acknowledge that I may hereafter discover claims or facts in addition to or different than those which I now know or believe to exist with respect to the subject matter of the release set forth in paragraph 2 above and which, if known or suspected at the time of entering into this General Release, may have materially affected this General Release and my decision to enter into it.

13. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish, or in any way affect any rights or claims arising out of any breach by the Company or by any Released Party of the Agreement after the date hereof.

14. Whenever possible, each provision of this General Release shall be interpreted in, such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

1. I HAVE READ IT CAREFULLY;

2. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963, THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;

3. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

4. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;

5. I HAVE HAD AT LEAST **[21][45]** DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE TO CONSIDER IT, AND THE CHANGES MADE SINCE MY RECEIPT OF THIS RELEASE ARE NOT MATERIAL OR WERE MADE AT MY REQUEST AND WILL NOT RESTART THE REQUIRED **[21][45]** -DAY PERIOD;

6. I UNDERSTAND THAT I HAVE SEVEN (7) DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;

7. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

8. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

SIGNED: _____ DATED: _____

Exhibit 10.4

(512) 328-2953
FAX 328-5394

Personal and Confidential

[Date]

[Name]
[Title]

Re: Prepaid Retention Program and Acceleration of LTIP and STIP Payments

Dear [ ]:

On behalf of Jones Energy, Inc. (the " ***Company*** "), I am pleased to offer you the opportunity to receive a retention bonus if you agree to the terms and conditions contained in this letter agreement (this " ***Agreement*** "), which shall be effective as of the date you execute and return a copy of this Agreement (such date, the " ***Effective Date*** ").

1. **Retention Bonus.** Subject to the terms and conditions set forth herein, you will receive a cash lump sum payment in the amount of [ ] (the " ***Retention Bonus*** ") on or prior to April 1, 2019. You agree that in the event your employment with the Company terminates for any reason other than a Qualifying Termination (a " ***Termination*** ") before April 1, 2020 (the " ***Completion Date*** "), you will be required to repay to the Company within ten (10) days of such Termination 100% of the After-Tax Value of the Retention Bonus. Notwithstanding anything to the contrary contained herein, in the event of your Qualifying Termination before the Completion Date and if you execute and do not revoke a customary release of claims in a form reasonably satisfactory to the Company, you will not be required to repay any portion of the Retention Bonus.

2. **Acceleration of LTIP and STIP Payments.** On February 21, 2019, the Company's compensation committee approved the acceleration of (A) any outstanding payments that are to be made to you under the Company's 2018 Long Term Incentive Plan (the " ***Accelerated LTIP Payments*** "); and (B) any outstanding payments that are to be made to you under (i) the Company's 2018 Short Term Incentive Plan and (ii) the Company's 2019 Short Term Incentive Plan for the first quarter of 2019 (together with the Accelerated LTIP Payments, the " ***Accelerated Payments*** "). Subject to the terms and conditions set forth herein, the Accelerated Payments shall be paid on or before April 1, 2019. You agree that in the event of your Termination before the Completion Date, you will be required to repay to the Company within ten (10) days of such Termination 100% of the After-Tax Value of the Accelerated Payments. Notwithstanding anything to the contrary contained herein, in the event of your Qualifying Termination before the Completion Date and if you execute and do not revoke a customary release of claims in a form reasonably satisfactory to the Company, you will not be required to repay any portion of the Accelerated Payments.

3. Definitions . For purposes of this Agreement:

" ***After-Tax Value of the Retention Bonus*** " means the aggregate amount of the Retention Bonus net of any taxes you are required to pay in respect thereof and determined taking into account any tax benefit that may be available in respect of such repayment. The Company shall determine in good faith the After-Tax Value of the Retention Bonus, which determination shall be conclusive and binding.

" ***After-Tax Value of the Accelerated Payments*** " means the aggregate amount of the Accelerated Payments net of any taxes you are required to pay in respect thereof and determined taking into account any tax benefit that may be available in respect of such repayment. The Company shall determine in good faith the After-Tax Value of the Accelerated Payments, which determination shall be conclusive and binding.

" ***Cause*** " means your (i) material breach of your duties and responsibilities, which is not remedied promptly after the Company gives you written notice specifying such breach, (ii) commission of a felony, (iii) commission of or engaging in any act of fraud, embezzlement, theft, a material breach of trust or any material act of dishonesty involving the Company or its subsidiaries, or (iv) significant violation of the code of conduct of the Company or its subsidiaries or of any statutory or common law duty of loyalty to the Company or its subsidiaries.

" ***Disability*** " means your inability, due to physical or mental incapacity, to perform the essential functions of your job, for two hundred seventy (270) consecutive days.

" ***Good Reason*** " means any of the following, in each case, without your consent: (i) a change in your title or any material diminution of your responsibilities or authority or the assignment of any duties inconsistent with your position, in each case, compared to what was in effect as of the Effective Date; (ii) a reduction of your annual base salary and/or target bonus as in effect on the Effective Date; or (iii) a relocation of your principal office location more than fifty (50) miles from the Company's offices at which you are based as of the Effective Date (except for required travel on the Company's business to an extent substantially consistent with your business travel obligations as of the Effective Date). Notwithstanding the foregoing, the occurrence of an event that would otherwise constitute Good Reason will cease to be an event constituting Good Reason upon any of the following: (x) your failure to provide written notice to the Company within thirty (30) days of the first occurrence of such event; (y) substantial correction of such occurrence by the Company within thirty (30) days following receipt of your written notice described in (x); or (z) your failure to actually terminate employment within the ten (10) day period following the expiration of the Company's thirty (30)-day cure period.

" ***Qualifying Termination*** " means the termination of your employment (i) by the Company for a reason other than Cause, (ii) by you for Good Reason, or (iii) due to your death or Disability.

4. **Release.** As a condition to receiving the Retention Bonus and the Accelerated Payments, you hereby agree to release any and all Claims (as defined below) against the Company, its affiliates and their respective directors, officers and employees. " ***Claims*** " means claims, charges or complaints for, or related to, any breach of contract, violation of any statute or law, or tortious conduct occurring, or based on events occurring, on or before the date of this Amendment; provided that Claims do not include, and you are not releasing: (a) any claims that may not be released as a matter of law, (b) any claims or rights that arise after you sign this Agreement

(including claims based on an event occurring after the date you sign this Agreement), (c) any claims or rights with respect to accrued compensation or benefits, (d) any claims or rights for indemnification, advancement of defense costs or other fees and expenses and related matters, arising as a matter of law or under the organizational documents of the Company or its affiliates or under any applicable insurance policy with respect to your liability as an employee, director, manager or officer of the Company or its affiliates; and (e) any claims or rights under the directors and officers and other insurance policies of the Company and its affiliates.

5. **Withholding Taxes.** The Company may withhold from any and all amounts payable to you hereunder such federal, state and local taxes as the Company determines in its sole discretion may be required to be withheld pursuant to any applicable law or regulation.

6. **No Right to Continued Employment.** Nothing in this Agreement will confer upon you any right to continued employment with the Company (or its subsidiaries or their respective successors) or to interfere in any way with the right of the Company (or its subsidiaries or their respective successors) to terminate your employment at any time.

7. **Other Benefits.** The Retention Bonus and the Accelerated Payments are special payment to you and will not be taken into account in computing the amount of salary or compensation for purposes of determining any bonus, incentive, pension, retirement, death or other benefit under any other bonus, incentive, pension, retirement, insurance or other employee benefit plan of the Company, unless such plan or agreement expressly provides otherwise.

8. **Governing Law.** This Agreement will be governed by, and construed under and in accordance with, the internal laws of the State of Texas, without reference to rules relating to conflicts of laws.

9. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

10. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement between you and the Company with respect to the Retention Bonus and the Accelerated Payments and supersedes any and all prior agreements or understandings between you and the Company with respect to the Retention Bonus and the Accelerated Payments, whether written or oral. This Agreement may be amended or modified only by a written instrument executed by you and the Company.

11. **Section 409A Compliance.** Although the Company does not guarantee the tax treatment of the Retention Bonus and the Accelerated Payments, the intent of the parties is that the Retention Bonus and the Accelerated Payments be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended and the regulations and guidance promulgated thereunder, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted in a manner consistent therewith.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

This Agreement is intended to be a binding obligation on you and the Company. If this Agreement accurately reflects your understanding as to the terms and conditions of the Retention Bonus and the Accelerated Payments, please sign, date, and return to me one copy of this Agreement. You should make a copy of the executed Agreement for your records.

Very truly yours,

JONES ENERGY, INC.

By: _____

Name:

Title:

The above terms and conditions accurately reflect our understanding regarding the terms and conditions of the Retention Bonus and the Accelerated Payments, and I hereby confirm my agreement to the same.

Dated: February [ ], 2019

EMPLOYEE

_____

Signature Page to Agreement

Exhibit 10.5

(512) 328-2953
FAX 328-5394

Personal and Confidential

February 22, 2019

Jeff Tanner
Chief Operating Officer

Re: Consulting Agreement

Dear Jeff:

This letter (this " Agreement ") sets forth the terms and conditions of your resignation of employment with Jones Energy, Inc. (the " Company "). This Agreement supersedes and replaces any other agreement regarding your termination of employment with the Company.

1. **Transition Period** . During the time between the date of this letter and the date your employment terminates (the " Transition Period "), (a) you will continue to work for the Company and perform the job duties contemplated by your position as EVP Geoscience , and provide transition assistance Chief Operating Officer (" COO "), as needed; (b) you will also have time to devote to a search for a new position and go on interviews as needed; and (c) your salary will remain the same. Unless you decide to resign sooner, the Transition Period will end on March 7, 2019 (the " Separation Date ").

2. **Post-Separation Period.** Beginning on the Separation Date and ending on November 30, 2019 the (" Completion Date " and such period being referred to herein as the " Transition Period "), you will make yourself reasonably available to assist with the transition of your duties and responsibilities to the COO and certain other employees, as identified by the Chief Executive Officer. During the Transition Period, you will be permitted to seek and obtain employment with another employer, provided, that any information you obtain in the course of performing your duties pursuant to this Agreement shall be treated as highly confidential and is subject to any existing restrictive covenant agreement or obligation between you and the Company.

3. **Consulting Fee** . Commencing on March 15, 2019 and on the first business day of each of the eight (8) months following the Separation Date, you will receive a monthly retainer of $44,666.66 (the " Consulting Fee ").

4. **COBRA Coverage.** Following the Separation Date, you will receive payment of up to six (6) months of premiums (both the employer and employee portions) to continue your and your covered dependents' medical, dental, and/or vision benefits through COBRA. Provided that you timely elect to continue benefits through COBRA, the Company will make these payments

JONES ENERGY, INC
807 LAS CIMAS PARKWAY
SUITE 350
AUSTIN, TX 78746

directly to the insurer. The monthly premium paid by the Company will be treated and reported as imputed taxable income to you.

5. **Equity and Equity-Based Awards.** Upon execution of this Agreement, you will not be entitled to and you will not receive any further amounts on account of the Jones Energy, Inc. 2013 Omnibus Incentive Plan, as amended and restated May 4, 2016 (the " LTIP ") or the Jones Energy, Inc. 2018 Short Term Incentive Plan. Any outstanding time-vested restricted stock units previously granted to you under the LTIP that are then unvested will be forfeited as of the Separation Date.

6. **Cancelation of Other Payments, Benefits, and Awards.** On the Effective Date, all other payments, benefits, incentive compensation, and awards promised to you by the Company that are not otherwise addressed in this Agreement shall cease to be owed or payable.

7. **Termination** . The Company may terminate this Agreement prior to the Completion Date only for "Cause." For purposes of this Agreement, " Cause " shall exist upon any of the following (i) you commit of an act of fraud, embezzlement, material misappropriation or breach of fiduciary duty against the Company or any of its subsidiaries (collectively, the " Company Group "), or (ii) you engage in willful misconduct in your duties hereunder that causes substantial injury to any member of the Company Group.

8. **Release.** As a condition to receiving the Consulting Fee and COBRA coverage, you hereby agree to release any and all Claims (as defined below) against any member of the Company Group, any of their affiliates and their respective directors, officers and employees. For purposes of this Agreement " Claims " means claims, charges or complaints for, or related to, any breach of contract, violation of any statute or law, or tortious conduct occurring, or based on events occurring, on or before the date of this Agreement and any claims related to your termination of employment with the Company Group; provided that Claims do not include, and you are not releasing: (a) any claims that may not be released as a matter of law, (b) any claims or rights with respect to accrued compensation or benefits, (c) any claims or rights for indemnification, advancement of defense costs or other fees and expenses and related matters, arising as a matter of law or under the organizational documents of any member of the Company Group or their affiliates or under any applicable insurance policy with respect to your liability as an employee, director, manager or officer of any member of the Company Group or their affiliates; and (e) any claims or rights under the directors and officers and other insurance policies of any member of the Company Group and their affiliates. In further consideration of the payments and benefits provided to you in this Agreement, you hereby irrevocably and unconditionally fully and forever waive, release, and discharge all members of the Company Group and their affiliates from any and all Claims, whether known or unknown, from the beginning of time through the date of your execution of this Agreement arising under the Age Discrimination in Employment Act (ADEA), as amended, and its implementing regulations. By signing this Agreement, you hereby acknowledge and confirm that: (i) you have read this Agreement in its entirety and understand all of its terms; (ii) you are advised to consult with an attorney of your choosing before signing this Agreement; (iii) you knowingly, freely, and voluntarily agree to all of the terms and conditions set out in this Agreement including, without limitation, the waiver, release, and covenants contained in it; (iv)

you are signing this Agreement, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which you are otherwise entitled; (v) you were given at least twenty-one (21) days to consider the terms of this Agreement and consult with an attorney of your choice, although you may sign it sooner if desired; (vi) you understand that you have seven (7) days after signing this Agreement to revoke the release in this paragraph by delivering notice of revocation to Jennifer Trulock at the Baker Botts LLP, 910 Louisiana Street, Ste. 3200, Houston, TX 77002, by email (jennifer.trulock@bakerbotts.com) or by fax ((214) 661-4642) before the end of such seven (7)-day period; and (vii) you understand that the release contained in this paragraph does not apply to rights and claims that may arise after you sign this Agreement.

9. **Withholding Taxes.** The Company may withhold from any and all amounts payable to you hereunder such federal, state and local taxes as the Company determines in its sole discretion may be required to be withheld pursuant to any applicable law or regulation.

10. **No Right to Continued Employment.** Nothing in this Agreement shall confer upon you any right to continued employment or provision of Consulting Services with any member of the Company Group (or their subsidiaries or their respective successors).

11. **Restrictive Covenants** . Nothing in this Agreement shall supersede or replace any existing restrictive covenant agreement or obligation between you and the Company.

12. **Effective Date.** This Agreement shall be effective February 22, 2019 (the " Effective Date ").

13. **Governing Law.** This Agreement will be governed by, and construed under and in accordance with, the internal laws of the State of Texas, without reference to rules relating to conflicts of laws.

14. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

15. **Entire Agreement.** This Agreement constitutes the entire agreement between you and the Company with respect to the Consulting Fee and supersedes any and all prior agreements or understandings between you and the Company with respect to the Consulting Fee, whether written or oral. This Agreement may be amended or modified only by a written instrument executed by you and the Company.

16. **Section 409A Compliance.** Although the Company does not guarantee the tax treatment of the Consulting Fee, the intent of the parties is that the Consulting Fee be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended and the regulations and guidance promulgated thereunder, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted in a manner consistent therewith.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

This Agreement is intended to be a binding obligation on you and the Company. If this Agreement accurately reflects your understanding as to the terms and conditions of the Consulting Fee, please sign, date, and return to me one copy of this Agreement on or before February 25, 2019. You should make a copy of the executed Agreement for your records.

Very truly yours,

COMPANY

JONES ENERGY, INC.

By: /s/ Carl F. Giesler, Jr.
Name: Carl F. Giesler, Jr.

Title: Chief Executive Officer

The above terms and conditions accurately reflect our understanding regarding the terms and conditions of the Consulting Fee, and I hereby confirm my agreement to the same.

Dated: February 22, 2019

/s/ Jeff Tanner
Jeff Tanner

JONES ENERGY, INC. ANNOUNCES 2018 FOURTH QUARTER AND FULL YEAR FINANCIAL AND OPERATING RESULTS AND 2018 YEAR END PROVED RESERVES

Austin, TX — February 27, 2019 — Jones Energy, Inc. (OTCQX: JONE) ("Jones Energy" or "the Company") today announced financial and operating results for the fourth quarter and full year ended December 31, 2018. The Company also announced its 2018 year-end proved reserves as well as initial first quarter 2019 production guidance and 2019 capital budget.

Highlights

- Second operated WAB Marmaton well, Malinda-1HR achieves peak to-date IP30 rate of 1,144 Boe/d consisting of 864 Bo/d and 1,679 Mcf/d, with gas rates still increasing.
- Merge Meramec single-section well, Margaret 2H achieved peak IP30 rate of 1,074 Boe/d consisting of 676 Bo/d and 2,387 Mcf/d.
- Merge 2-mile lateral Meramec well, Tomahawk-1HX achieves peak IP30 rate of 1,697 Boe/d consisting of 732 Bo/d and 5,792 Mcf/d.
- Average daily net production for the fourth quarter 2018 achieves 22,109 Boe/d, 11% above guidance midpoint. Production for the full year 2018 of 8.3 MMBoe (22,753 Boe/d).
- Total proved year-end 2018 reserves of 68.0 MMBoe (55% liquids) of which 61.0 MMBoe or 90% were classified as proved developed. Year-end 2018 proved reserves standardized measure value of $547 million. Corresponding Non-GAAP SEC PV-10(1) value of $570 million, based on SEC prices(2).
- Recognized impairment charges of $1.3 billion in aggregate to Proved and Unproved WAB properties and Proved Merge properties.
- Net loss for the fourth quarter 2018 of $1,235.5 million, or $239.73 per share. Non-GAAP adjusted net loss(3) of $100.3 million, or a loss of $20.21 per share. Net loss for the full year 2018 of $1,346.7 million. Non-GAAP adjusted net loss(3) of $184.6 million and EBITDAX(3) for the full year 2018 of $93.8 million.

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(1) SEC PV-10 is a supplemental Non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements. For additional information, including a reconciliation to standardized measure, the most comparable GAAP financial measure, please see "Non-GAAP Financial Measures and Reconciliations" below.
(2) SEC prices for 2018 year-end proved reserves were $65.56 per barrel for oil and $3.11 per MMBtu for natural gas based on the average of such prices for 2018.
(3) Adjusted net loss, adjusted net loss per share and EBITDAX are supplemental non-GAAP financial measures that are used by management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. For additional information, including reconciliations to the most comparable GAAP financial measures, please see "Non-GAAP Financial Measures and Reconciliations" below.

Financial Results

Total operating revenues for the three months ended December 31, 2018 were $53.9 million as compared to $54.5 million for the three months ended December 31, 2017. For the full year 2018, operating revenues were $236.4 million as compared to $188.6 million for the full year 2017. Total revenues including current period settlements of matured derivative contracts were $40.8 million and $185.7 million for the fourth quarter and full year 2018, respectively, as compared to $55.2 million and $255.4 million for the fourth quarter and full year 2017, respectively.

Total operating expenses for the three months ended December 31, 2018 were $72.5 million when excluding a one-time impairment charge of $1.3 billion, as compared to $60.8 million for the three months ended December 31, 2017. For the full year 2018, total operating expenses were $275.0 million as compared to 2017 full year total operating expenses of $255.7 million, omitting full year impairment charges of $1.3 billion in 2018 and $149.6 million in 2017. The Company incurred the $1.3 billion impairment charge in 2018 as a result of its limited ability to continue to book proved undeveloped reserves due to a prolonged period of low commodity prices and capital constraints.

For the fourth quarter ended December 31, 2018, the Company reported a net loss of $1,235.5 million, or a net loss of $239.73 per share attributable to common shareholders, compared to fourth quarter of 2017 net income of $41.6 million, or net income of $10.17 per share attributable to common shareholders. For the full year 2018 the Company reported a net loss of $1,346.7 million, or a net loss of $271.94 per share compared to full year 2017 net loss of $178.8 million, or a net loss of $30.22 per share attributable to common shareholders.

Excluding, on a tax-adjusted basis, certain items that the Company does not view as indicative of its ongoing financial performance, and adjusting for non-controlling interest, the Company had an adjusted net loss(4) for the fourth quarter 2018 of $98.7 million, or an adjusted net loss per share of $20.21, as compared to adjusted net loss of $27.2 million, or adjusted net loss per share of $6.59 for the three months ended December 31, 2017. Adjusting for non-controlling interests, the Company had an adjusted net loss(4) for the full year 2018 of $174.3 million, or an adjusted net loss per share of $38.11 attributable to common shareholders as compared to adjusted net loss of $22.8 million, or adjusted net loss per share of $8.48 attributable to common shareholders for the full year 2017.

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(4) Adjusted net loss, adjusted net loss per share are supplemental non-GAAP financial measures that are used by management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. For additional information, including reconciliations to the most comparable GAAP financial measures, please see “Non-GAAP Financial Measures and Reconciliations” below.

Earnings before interest, impairment, income taxes, depreciation, amortization, and exploration expense ("EBITDAX") for the fourth quarter and full year 2018 was $16.9 million and $93.8 million, respectively(5). This compares to fourth quarter and full year 2017 EBITDAX of $37.7 million and $186.4 million, respectively.

Full year 2018 lease operating expense ("LOE") was $44.9 million compared to the Company's full year 2017 LOE of $36.6 million. Fourth quarter 2018 LOE was $12.0 million compared to the Company's fourth quarter 2017 LOE of $8.9 million. On a dollar per Boe basis, full year 2018 LOE was $5.41 per Boe compared to full year 2017 LOE which was $4.71 per Boe. Fourth quarter 2018 LOE of $5.88 per Boe was approximately 28% higher than fourth quarter 2017 LOE of $4.59.

Preferred Stock Dividend Update

During the fourth quarter, on October 15, 2018, the Company's Board of Directors declared a contingent dividend on the Company's 8.0% Series A Perpetual Convertible Preferred Stock ("Preferred Stock"), payable in Class A common stock on November 15, 2018 to holders of record as of November 1, 2018. It was announced on November 15, 2018 that the Dividend Valuation Price did not meet the required Floor Price(6), and the dividend was not paid. Subsequent to quarter end, on January 16, 2019 the Company's Board of Directors again declared a contingent dividend on the Preferred Stock under the same terms, payable in Class A common stock on February 15, 2019 to holders of record as of February 1, 2019, including the requirement that the Dividend Valuation Price of the stock must meet the required Floor Price in order to be paid. On February 14, 2019 it was announced that the Floor price was not met, and that the dividend would not be paid. The Company has now used four of its five permitted dividend holidays without penalty and the right to receive those dividends will accrue for holders of Preferred Stock.

Preferred Stock Conversion Window Extension

During the fourth quarter, on November 26, 2018, the Company issued a Fundamental Change notice to holders of the Preferred Stock in conjunction with the delisting of the Company's Class A common stock from the New York Stock Exchange, giving such holders special rights to convert shares of Preferred Stock to Class A Common Stock at a premium to the existing conversion rate, originally until January 14, 2019. The Company's Board of Directors has since extended the special rights conversion end date to March 31, 2019.

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(5) EBITDAX is a supplemental non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies.
(6) As defined in the Certificate of Designations for the Preferred Stock and as adjusted in accordance with the terms of the Certificate of Designations.

2018 Year-End Proved Reserves

Jones Energy's year-end 2018 proved reserves based on SEC pricing were 68.0 MMBoe, of which 90% were classified as proved developed reserves. Total proved oil reserves at year-end 2018 were 15.8 MMBbls, of which 13.8 or 87% were classified as proved developed reserves. The Company's limited ability to book additional proved undeveloped reserves due to its ongoing capital constraints has resulted in a significant reduction in total proved reserves as compared to prior years. The SEC standardized measure value of the Company's proved reserves was $547 million. Its NYMEX PV-10 (7) value of proved reserves for year-end 2018 was $570 million.

The following tables set forth the Company's total proved reserves. These estimates are based on reports prepared by Cawley, Gillespie & Associates, Inc., independent petroleum engineers. Year-end proved reserves were determined utilizing a WTI oil price of $65.56 per barrel and a Henry Hub spot market natural gas price of $3.11 per MMBtu as prescribed by the SEC.

Proved Reserves as of December 31, 2018

	Oil (MMBbl)	Gas (Bcf)	NGLs (MMBbl)	Total (MMBoe)	% Liquids (Oil & NGLs)
Eastern Anadarko(8)	5.3	64.8	6.7	22.9	53%
Western Anadarko(9)	10.4	118.7	14.8	45.0	56%
Other	0.0	0.3	0.0	0.1	41%
Total Proved	15.8	183.9	21.6	68.0	55%
Proved Developed	13.8	165.2	19.7	61.0	55%

Assuming strip pricing as of January 2, 2019, through 2023 and keeping pricing flat thereafter, instead of 2018 SEC pricing, while leaving all other parameters unchanged, the Company's proved reserves would have been 63.8 MMBoe, and the corresponding NYMEX PV—10(10) would have been $378 million. This alternative pricing scenario is provided only to demonstrate the impact that the current pricing environment may have on reserve volumes and SEC PV-10 value. There is no assurance that these prices will actually be realized.

(7) NYMEX PV-10 is a supplemental Non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements. For additional information, including a reconciliation to standardized measure, the most comparable GAAP financial measure, please see "Non-GAAP Financial Measures and Reconciliations" below.
(8) Eastern Anadarko includes the Merge Meramec and Woodford.
(9) Western Anadarko includes the Cleveland, Granite Wash, Tonkawa and Marmaton.
(10) NYMEX PV-10 is a supplemental Non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements. For additional information, including a reconciliation to standardized measure, the most comparable GAAP financial measure, please see "Non-GAAP Financial Measures and Reconciliations" below.

Changes in Proved Reserves (MMBoe)

Proved reserves as of December 31, 2017	104.8
Extensions and discoveries	8.4
Production	(8.3)
Purchases of Minerals in Place	—
Sales of Minerals in Place	—
Revisions of previous estimates	(36.9)
Proved reserves as of December 31, 2018	68.0

Operating Results

Western Anadarko Basin (WAB)

During the fourth quarter the Company spud two wells and completed two wells in the Western Anadarko. The second well spud was initially scheduled for January 2019, but the Company took advantage of rig schedule availability in late December. The well, a Marmaton target, was still in the process of drilling at year end.

The Company's second operated Marmaton well, the Malinda 1HR located in Ochiltree county, TX, spud in the third quarter, was one of the two wells completed during the fourth quarter. The well has to-date achieved a peak IP30 rate of 864 Bo/d and 1,679 Mcf/d, although gas continues to climb. Malinda 1HR has shown exceedingly strong early production, surpassing type curve expectations. Management is encouraged by this early-time performance.

Jones Energy is providing further production data for its first operated Marmaton well placed online in September 2018. The Company previously announced a peak IP30 rate for the Malinda 2H of 580 Boe/d three-stream, 63% oil, 78% liquids. Today, Jones Energy is pleased to announce a peak IP60 rate of 467 Boe/d three-stream, which was 65% oil, 79% liquids as well as a peak IP90 rate of 403 Boe/d three-stream which was 65% oil, 79% liquids.

For the full year 2018, the Company drilled seven and completed six wells in the Western Anadarko. Jones Energy exited 2018 with 556 operated wells producing in the WAB. The Company will continue to drill wells required to maintain existing agreements in the WAB and will evaluate additional Marmaton and Cleveland drilling opportunities on a returns-focused basis.

Jones Energy recently entered into definitive agreements to sell several non-core assets related to its WAB and other properties, for a combined total of up to $11 million, which is subject to closing adjustments. The transactions are expected to be completed in the first quarter of 2019, subject to customary closing conditions. The sales are expected to impact first quarter 2019 production by approximately 350 Boe/d. This has been accounted for in the Company's first quarter 2019 production guidance noted later in this release.

Merge

In the fourth quarter of 2018 the Company spud one well and completed three wells in the Merge. The Margaret 2H well, a Meramec target, was drilled to a 4,873-foot lateral length and achieved a peak IP30 oil rate of 676 Bo/d and gas rate of 2,387 Mcf/d, or a combined peak IP30 rate of 1,074 Boe/d. Another Meramec well, the Tomahawk 1HX was drilled to a 9,778-foot lateral was completed and placed online in mid-December. The well achieved a peak IP30 oil rate of 732 Bo/d and 5,792 Mcf/d. The well is located adjacent to the Company's record-setting Bomhoff pad in Canadian County, OK.

For the full year 2018 the Company drilled 14 and completed 22 wells in the Merge. As of year-end 2018, Jones Energy held by production ("HBP") all its operated sections and operated 43 producing wells in the Merge. Going forward, management plans to evaluate opportunities for drilling on its Merge properties on a selective basis.

Fourth Quarter and Full Year 2018 Production

Jones Energy produced 2,034 MBoe, or 22,109 Boe/d during the fourth quarter of 2018 with all three product streams outpacing Company guidance. Strong fourth quarter volumes are attributed to both outperformance in base production as well as a number of development wells exceeding performance expectations.

A breakout of fourth quarter production is shown in the table below.

	Three months ended December 31, 2018:				
	Oil (MBbls)	Natural Gas (MMcf)	NGLs (MBbls)	Total (MBoe)	% of Total
WAB	285	2,649	356	1,083	53%
Merge	196	2,454	246	851	42%
Other	7	404	26	100	5%
Total	488	5,507	628	2,034	100%

For the full year 2018, Jones Energy produced 22,753 Boe/d with total liquids volumes of 57%. For the full year 2018, the Company's production grew 7% as compared to average 2017 production, excluding production from the divested Arkoma properties in 2017.

Capital Expenditures Update for the Fourth Quarter and Full Year 2018

The Company's capital expenditures for the 2018 fourth quarter totaled $38.5 million, achieving the low end of previously issued Company guidance. $29.7 million, or 77% of fourth quarter spending, was related to the drilling and completing of wells. The remaining $8.8 million was primarily related to leasing and workover activity.

For the full year 2018, total capital expenditures excluding impairments were $192.6 million, of which $149.5 million, or 78% was related to drilling and completing wells. Capital expenditures related to participating in non-op drilling for the full year 2018 totaled $23.7 million. Spending for the second half of 2018 totaled $82.1 million, which is reflective of the Company's reduced operating activity and cost-cutting measures as compared to first half 2018 capital expenditures of $110.5 million.

Initial 2019 First Quarter Guidance

Jones Energy is announcing projected average daily production of 18,300 to 20,300 Boe/d for the first quarter of 2019. The Company anticipates a quarter-over-quarter decline in production as a result of several factors including the previously mentioned non-core asset sales, natural PDP declines, and no meaningful contributions from new completion activity in the first quarter. Jones Energy expects to run a limited capital program in 2019, with an approved capital budget of $60 million. A table has been provided below with production guidance by category.

	1Q19E
2019 First Quarter Production Guidance	
Total Production (MMBoe)	1.6 – 1.8
Average Daily Production (MBoe/d)	18.3 – 20.3
Crude Oil (MBbl/d)	4.8 – 5.3
Natural Gas (MMcf/d)	48.7 – 51.4
NGLs (MBbl/d)	5.4 – 6.0

	2019E
Full Year 2019 Capital Expenditures ($MM)	
Merge D&C	$ 33
WAB D&C	15
Other (Maintenance, Leasing, Pooling, etc.)	12
Total Capital Expenditures	$ 60

Liquidity and Hedging Update

As of December 31, 2018, Jones Energy had approximately $58.5 million in cash. As previously announced, the Company continues to explore strategic alternatives and debt reduction initiatives. The following table summarizes the Company's net commodity derivative contracts outstanding as of February 27, 2019:

	1Q19	2Q19	3Q19	4Q19	2019	2020
Oil Hedges						
Swaps (MBbl)	165	125	130	120	540	660
Price ($/Bbl)	$ 49.95	$ 49.93	$ 49.96	$ 49.96	$ 49.95	$ 50.00
Collars (MBbl)	215	204	196	195	810	—
Floor ($/Bbl)	$ 48.52	$ 48.52	$ 48.52	$ 48.52	$ 48.52	—
Ceiling ($/Bbl)	$ 59.64	$ 59.64	$ 59.64	$ 59.64	$ 59.64	—
Gas Hedges						
Swaps (MMcf)	1,680	1,740	1,890	1,950	7,260	8,400
Price ($/Mcf)	$ 2.83	$ 2.83	$ 2.82	$ 2.82	$ 2.83	$ 2.79
Collars (MMcf)	3,120	3,010	2,910	2,850	11,890	—
Floor ($/Mcf)	$ 2.55	$ 2.55	$ 2.55	$ 2.55	$ 2.55	—
Ceiling ($/Mcf)	$ 3.19	$ 3.19	$ 3.19	$ 3.19	$ 3.19	—

Conference Call Details

Jones Energy will host a conference call for investors and analysts to discuss its results on Thursday, February 28, 2019 at 10:30 a.m. ET (9:30 a.m. CT). The conference call can be accessed via webcast through the Investor Relations section of Jones Energy's website, www.jonesenergy.com, or by dialing (833) 231-8272 (for domestic U.S.) or (647) 689-4117 (International) and entering conference code 3399073. If you are not able to participate in the conference call, the webcast replay and a downloadable audio file will be available shortly following the call through the Investor Relations section of the Company's website, www.jonesenergy.com.

About Jones Energy

Jones Energy, Inc. is an independent oil and natural gas company engaged in the exploration and development of oil and natural gas properties in the Anadarko basin of Oklahoma and Texas. Additional information about Jones Energy may be found on the Company's website at: www.jonesenergy.com.

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Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements. Without limiting the generality of the foregoing, forward-looking statements contained in this press release specifically include the expectations of plans, strategies, objectives and anticipated financial and operating results of the Company, including guidance regarding the deployment of rigs in the Company's areas of operation and the anticipated drilling plans, the initial 2019 capital budget, the expected sales of non-core assets and their impact on first quarter production, plans for drilling in the Merge, timing of production impacts, and projections regarding total production, average daily production, lease operating expenses, production taxes, cash G&A expenses and capital expenditure levels for 2018. These statements are based on certain assumptions made by the Company based on management's experience and perception of historical trends, current conditions, anticipated future developments and other factors believed to be appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. These include, but are not limited to, changes in oil and natural gas prices, weather and environmental conditions, the timing and amount of planned capital expenditures, uncertainties in estimating proved reserves and forecasting production results, operational factors affecting the commencement or maintenance of producing wells, covenants in the Company's debt documents and their potential effect on the ability to engage in certain transactions, the condition of the capital markets generally, as well as the Company's ability to access them, ability to fund growth opportunities, the proximity to and capacity of transportation facilities, non-performance by third parties of contractual obligations, and uncertainties regarding environmental regulations or litigation and other legal or regulatory developments affecting the Company's business and other important factors that could cause actual results to differ materially from those projected as described in the Company's reports filed with the SEC.

Any forward-looking statement speaks only as of the date on which such statement is made and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

Jones Energy, Inc.
(Unaudited) Consolidated Statement of Operations

(in thousands of dollars except per share data)	Three months ended December 31, 2018	Three months ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Operating revenues				
Oil and gas sales	$ 54,077	$ 53,966	$ 236,873	$ 186,393
Other revenues	(190)	546	(516)	2,180
Total operating revenues	53,887	54,512	236,357	188,573
Operating costs and expenses				
Lease operating	11,951	8,947	44,921	36,636
Production and ad valorem taxes	3,102	2,233	12,087	6,874
Transportation and processing costs	863	—	3,368	—
Exploration	1,156	2,507	8,157	14,145
Depletion, depreciation and amortization	47,924	39,881	173,904	167,224
Impairment of oil and gas properties	1,331,785	1,632	1,331,785	149,648
Accretion of ARO liability	282	240	1,066	960
General and administrative	7,001	5,399	31,204	29,892
Other operating	250	—	250	—
Total operating expenses	1,404,314	60,839	1,606,742	405,379
Operating income (loss)	(1,350,427)	(6,327)	(1,370,385)	(216,806)
Other income (expense)				
Interest expense	(22,214)	(13,270)	(89,328)	(51,651)
Gain on debt extinguishment	—	—	—	—
Net gain (loss) on commodity derivatives	49,296	(29,293)	(2,757)	(17,985)
Other income (expense)	52,956	42,563	53,935	56,952
Other income (expense), net	80,038	—	(38,150)	(12,684)
Income (loss) before income tax	(1,270,389)	(6,327)	(1,408,535)	(229,490)
Income tax provision (benefit)	(34,901)	(47,960)	(61,841)	(50,667)
Net income (loss)	(1,235,488)	41,633	(1,346,694)	(178,823)
Net income (loss) attributable to non-controlling interests	(44,416)	(5,284)	(55,655)	(77,331)
Net income (loss) attributable to controlling interests	$ (1,191,072)	$ 46,917	$ (1,291,039)	$ (101,492)
Dividends and accretion on preferred stock	(1,848)	(1,965)	(7,737)	(7,924)
Net income (loss) attributable to common shareholders	$ (1,192,920)	$ 44,952	$ (1,298,776)	$ (109,416)
Earnings (loss) per share:				
Basic - Net income (loss) attributable to common shareholders	$ (239.73)	$ 10.17	$ (271.94)	$ (30.22)
Diluted - Net income (loss) attributable to common shareholders	$ (239.73)	$ 10.17	$ (271.94)	$ (30.22)
Weighted average Class A shares outstanding:				
Basic	4,976	4,419	4,776	3,621
Diluted	4,976	4,419	4,776	3,621

Jones Energy, Inc.
(Unaudited) Consolidated Balance Sheet

(in thousands of dollars)	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	$ 58,464	$ 19,472
Accounts receivable, net		
Oil and gas sales	33,954	34,492
Joint interest owners	23,997	31,651
Other	614	1,236
Commodity derivative assets	5,003	3,474
Other current assets	8,099	14,376
Total current assets	130,131	104,701
Oil and gas properties, net, under the successful efforts method	271,846	1,597,040
Other property, plant and equipment, net	1,639	2,719
Commodity derivative assets	1,415	172
Deferred tax assets	129	—
Other assets	415	5,431
Total assets	$ 405,575	$ 1,710,063
Liabilities and Stockholders' Equity		
Current liabilities		
Trade accounts payable	$ 32,506	$ 72,663
Oil and gas sales payable	34,035	31,462
Accrued liabilities	37,799	21,604
Commodity derivative liabilities	370	36,709
Other current liabilities	4,927	4,049
Total current liabilities	109,637	166,487
Long-term debt	982,157	759,316
Deferred revenue	4,118	5,457
Commodity derivative liabilities	—	8,788
Asset retirement obligations	20,432	19,652
Liability under tax receivable agreement	—	59,596
Other liabilities	495	811
Deferred tax liabilities	—	14,281
Total liabilities	1,116,839	1,034,388
Mezzanine equity		
Series A preferred stock, $0.001 par value; 1,804,478 shares issued and outstanding at December 31, 2018 and 1,839,995 shares issued and outstanding at December 31, 2017	93,719	89,539
Stockholders' equity		
Class A common stock, $0.001 par value; 5,025,632 shares issued and 5,024,491 shares outstanding at December 31, 2018 and 4,506,991 shares issued and 4,505,861 shares outstanding at December 31, 2017	5	5
Class B common stock, $0.001 par value; 172,193 shares issued and outstanding at December 31, 2018 and 481,391 shares issued and outstanding at December 31, 2017	—	—
Treasury stock, at cost: 1,141 shares at December 31, 2018 and December 31, 2017	(358)	(358)
Additional paid-in-capital	638,108	606,414
Retained (deficit) / earnings	(1,435,050)	(136,274)
Stockholders' equity	(797,295)	469,787
Non-controlling interest	(7,688)	116,349
Total stockholders' equity	(804,983)	586,136
Total liabilities and stockholders' equity	$ 405,575	$ 1,710,063

Jones Energy, Inc.
(Unaudited) Consolidated Statement of Cash Flow Data

(in thousands of dollars)	Year ended December 31, 2018	2017
Cash flows from operating activities		
Net income (loss)	$ (1,346,694)	$ (178,823)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depletion, depreciation, and amortization	173,904	167,224
Exploration (dry hole and lease abandonment)	4,191	11,017
Impairment of oil and gas properties	1,331,785	149,648
Accretion of ARO liability	1,066	960
Amortization of debt issuance costs	10,649	3,955
Stock compensation expense	1,381	6,260
Deferred and other non-cash compensation expense	56	208
Amortization of deferred revenue	(1,555)	(1,854)
Loss on commodity derivatives	2,757	17,985
(Gain) loss on sales of assets	(9,749)	127
(Gain) on debt extinguishment	—	—
Deferred income tax provision	(61,835)	(47,082)
Change in liability under tax receivable agreement	(54,936)	(59,492)
Other - net	400	2,044
Changes in operating assets and liabilities		
Accounts receivable	9,685	(34,615)
Other assets	7,191	(12,330)
Accrued interest expense	11,841	(1,422)
Accounts payable and accrued liabilities	(25,697)	35,198
Net cash provided by operations	54,440	59,008
Cash flows from investing activities		
Additions to oil and gas properties	(188,800)	(245,364)
Net adjustments to purchase price of properties acquired	—	2,391
Proceeds from sales of assets	11,082	61,290
Acquisition of other property, plant and equipment	(360)	(586)
Current period settlements of matured derivative contracts	(53,147)	72,265
Net cash used in investing	(231,225)	(110,004)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	20,000	162,000
Repayment of long-term debt	(231,000)	(129,000)
Proceeds from senior notes	438,867	—
Payment of debt issuance costs	(11,624)	(1,115)
Payment of cash dividends on preferred stock	—	(3,368)
Net distributions paid to JEH unitholders	—	(562)
Net payments for share based compensation	(466)	(462)
Proceeds from sale of common stock	—	8,333
Net cash provided by financing	215,777	35,826
Net increase (decrease) in cash and cash equivalents	38,992	(15,170)
Cash and cash equivalents		
Beginning of period	19,472	34,642
End of period	$ 58,464	$ 19,472
Supplemental disclosure of cash flow information		
Cash paid for interest, net of capitalized interest	$ 68,561	$ 49,101
Cash paid for income taxes	—	2,318
Change in accrued additions to oil and gas properties	(3,377)	3,921
Asset retirement obligations incurred, including changes in estimate	695	924

Jones Energy, Inc.
(Unaudited) Selected Financial and Operating Statistics

The following table sets forth summary data regarding revenues, production volumes, average prices and average production costs associated with our sale of oil and natural gas for the periods indicated:

	Three Months Ended December 31,			Year Ended December 31,		
(in thousands of dollars)	**2018**	**2017**	**Change**	**2018**	**2017**	**Change**
Revenues:						
Oil and gas sales	$ 54,077	$ 53,966	$ 111	$ 236,873	$ 186,393	$ 50,480
Other revenues	(190)	546	(736)	(516)	2,180	(2,696)
Current period settlements of matured derivative contracts	(13,064)	706	(13,770)	(50,657)	66,851	(117,508)
Total operating revenues	$ 40,823	$ 55,218	$ (14,395)	$ 185,700	$ 255,424	$ (69,724)
Net production volumes:						
Oil (MBbls)	488	572	(84)	2,241	1,964	277
Natural gas (MMcf)	5,507	4,763	744	21,384	20,425	959
NGLs (MBbls)	628	585	43	2,500	2,418	82
Total (MBoe)	2,034	1,951	83	8,305	7,786	519
Average net (Boe/d)	22,109	21,207	902	22,753	21,332	1,421
Average sales price, unhedged:						
Oil (per Bbl), unhedged	$ 55.89	$ 52.56	$ 3.33	$ 63.02	$ 47.46	$ 15.56
Natural gas (per Mcf), unhedged	2.12	1.80	0.32	1.62	2.07	(0.45)
NGLs (per Bbl), unhedged	24.06	26.20	(2.14)	24.38	21.09	3.29
Combined (per Boe), unhedged	26.59	27.66	(1.07)	28.52	23.94	4.58
Average sales price, hedged:						
Oil (per Bbl), hedged	$ 38.98	$ 59.15	$ (20.17)	$ 46.38	$ 74.91	$ (28.53)
Natural gas (per Mcf), hedged	1.64	2.62	(0.98)	1.63	3.50	(1.87)
NGLs (per Bbl), hedged	20.61	14.30	6.31	18.99	14.30	4.69
Combined (per Boe), hedged	20.16	28.02	(7.86)	22.42	32.53	(10.11)
Average costs (per BOE):						
Lease operating	$ 5.88	$ 4.59	$ 1.29	$ 5.41	$ 4.71	$ 0.70
Production and ad valorem taxes	1.53	1.14	0.39	1.46	0.88	0.58
Depletion, depreciation, amortization	23.56	20.44	3.12	20.94	21.48	(0.54)
General and administrative	3.44	2.77	0.67	3.76	3.84	(0.08)

Jones Energy, Inc.
(Unaudited) Non-GAAP Financial Measures and Reconciliations

EBITDAX is a supplemental non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies.

The Company defines EBITDAX as earnings before interest expense, impairment, income taxes, depreciation, depletion and amortization, exploration expense, gains and losses from derivatives less the current period settlements of matured derivative contracts, and the other items described below. EBITDAX is not a measure of net income as determined by United States generally accepted accounting principles, or GAAP. Management believes EBITDAX is useful because it allows them to more effectively evaluate the Company's operating performance and compare the results of its operations from period to period and against its peers without regard to its financing methods or capital structure. The Company excludes the items listed above from net income in arriving at EBITDAX because these amounts can vary substantially from company to company within its industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. EBITDAX has limitations as an analytical tool and should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with GAAP or as an indicator of the Company's liquidity. Certain items excluded from EBITDAX are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historical costs of depreciable assets. The Company's presentation of EBITDAX should not be construed as an inference that its results will be unaffected by unusual or non-recurring items and should not be viewed as a substitute for GAAP. The Company's computations of EBITDAX may not be comparable to other similarly titled measures of other companies.

The following table sets forth a reconciliation of net income (loss) as determined in accordance with GAAP to EBITDAX for the periods indicated:

	Three Months Ended December 31,		Year Ended December 31,	
(in thousands of dollars)	**2018**	**2017**	**2018**	**2017**
Reconciliation of net income to EBITDAX				
Net income (loss)	$ (1,235,488)	$ 41,633	$ (1,346,694)	$ (178,823)
Interest expense	22,214	13,270	89,328	51,651
Exploration expense	1,156	2,507	8,157	14,145
Income taxes	(34,901)	(47,960)	(61,841)	(50,667)
Depreciation and depletion	47,924	39,881	173,904	167,224
Impairment of oil and natural gas properties	1,331,785	1,632	1,331,785	149,648
Accretion of ARO liability	282	240	1,066	960
Change in TRA liability	(52,344)	(43,661)	(53,330)	(59,492)
Other non-cash charges	21	152	400	2,044
Stock compensation expense	(130)	558	1,381	6,260
Deferred and other non-cash compensation expense	(32)	(127)	56	208
Net (gain) loss on derivative contracts	(49,296)	29,293	2,757	17,985
Current period settlements of matured derivative contracts	(13,064)	706	(50,657)	66,851
Amortization of deferred revenue	(373)	(437)	(1,555)	(1,854)
(Gain) loss on sale of assets, net of proceeds	(1,148)	(4)	(1,333)	127
(Gain) on debt extinguishment	—	—	—	—
Stand-by rig costs	250	—	250	—
Financing expenses and other loan fees	22	25	105	97
EBITDAX	$ 16,878	$ 37,708	$ 93,779	$ 186,364

Jones Energy, Inc.
(Unaudited) Non-GAAP Financial Measures and Reconciliations

Adjusted net loss is a supplemental non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements. The Company defines Adjusted net loss as net income (loss) excluding the impact of certain non-cash items including gains or losses on commodity derivative instruments not yet settled, impairment of oil and gas properties, non-cash compensation expense, and the other items described below. The Company believes adjusted net loss is useful to investors because it provide readers with a more meaningful measure of its profitability before recording certain items for which the timing or amount cannot be reasonably determined. However, this measure is provided in addition to, not as an alternative for, and should be read in conjunction with, the information contained in the Company's financial statements prepared in accordance with GAAP. The following table provides a reconciliation of net income (loss) as determined in accordance with GAAP to adjusted net loss for the periods indicated:

	Three Months Ended December 31,		Year Ended December 31,	
(in thousands except per share data)	**2018**	**2017**	**2018**	**2017**
Net income (loss)	$ (1,235,488)	$ 41,633	$ (1,346,694)	$ (178,823)
Net (gain) loss on derivative contracts	(49,296)	29,293	2,757	17,985
Current period settlements of matured derivative contracts	(13,064)	706	(50,657)	66,851
Impairment of oil and gas properties	1,331,785	1,632	1,331,785	149,648
Exploration	1,156	2,507	8,157	14,145
Non-cash stock compensation expense	(130)	558	1,381	6,260
Deferred and other non-cash compensation expense	(32)	(127)	56	208
(Gain) on debt extinguishment	—	—	—	—
Stand-by rig costs	250	—	250	—
Financing expenses	—	—	3,926	—
Tax impact of adjusting items (1)	(344,997)	(20,961)	(350,422)	(69,627)
Change in TRA liability	(52,344)	(43,661)	(53,330)	(59,492)
Change in valuation allowance (2)	261,864	(40,386)	268,185	21,719
Adjusted net income (loss)	(100,296)	(28,806)	(184,606)	(31,126)
Adjusted net income (loss) attributable to non-controlling interests	(1,588)	(1,650)	(10,318)	(8,333)
Adjusted net income (loss) attributable to controlling interests	(98,708)	(27,156)	(174,288)	(22,793)
Dividends and accretion on preferred stock	(1,848)	(1,965)	(7,737)	(7,924)
Adjusted net income (loss) attributable to common shareholders	$ (100,556)	$ (29,121)	$ (182,025)	$ (30,717)
Effective tax rate on net income (loss) attributable to controlling interests			23.0%	25.1%

(1) In arriving at adjusted net income, the tax impact of the adjustments to net income is determined by applying the appropriate tax rate to each adjustment and then allocating the tax impact between the controlling and non-controlling interests.
(2) Includes adjustment for valuation allowance and IRC Section 382 limitation.

Jones Energy, Inc.
(Unaudited) Non-GAAP Financial Measures and Reconciliations

Adjusted net loss per share is a supplemental non-GAAP financial measure that is used by management and external users of the Company's consolidated financial statements. The Company defines adjusted net loss per share as earnings per share plus that portion of the components of adjusted net income (loss) allocated to the controlling interests divided by weighted average shares outstanding. The Company believes adjusted net loss per share is useful to investors because it provides readers with a more meaningful measure of its profitability before recording certain items for which the timing or amount cannot be reasonably determined. However, this measure is provided in addition to, not as an alternative for, and should be read in conjunction with, the information contained in the Company's financial statements prepared in accordance with GAAP. The following table provides a reconciliation of earnings per share to adjusted net loss per share for the period indicated:

	Three Months Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Earnings per share (basic and diluted):	$ (239.73)	$ 10.17	$ (271.94)	$ (30.22)
Net (gain) loss on derivative contracts	(9.57)	5.92	0.04	5.84
Current period settlements of matured derivative contracts	(2.54)	0.14	(9.94)	12.90
Impairment of oil and gas properties	258.65	0.33	269.48	28.51
Exploration	0.22	0.51	1.58	2.84
Non-cash stock compensation expense	(0.03)	0.11	0.26	1.24
Deferred and other non-cash compensation expense	(0.01)	(0.03)	0.01	0.03
Stand-by rig costs	0.05	—	0.05	—
Financing expenses	—	—	0.74	—
Tax impact of adjusting items (1)	(69.36)	(4.73)	(73.39)	(19.20)
Change in TRA liability	(10.52)	(9.88)	(11.16)	(16.43)
Change in valuation allowance (2)	52.63	(9.13)	56.16	6.01
Adjusted earnings per share (basic and diluted)	$ (20.21)	$ (6.59)	$ (38.11)	$ (8.48)
Weighted average Class A shares outstanding:				
Basic	4,976	4,419	4,776	3,621
Diluted	4,976	4,419	4,776	3,621

(1) In arriving at adjusted net income, the tax impact of the adjustments to net income is determined by applying the appropriate tax rate to each adjustment and then allocating the tax impact between the controlling and non-controlling interests.
(2) Includes adjustment for valuation allowance and IRC Section 382 limitation.

Reconciliation of PV-10 to Standardized Measure

SEC PV-10 and NYMEX PV-10 are considered non-GAAP financial measures. SEC PV-10 is derived from the standardized measure of discounted future net cash flows, which is the most directly comparable GAAP financial measure. SEC PV - 10 is a computation of the standardized measure of discounted future net cash flows on a pre - tax basis. SEC PV - 10 is equal to the standardized measure of discounted future net cash flows at the applicable date, before deducting future income taxes, discounted at 10 percent. We believe that the presentation of SEC PV - 10 is relevant and useful to investors because it presents the discounted future net cash flows attributable to our estimated net proved reserves prior to taking into account future corporate income taxes, and it is a useful measure for evaluating the relative monetary significance of our oil, NGL and natural gas properties. Further, investors may utilize the measure as a basis for comparison of the relative size and value of our reserves to other companies. We use this measure when assessing the potential return on investment related to our oil, NGL and natural gas properties. SEC PV - 10, however, is not equal to, or a substitute for, the standardized measure of discounted future net cash flows. Our SEC PV - 10 measure and the standardized measure of discounted future net cash flows do not purport to represent the fair value of our oil and natural gas reserves.

NYMEX PV-10 as disclosed in this release differs from SEC PV-10 due to the oil and natural gas prices utilized in the determination of future net cash flows and other factors including, but not limited to, regional differentials in pricing that vary from SEC pricing. We believe that NYMEX PV-10 can be used within the industry and by creditors and securities analysts to evaluate estimated net cash flows based on the current commodity price environment.

The following table provides a reconciliation of the components of the standardized measure of discounted future net cash flows to SEC PV - 10 at December 31, 2018 and 2017 and NYMEX PV-10 at December 31, 2018 assuming strip pricing as of January 2, 2019 through 2023 and keeping pricing flat thereafter.

	As of December 31,	
(in millions of dollars)	**2018**	**2017**
Standardized measure	$ 547	$ 566
Present value of future income taxes discounted at 10%	23	61
SEC PV-10	**$ 570**	**$ 627**
Change in pricing assumptions from NYMEX to SEC and other	(192)	
NYMEX PV-10	**$ 378**	