Oasis Petroleum Inc.
Form 424B5
October 28, 2011

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-175603

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee
6.50% Senior Notes due 2021	$400,000,000	$45,840

(1) The filing fee of $45,840 is calculated in accordance with Rule 457(r) of the Securities Act of 1933 has been transmitted to the SEC in connection with the securities offered from Registration Statement File No. 333-175603 by means of this prospectus supplement.

Prospectus supplement
(To prospectus dated July 15, 2011)

Oasis Petroleum Inc.

$400,000,000
6.50% Senior Notes due 2021

The notes will mature on November 1, 2021. Interest will accrue on the notes from November 10, 2011, and the first interest payment date will be May 1, 2012. We intend to use the net proceeds from this offering to fund our exploration, development and acquisition program and for general corporate purposes.

We may redeem some or all of the notes at any time on or after November 1, 2016 at the redemption prices set forth in this prospectus supplement. We may also redeem up to 35% of the aggregate principal amount of the notes prior to November 1, 2014 at the redemption price set forth herein with cash proceeds we receive from certain equity offerings. In addition, we may redeem the notes, in whole or in part, at any time before November 1, 2016 at a redemption price plus an applicable make-whole premium set forth in this prospectus supplement. If we undergo a change of control on or prior to January 1, 2013, we may redeem all, but not less than all, of the notes at a redemption price equal to 110% of the principal amount of the notes redeemed plus accrued and unpaid interest. We must offer to purchase the notes if we experience specific kinds of changes of control or sell assets under certain circumstances.

The notes will be our senior unsecured obligations and will rank senior in right of payment to any of our future indebtedness that is expressly subordinated to the notes. The notes will rank equally in right of payment with all our existing and future senior indebtedness, including our revolving credit facility and our outstanding series of senior notes, and will rank effectively junior in right of payment to all of our secured indebtedness (to the extent of the value of the collateral securing such indebtedness), including borrowings we guarantee under our revolving credit facility which are secured by substantially all of our consolidated assets. In addition, the notes will rank effectively junior in right of payment to any of the indebtedness and liabilities of any of our subsidiaries that do not guarantee the notes.

The notes initially will be guaranteed on a senior basis by all our existing material subsidiaries and certain future material restricted subsidiaries. The guarantees will be senior unsecured obligations of the guarantors and will rank senior in right of payment to any of their future indebtedness that is expressly subordinated to the guarantees. The guarantees will rank equally in right of payment with all existing and future senior indebtedness of the guarantors, including our borrowings and guarantees under our revolving credit facility and their guarantees of our outstanding series of senior notes, and will rank effectively junior in right of payment to all of the guarantors secured indebtedness (to the extent of the value of the collateral securing such indebtedness), including the guarantors borrowings and guarantees under our revolving credit facility.

Investing in the notes involves risk. See Risk Factors beginning on page S-19 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to public(1)	**Underwriting discounts and commissions**	**Proceeds, before expenses, to Oasis Petroleum Inc.(1)**
Per note	100.0%	1.65%	98.35%
Total	$400,000,000	$6,600,000	$393,400,000

(1) Plus accrued interest, if any, from November 10, 2011.

The notes will not be listed on a securities exchange. Currently, there is no public market for the notes.

We expect that delivery of the notes will be made on or about November 10, 2011 in book-entry form through The Depository Trust Company for the account of its participants, including Clearstream Banking *société anonyme* and Euroclear Bank S.A./N.V.

Joint Book-Running Managers

J.P. Morgan **Wells Fargo Securities** **BNP PARIBAS**

Co-Managers

Johnson Rice & Company L.L.C. **RBS** **Simmons & Company International**
Tudor, Pickering, Holt & Co. **UBS Investment Bank** **US Bancorp**

October 27, 2011

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Prospectus Supplement

Prospectus

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About this prospectus supplement

This document is in two parts. The first part is the prospectus supplement and the documents incorporated by reference herein, which describes the specific terms of this offering of the notes. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to the notes or this offering. If the information relating to the offering varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any related free writing prospectus. We have not authorized any dealer, salesman or other person to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus are not an offer to sell or the solicitation of an offer to buy any securities other than the securities to which they relate and are not an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make an offer or solicitation in that jurisdiction. You should not assume that the information contained in this prospectus supplement is accurate as of any date other than the date on the front cover of this prospectus supplement, or that the information contained in any document incorporated by reference is accurate as of any date other than the date of the document incorporated by reference, regardless of the time of delivery of this prospectus supplement or any sale of a security.

Unless otherwise indicated or the context otherwise requires, all references in this prospectus supplement to we, us, our, Oasis Petroleum and the company refer to Oasis Petroleum LLC and its subsidiaries before the completion of our corporate reorganization in connection with our initial public offering (IPO) and Oasis Petroleum Inc. and its subsidiaries as of the completion of our corporate reorganization and thereafter, the term Oasis refers to Oasis Petroleum Inc., and the term Subsidiary Guarantor refers to a guarantor of the notes.

Where you can find more information

We file annual, quarterly and current reports and other information with the Securities and Exchange Commission (the SEC) (File No. 001-34776) pursuant to the Securities Exchange Act of 1934 (the Exchange Act). You may read and copy any documents that are filed at the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may also obtain copies of these documents at prescribed rates from the public reference section of the SEC at its Washington address. Please call the SEC at 1-800-SEC-0330 for further information.

Our filings are also available to the public through the SEC s website at *http://www.sec.gov.*

The SEC allows us to incorporate by reference information that we file with them, which means that we can disclose important information to you by referring you to documents previously filed with the SEC. The information incorporated by reference is an important part of this prospectus supplement, and the information that we later file with the SEC will automatically update and supersede this information. The following documents we filed with the SEC pursuant to the Exchange Act are incorporated herein by reference:

our Annual Report on Form 10-K for the year ended December 31, 2010;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011;

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our Current Reports on Form 8-K and Form 8-K/A filed on January 24, 2011, January 28, 2011, February 2, 2011, February 18, 2011, March 28, 2011, May 11, 2011, June 22, 2011, June 24, 2011, July 15, 2011, August 3, 2011 (two Current Reports on Form 8-K filed), September 2, 2011 and October 7, 2011 (excluding any information furnished pursuant to Item 2.02 or Item 7.01 of any such Current Report on Form 8-K); and

our Definitive Proxy Statement on Schedule 14A filed on March 16, 2011 (those parts incorporated by reference in Oasis s Annual Report on Form 10-K for the year ended December 31, 2010).

These reports contain important information about us, our financial condition and our results of operations.

All future documents filed pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act (excluding any information furnished pursuant to Item 2.02 or Item 7.01 on any Current Report on Form 8-K) before the termination of the offering of securities under this prospectus supplement shall be deemed to be incorporated in this prospectus supplement by reference and to be a part hereof from the date of filing of such documents. Any statement contained herein, or in a document incorporated or deemed to be incorporated by reference herein, shall be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained herein or in any subsequently filed document that also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

You may request a copy of these filings at no cost by writing or telephoning us at the following address and telephone number:

Oasis Petroleum Inc.
1001 Fannin Street, Suite 1500
Houston, Texas 77002
Attention: General Counsel
(281) 404-9500

We also maintain a website at *http://www.oasispetroleum.com*. However, the information on our website is not part of this prospectus supplement or the accompanying prospectus.

Cautionary statement regarding forward-looking statements

Various statements contained in or incorporated by reference into this prospectus supplement that express a belief, expectation, or intention, or that are not statements of historical fact, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the Securities Act) and Section 21E of the Exchange Act. These forward-looking statements include statements, projections and estimates concerning our operations, performance, business strategy, oil and natural gas reserves, drilling program, capital expenditures, liquidity and capital resources, the timing and success of specific projects, outcomes and effects of litigation, claims and disputes, derivative activities and potential financing. Forward-looking statements are generally accompanied by words such as estimate, project, predict, believe, expect, anticipate, potential, could, may, foresee, plan, goa
convey the uncertainty of future events or outcomes. Forward-looking statements are not guarantees of performance. We have based these forward-looking statements on our current expectations and assumptions about future events. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. Actual results may differ materially from those implied or expressed by the forward-looking statements. These forward-looking statements speak only as of the date of this prospectus supplement, or if earlier, as of the date they were made. We disclaim any obligation to update or revise these statements unless required by securities law, and we caution you not to rely on them unduly. While our management considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties relating to, among other matters, the risks discussed in Risk Factors, our Annual Report on Form 10-K for the year ended December 31, 2010, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011 and our subsequent SEC filings, as well as those factors summarized below:

- business strategy;
- reserves;
- technology;
- cash flows and liquidity;
- financial strategy, budget, projections and operating results;
- oil and natural gas realized prices;
- timing and amount of future production of oil and natural gas;
- availability of drilling, completion and production equipment and materials;
- availability of qualified personnel;
- owning and operating a services company;
- the amount, nature and timing of capital expenditures, including future development costs;
- availability and terms of capital;
- drilling and completion of wells;
- infrastructure for salt water disposal;
- gathering, transportation and marketing of oil and natural gas;
- property acquisitions;
- costs of exploiting and developing our properties and conducting other operations;
- general economic conditions;
- inclement weather conditions;
- competition in the oil and natural gas industry;

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- effectiveness of our risk management activities;
- environmental liabilities;
- counterparty credit risk;
- governmental regulation and taxation of the oil and natural gas industry;
- developments in oil-producing and natural gas-producing countries;
- uncertainty regarding our future operating results;
- estimated future net reserves and present value thereof; and
- plans, objectives, expectations and intentions contained in this prospectus supplement that are not historical.

Reserve engineering is a process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by our reserve engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, reserve estimates may differ from the quantities of oil and natural gas that are ultimately recovered.

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Summary

This summary provides a brief overview of information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference. Because it is abbreviated, this summary does not contain all of the information that you should consider before investing in the notes. You should read carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference before making an investment decision, including the information presented under the headings Risk factors, and Cautionary statement regarding forward-looking statements beginning on pages S-19 and S-iv, respectively, of this prospectus supplement. We have provided definitions for certain oil and natural gas terms used in this prospectus supplement in the Glossary of oil and natural gas terms beginning on page A-1 of this prospectus.

In this prospectus supplement, unless otherwise indicated or the context otherwise requires, the terms we, us, our, Oasis Petroleum and the company refer to Oasis Petroleum LLC and its subsidiaries before the completion of our corporate reorganization in connection with our initial public offering (IPO) and Oasis Petroleum Inc. and its subsidiaries as of the completion of our corporate reorganization and thereafter, the term Oasis refers to Oasis Petroleum Inc., and the term Subsidiary Guarantor refers to a guarantor of the notes.

Overview

We are an independent exploration and production company focused on the development and acquisition of unconventional oil and natural gas resources. As of December 31, 2010, we accumulated 303,231 net leasehold acres in the Williston Basin. DeGolyer and MacNaughton, our independent reserve engineers, estimated our net proved reserves to be 39.8 MMBoe (39.7 MMBoe in the Williston Basin) as of December 31, 2010, 43% of which were classified as proved developed and 92% of which were comprised of oil. We are currently focused on exploiting what we have identified as significant resource potential from the Bakken and Three Forks formations, which are present across a substantial majority of our acreage. A report issued by the United States Geological Survey (USGS) in April 2008 classified these formations as the largest continuous oil accumulation ever assessed by it in the contiguous United States of America. We believe the location, size and concentration of our acreage in our core project areas create an opportunity for us to achieve cost, recovery and production efficiencies through the large-scale development of our project inventory. Our management team has a proven track record in identifying, acquiring and executing large, repeatable development drilling programs, which we refer to as resource conversion opportunities, and has substantial experience in the Williston Basin. During the nine months ended September 30, 2011, we completed and began production on 46 gross operated wells in the Bakken and Three Forks formations and achieved 100% success in the finding of hydrocarbons (all of which are economic based on average prices during the three months ended September 30, 2011). This success has been achieved through the application of the latest drilling and completion techniques. We have built our leasehold acreage position in the Williston Basin primarily through acquisitions in our three primary project areas: West Williston, East Nesson and Sanish. The following table presents

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summary data for each of our primary project areas as of December 31, 2010, unless otherwise indicated:

		Indentified Drilling locations		2011 Budget(1)			Estimated net proved reserves as of December 31, 2010		Average daily production(2)
	Net Acreage	Gross	Net	Gross Wells	Net Wells	Drilling Capex (in millions)	MMBoe	Developed (%)	(Boe/d)
Williston Basin:									
West Williston(3)	191,716	859	393.1	63	45.9	$ 429	22.9	39	7,567
East Nesson(3)	102,786	255	127.6	20	8.2	73	9.6	42	2,220
Sanish(4)	8,729	189	16.6	61	3.7	25	7.2	55	1,711
Total Williston Basin	303,231	1,303	537.3	144	57.7	527	39.7	43	11,498
Other	879						0.1	100	85
Total	304,110	1,303	537.3	144	57.7	$ 527	39.8	43	11,583

(1) 2011 Budget amounts give effect to previously announced adjustments approved by our Board of Directors on August 1, 2011.

(2) Represents average daily production for the three months ended September 30, 2011.

(3) Identified gross and net drilling locations in our West Williston and East Nesson project areas are based on mostly 1,280 acre spacing units with three wells targeting the Bakken formation in each identified spacing unit (excluding previously drilled wells). With the exception of one proved undeveloped drilling location, the drilling locations do not include wells targeting the Three Forks formation.

(4) Identified gross and net drilling locations in our Sanish project area include up to three wells targeting the Bakken formation and two wells targeting the Three Forks formation per identified spacing unit (excluding previously drilled wells). In the Sanish project area, we have identified 57 gross (5.1 net) drilling locations remaining in the Bakken formation and 132 gross (11.5 net) drilling locations remaining in the Three Forks formation.

Based on the delineation of the Bakken formation throughout much of our acreage, we had 1,303 gross drilling locations as of December 31, 2010. This drilling inventory is based on 472 substantially delineated and economically viable spacing units. In our West Williston and East Nesson project areas, our drilling inventory includes three wells per spacing unit (excluding previously drilled wells). In the more mature Sanish project area, our drilling inventory includes up to three Bakken wells and two Three Forks wells per spacing unit (excluding previously drilled wells). Assuming three Three Forks wells per spacing unit, this would add an additional 1,155 potential gross (544.1 net) Three Forks locations in our West Williston and East Nesson project areas. Throughout the Williston Basin, we believe we have an aggregate of 2,458 gross (1,081.4 net) potential drilling locations targeting the Bakken and Three Forks formations as of December 31, 2010.

Our total 2011 capital expenditure budget is $627 million. Our exploration and production budget is $587 million, and consists of:

- $527 million for drilling and completing operated and non-operated wells;

- $60 million for maintaining and expanding our leasehold position, constructing infrastructure to support production in our core project areas, micro-seismic work, purchasing seismic data and other test work.

Additionally, our 2011 budget includes expenditures related to our newly-formed oil well services subsidiary totaling $24 million for equipment and materials related to start-up costs necessary to provide select well services to us. Our 2011 budget also includes $16 million of other non-exploration and production capital expenditures for an operations building in Williston, North Dakota, and other equipment.

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While we have budgeted $627 million for these purposes, the ultimate amount of capital we will expend may fluctuate materially based on market conditions and the success of our drilling and operations results as the year progresses. However, because the operated wells funded by our 2011 drilling plan represent only a small percentage of our gross identified drilling locations, we may be required to generate or raise multiples of this amount of capital to develop our entire inventory of identified drilling locations should we elect to do so.

Our capital budget may be adjusted as business conditions warrant. The amount, timing and allocation of capital expenditures is largely discretionary and within our control. If oil and natural gas prices decline or costs increase significantly, we could defer a significant portion of our budgeted capital expenditures until later periods to prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flows. We routinely monitor and adjust our capital expenditures in response to changes in prices, availability of financing, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs, success or lack of success in drilling activities, contractual obligations, internally generated cash flows and other factors both within and outside our control.

Our business strategy

Our goal is to enhance value by building reserves, production and cash flows at attractive rates of return. We seek to achieve our goals through the following strategies:

Develop our Williston Basin leasehold position. We intend to drill and develop our acreage position to maximize the value of our resource potential. The aggregate 771 gross (485.6 net) operated drilling locations that we have specifically identified in the Bakken formation in our West Williston and East Nesson project areas will be our primary targets in the near term. Our 2011 drilling plan contemplates drilling approximately 73 gross (53.3 net) operated wells in these project areas by using seven operated drilling rigs during the first three quarters of 2011 and adding two operated drilling rigs during the fourth quarter of 2011, for a total of nine operated drilling rigs. In the nine months ended September 30, 2011, we completed and began production on 46 gross (35.5 net) operated wells in the Williston Basin, including 22 gross (17.4) net operated wells in the third quarter of 2011. As of September 30, 2011, we had 21 gross (15.6 net) operated wells waiting on completion and seven gross (5.4 net) operated wells drilling. Consistent with our drilling plan, we have contracted for two additional operated drilling rigs during the fourth quarter of 2011 and believe we have the ability to add additional drilling rigs in 2012 if market conditions and program results warrant.

Focus on operational and cost efficiencies. Our management team is focused on continuous improvement of our operating measures and has significant experience in successfully converting early-stage resource conversion opportunities into cost-efficient development projects. We believe the magnitude and concentration of our acreage within our project areas provides us with the opportunity to capture economies of scale, including the ability to drill multiple wells from a single drilling pad, utilizing centralized production and fluid handling facilities and reducing the time and cost of rig mobilization.

Adopt and employ leading drilling and completion techniques. Our team is focused on enhancing our drilling and completion techniques to maximize recovery. We believe these techniques have significantly evolved over the last several years, resulting in increased initial

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production rates and recoverable hydrocarbons per well through the implementation of techniques such as using longer laterals and more tightly spaced fracturing stimulation stages. We continuously evaluate our internal drilling results and monitor the results of other operators to improve our operating practices, and we expect our drilling and completion techniques will continue to evolve. This continued evolution may significantly enhance our initial production rates, ultimate recovery factors and rate of return on invested capital.

Pursue strategic acquisitions with significant resource potential. As opportunities arise, we intend to identify and acquire additional acreage and producing assets in the Williston Basin to supplement our existing operations. Going forward, we may selectively target additional basins that would allow us to employ our resource conversion strategy on large undeveloped acreage positions similar to what we have accumulated in the Williston Basin.

Maintain financial flexibility and conservative financial position. We are committed to maintaining a conservative financial strategy by managing our liquidity position and leverage levels. As of September 30, 2011, we had no outstanding borrowings under our revolving credit facility and no outstanding letters of credit issued under the revolving credit facility. As a result of this offering, we expect to have $1,031.3 million of liquidity available, including approximately $681.3 million in cash and short-term investments and $350.0 million available under our revolving credit facility. This liquidity position, along with internally generated cash flows, will provide additional financial flexibility as we continue to develop our acreage position in the Williston Basin. Furthermore, we intend to maintain a conservative, balanced capital structure by prudently raising proceeds from future equity and debt offerings as additional capital needs arise.

Our competitive strengths

We have a number of competitive strengths that we believe will help us to successfully execute our business strategies:

Substantial leasehold position in one of North America s leading unconventional oil-resource plays. Our leasehold position as of December 31, 2010 of 303,231 net leasehold acres in the Williston Basin is highly prospective in the Bakken formation and 92% of our 39.7 MMBoe net proved reserves in this area were comprised of oil as of December 31, 2010. We believe our acreage is one of the largest concentrated leasehold positions that is prospective in the Bakken formation, and much of our acreage is in areas of significant drilling activity by other exploration and production companies. While we are initially targeting the Bakken formation, we are also drilling wells to evaluate what we believe to be significant prospectivity in the Three Forks formation that underlies a large portion of our acreage. We expect that the scale and concentration of our acreage will enable us to continue to improve our drilling and completion costs and operational efficiency.

Large, multi-year project inventory. As of December 31, 2010, we had an inventory of approximately 1,303 gross drilling locations, primarily targeting the Bakken formation. We plan to drill 73 gross (53.3 net) operated wells across our West Williston and East Nesson project areas during 2011, the completion of which represents 10% of our 771 gross operated drilling locations in the Bakken formation in these two project areas.

Management team with proven operating and acquisition skills. Our senior management team has extensive expertise in the oil and gas industry as previous members of management at Burlington Resources. The senior technical team has an average of more than 25 years of

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industry experience, including experience in multiple North American resource plays as well as experience in other North American and international basins. We believe our management and technical team is one of our principal competitive strengths relative to our industry peers due to our team s proven track record in identification, acquisition and execution of resource conversion opportunities. In addition, this team possesses substantial expertise in horizontal drilling techniques and managing and acquiring large development programs, and also has prior experience in the Williston Basin.

Incentivized management team. As of September 30, 2011, our executive officers owned approximately 10% of our common stock. We believe our executive officers ownership interest in us provides them with significant incentives to grow the value of our business for the benefit of all stakeholders.

Operating control over the majority of our portfolio. In order to maintain better control over our asset portfolio, we have established a leasehold position comprised primarily of properties that we expect to operate. We expect to operate approximately 59% of our 1,303 identified gross drilling locations, or 90% of our 537.3 identified net drilling locations. As of December 31, 2010, approximately 79% of our total proved reserves were attributable to properties that we expect to operate. Approximately 95% of our estimated 2011 drilling and completion capital expenditures budget is related to operated wells, which we anticipate will result in an increase in 2011 of the percentage of our proved reserves attributable to properties we expect to operate. As of December 31, 2010, our average working interest in our operated and non-operated identified drilling locations was 63% and 10%, respectively. Controlling operations will allow us to dictate the pace of development as well as the costs, type and timing of exploration and development activities. We believe that maintaining operational control over the majority of our acreage will allow us to better pursue our strategies of enhancing returns through operational and cost efficiencies and maximizing hydrocarbon recovery through continuous improvement of drilling and completion techniques.

Recent developments

Third quarter operating results. During the third quarter of 2011, we completed and placed on production 22 gross operated wells (17.4 net) in the Bakken and Three Forks formations. Of the 22 gross operated wells completed during the third quarter, nine were completed in September. On September 30, 2011, we were in the process of drilling seven gross operated wells (5.4 net) and had 21 gross operated wells (15.6 net) waiting on completion in the Bakken and Three Forks formations. As of October 27, 2011, we were running nine operated rigs, an increase of two rigs above the seven rigs that were running on September 30, 2011.

Average daily production for the third quarter of 2011 was 11,583 Boe per day (Boe/d), an increase of 110% as compared to 5,507 Boe/d in the third quarter of 2010. Sequential quarter-over-quarter production increased by 3,690 Boe/d, or 47%. During the first three weeks of October 2011, volumes from operational reports have our production averaging approximately 14,300 Boe/d, including 4.4 MMcf per day (MMcf/d) of natural gas. The 80% increase in natural gas production over the 2.45 MMcf/d produced in the third quarter of 2011 is primarily attributable to the ongoing installation of

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natural gas gathering projects on our properties. Average daily production by project area is listed in the following table:

Project Area	Average daily production for the three months ended (Boepd):			
	Sept 30, 2011	**Jun 30, 2011**	**Change**	**% Change**
Williston Basin:				
West Williston	7,567	4,386	3,181	73%
East Nesson	2,220	1,975	245	12%
Sanish	1,711	1,433	278	19%
Total Williston Basin	**11,498**	**7,794**	**3,704**	**48%**
Other	85	99	(14)	14%
Total	**11,583**	**7,893**	**3,690**	**47%**

Preliminary third quarter financial results and updated fiscal year 2011 outlook. Our management has prepared the summary preliminary financial data below based on the most current information available to management. Our normal closing and financial reporting processes with respect to the summary preliminary financial data for the three months ended September 30, 2011 have not been fully completed. As a result, our actual financial results could be different from these summary preliminary financial data, and any differences could be material. Our independent registered public accounting firm has not performed review procedures with respect to the summary preliminary financial data provided below, nor have they expressed any opinion or provided any other form of assurance on the data. The summary preliminary financial data below has been prepared on a basis consistent with our unaudited condensed consolidated financial statements for the three months ended June 30, 2011. This summary is not intended to be a comprehensive statement of our unaudited financial results for this period. The results of operations for an interim period, including the summary preliminary financial data provided below, may not give a true indication of the results to be expected for a full year or any future period.

In the third quarter, we expect our average realized oil price to be between $83 and $84 per barrel, which includes an approximate 6.0% to 7.0% differential to West Texas Intermediate (WTI) crude oil index prices. In December 2010, we announced a production range target of 11,000 to 12,500 Boe/d, on average, for the fiscal year 2011. We currently expect production to be around the low end of this range due to the potential of heightened takeaway capacity constraints during the fourth quarter of 2011.

We expect lease operating expenses (LOE) for the third quarter of 2011 to range from $9.15 to $9.30 per Boe. During the third quarter of 2011, we incurred higher than ordinary expenses associated with salt water trucking and disposal as well as increased costs for repairing roads and locations damaged by the inclement weather in the first half of 2011. We have $35 million of capital in our 2011 budget allocated to building salt water disposal (SWD) infrastructure, which is currently being deployed in key operating areas. While the SWD projects are in progress, expected completions have been delayed by approximately one quarter. The SWD system in the southern part of the East Nesson is currently operational, and we expect the West Williston SWD systems to be operational during the first quarter of 2012. Our SWD infrastructure is expected to eliminate the need for trucks, simplify operational logistics, and reduce costs in 2012 by $2.00 to $3.00 per

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Boe from current levels. As a result of the increased costs in 2011, we are increasing our range for LOE for the fiscal year 2011 from $5.00 to $7.00 per Boe to $8.00 to $9.00 per Boe, primarily due to the aforementioned reasons. Our non-operated LOE has increased in a manner similar to our operated LOE, as other operators in the Williston Basin face similar conditions.

We expect exploration and production general and administrative expenses (E&P G&A), which excludes G&A associated with the business of Oasis Well Services, for the third quarter of 2011 to range from $6.80 to $6.90 per Boe. We continue to be within the original full year range and are now tightening guidance for E&P G&A to range from $7.00 to $7.50 per Boe. Production taxes in the third quarter of 2011 are expected to range from 10.0% to 10.2%. The forecast for production taxes as a percentage of revenue for fiscal year 2011 is being lowered from 10.5% to 11.0% to 10.2% to 10.6% due to lower year-to-date taxes.

The following table provides our preliminary third quarter expenses and updated forward-looking guidance for expenses based on our current forecasts of key metrics for 2011:

Metric	**Preliminary 3Q 11**	**FY 11 Outlook**
LOE ($/Boe)	$9.15 - $9.30	$8.00 - $9.00
E&P G&A ($/Boe)	$6.80 - $6.90	$7.00 - $7.50
Production Taxes (% of revenue)	10.0% - 10.2%	10.2% - 10.6%

Lastly, capital expenditures are expected to total $200.0 to $210.0 million in the third quarter of 2011 and $408.0 million to $418.0 million year to date ending September 30, 2011. Our full year 2011 capital spending program of $627 million remains unchanged.

Amendment to revolving credit facility and redetermination of borrowing base. On October 6, 2011, we entered into an amendment to our amended and restated revolving credit facility in order to, among other things:

- reduce the interest rates payable on borrowings under our revolving credit facility;
- extend the maturity date of our revolving credit facility from February 26, 2015 to October 6, 2016; and
- increase the size of our revolving credit facility from $600 million to $1 billion.

In connection with this amendment, the semi-annual redetermination of our borrowing base was completed on October 6, 2011, which resulted in our borrowing base increasing from $137.5 million to $350 million. As of September 30, 2011, we had no outstanding indebtedness under our revolving credit facility and no outstanding letters of credit issued under the revolving credit facility. On September 30, 2011, we had total cash and cash equivalents of $163.6 million and short-term investments of $124.9 million. On October 25, 2011, our lenders waived the mandatory reduction of our borrowing base that otherwise would have occurred as a result of the issuance of the notes offered hereby. For more information regarding our revolving credit facility, see Description of other indebtedness.

Derivative instruments. In October 2011, we converted our deferred premium put contracts for 4,000 barrels per day in calendar year 2012 to three-way costless collar options. Additionally, we added deferred premium put spread contracts for 2,000 barrels per day in calendar year 2012. As of October 26, 2011, we had 8,548 barrels per day hedged for the remainder of 2011, 13,500 barrels per day hedged in 2012, and 4,000 barrels per day hedged in 2013.

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Marketing and transportation

The Williston Basin crude oil transportation and refining infrastructure has grown substantially in recent years, largely in response to drilling activity in the Bakken formation. Based on reports from the North Dakota Industrial Commission and the North Dakota Pipeline Authority, combined recent oil production from the Williston Basin totaled approximately 507,000 barrels per day. As of September 30, 2011, there were approximately 553,000 barrels per day of crude oil transportation and refining capacity in the Williston Basin, comprised of approximately 350,000 barrels per day of pipeline transportation capacity and approximately 58,000 barrels per day of refining capacity at the Tesoro Corporation Mandan refinery. In addition, approximately 65,000 barrels per day of specifically dedicated railcar transportation capacity has been placed into service and there are approximately 80,000 barrels per day being transported by truck to Canada and by other smaller rail sites in the Williston Basin. Based on publicly announced expansion projects, pipeline transportation capacity for Williston Basin oil production could increase by approximately 450,000 barrels per day by 2013 and additional pipeline projects totaling approximately 800,000 barrels per day are under consideration. A total of approximately 825,000 barrels per day of rail transportation is expected to be in place by 2013 based on existing and announced projects. We sell a substantial majority of our oil production directly at the wellhead and are not responsible for its transportation. However, the price we receive at the wellhead is impacted by transportation and refining infrastructure constraints. For a discussion of the potential risks to our business that could result from transportation and refining infrastructure constraints in the Williston Basin, please see Risk factors Insufficient transportation or refining capacity in the Williston Basin could cause significant fluctuations in our realized oil and natural gas prices.

Corporate information

Our principal executive offices are located at 1001 Fannin Street, Suite 1500, Houston, Texas 77002, and our telephone number at that address is (281) 404-9500. Our website is located at http://*www.oasispetroleum.com*. Information contained on our website (other than the documents listed under Incorporation of certain documents by reference) or any other website is not incorporated by reference herein and does not constitute a part of this prospectus supplement and the accompanying prospectus.

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The offering

The following summary contains basic information about the notes and is not complete. For a more complete understanding of the notes, please refer to the section entitled Description of notes in this prospectus supplement and Description of Debt Securities in the accompanying base prospectus. For purposes of this section of the summary and the description of the notes included in this prospectus supplement, references to we, our, us, the Company, or Oa refer only to Oasis Petroleum Inc. and do not include its subsidiaries.

Issuer	Oasis Petroleum Inc.
Notes offered	$400,000,000 aggregate principal amount of 6.50% senior notes due 2021.
Maturity	November 1, 2021.
Interest payment dates	May 1 and November 1 of each year, beginning on May 1, 2012. Interest will accrue from November 10, 2011.
Guarantees	The notes will be jointly and severally guaranteed on a senior unsecured basis by all our existing material subsidiaries and certain future subsidiaries. See Description of notes Covenants Subsidiary guarantees.
Ranking	The notes will be our general senior unsecured obligations and will: rank senior in right of payment to any future subordinated indebtedness of Oasis; rank *pari passu* in right of payment with any existing and future senior indebtedness of Oasis; rank effectively junior in right of payment to Oasis existing and future secured indebtedness, including indebtedness under our revolving credit facility, to the extent of the value of the assets of Oasis constituting collateral securing such indebtedness; and rank effectively junior in right of payment to any indebtedness or liabilities of any of our subsidiaries that do not guarantee the notes. As of October 25, 2011, on an as adjusted basis after giving effect to the sale of the notes, the application of the net proceeds therefrom as described under Use of proceeds in this prospectus supplement, Oasis would have had no indebtedness outstanding, other than the notes offered hereby and its outstanding $400 million 7.25% Senior Notes due 2019, and Oasis would have had approximately $350 million of secured borrowing capacity available under its revolving credit facility. As of October 25, 2011, the non-guarantor subsidiaries of Oasis had no material assets and no indebtedness outstanding.

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The guarantees will be the guarantors general senior unsecured obligations and will:

rank senior in right of payment to any future subordinated indebtedness of such Subsidiary Guarantor;

rank *pari passu* in right of payment with any existing and future senior indebtedness of such Subsidiary Guarantor, including its guarantee of Oasis outstanding $400 million 7.25% Senior Notes due 2019; and

rank effectively junior in right of payment to all existing and future secured indebtedness of such Subsidiary Guarantor (including any indebtedness under our revolving credit facility), to the extent of the value of the assets of such Subsidiary Guarantor constituting collateral securing such indebtedness.

As of June 30, 2011, on an as adjusted basis and after giving effect to the sale of the notes and the application of the net proceeds therefrom as described under Use of proceeds in this prospectus supplement, our material subsidiaries (all of which will initially guarantee the notes) collectively had no consolidated indebtedness, except for their guarantees of the notes offered hereby and Oasis outstanding $400 million 7.25% Senior Notes due 2019.

Use of proceeds

We intend to use the net proceeds from this offering to fund our exploration, development and acquisition program and for general corporate purposes. Please see Use of proceeds.

Optional redemption

We will have the option to redeem the notes, in whole or in part, at any time on or after November 1, 2016, in each case at the redemption prices described in this prospectus supplement under the heading Description of notes Optional redemption, together with any accrued and unpaid interest to the date of such redemption.

At any time prior to November 1, 2016, we may redeem the notes, in whole or in part, at a redemption price plus an applicable make-whole premium described in this prospectus supplement under Description of notes Optional redemption, together with any accrued and unpaid interest to the date of such redemption.

In addition, prior to November 1, 2014, we may, from time to time, redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds of certain equity offerings at a redemption price equal to 106.500% of the principal amount of the notes, plus any accrued and unpaid interest to the date of redemption.

If certain transactions that would constitute a change of control occur on or prior to January 1, 2013, we may redeem all, but not less than all, of the notes at a redemption price equal to 110% of the principal amount of the notes redeemed plus any accrued and unpaid interest to the date of such redemption.

Change of control; asset sales	Upon the occurrence of a change of control (as defined in the indenture for the notes), holders of the notes will have the right to require us to repurchase all or a portion of the notes at a price equal to 101% of the aggregate principal amount of the notes repurchased, together with any accrued and unpaid interest to the date of purchase. In connection with certain asset sales, we will be required to use the net cash proceeds of the asset sale to make an offer to purchase the notes at 100% of the principal amount, together with any accrued and unpaid interest to the date of purchase.
Certain covenants	We will issue the notes under an indenture with U.S. Bank National Association, as trustee. The indenture will, among other things, limit our and our restricted subsidiaries ability to: make investments; incur additional indebtedness or issue preferred stock; create liens; sell assets; enter into agreements that restrict dividends or other payments by restricted subsidiaries; consolidate, merge or transfer all or substantially all of the assets of our company; engage in transactions with our affiliates; pay dividends or make other distributions on capital stock or prepay subordinated indebtedness; and create unrestricted subsidiaries. These covenants are subject to important exceptions and qualifications, which are described in this prospectus supplement under Description of notes Covenants. However, most of the covenants will terminate if both Standard & Poor s Ratings Services and Moody s Investors Service, Inc. assign the notes an investment grade rating and no default exists with respect to the notes.
Additional notes	We may from time to time create and issue additional notes having the same terms as the notes being issued in this offering, so that such additional notes shall be consolidated and form a single series with the notes offered hereby.
No prior market	The notes will be new securities for which there is no market. Although the underwriters have informed us that they intend to make a market in the notes, they are not obligated to do so and may discontinue market making at any time without notice. Accordingly, a liquid market for the notes may not develop or be maintained.

Governing law	The notes offered hereby and the indenture relating to the notes will be governed by New York law.
Risk factors	Investing in the notes involves risks. Please see Risk factors beginning on page S-19 of this prospectus supplement, as well as the other cautionary statements throughout this prospectus supplement and the documents we incorporate by reference, for a discussion of factors you should carefully consider before deciding to invest in the notes.

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Summary historical consolidated financial data

You should read the following summary financial data in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations in each of our Annual Report on Form 10-K for the year ended December 31, 2010 and our Quarterly Report on Form 10-Q for the period ended June 30, 2011 and our historical consolidated financial statements and related notes thereto included in our Current Report on Form 8-K filed with the SEC on July 15, 2011 and incorporated by reference into this prospectus supplement. We believe that the assumptions underlying the preparation of our historical consolidated financial statements are reasonable. The financial information included in this prospectus supplement may not be indicative of our future results of operations, financial position and cash flows.

Set forth below is our summary historical consolidated financial data for the years ended December 31, 2008, 2009 and 2010 and balance sheet data at December 31, 2009 and 2010, all of which have been derived from our audited consolidated financial statements included in our Current Report on Form 8-K filed with the SEC on July 15, 2011 and incorporated by reference in this prospectus supplement. Our historical financial data below as of June 30, 2011 and for the six months ended June 30, 2010 and 2011 are derived from our unaudited condensed consolidated financial statements and the notes thereto included in our Quarterly Report on Form 10-Q for the period ended June 30, 2011 and incorporated by reference in this prospectus supplement and, in our opinion, have been prepared on a basis consistent with the audited consolidated financial statements and the notes thereto and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of this information.

	Year ended December 31,			Six months ended June 30,	
(Dollars in thousands)	**2008**	**2009(1)**	**2010**	**2010**	**2011**
Statement of operations data:					
Oil and gas revenues	$ 34,736	$ 37,755	$ 128,927	$ 46,802	$ 125,950
Expenses:					
Lease operating expenses	7,073	8,691	14,582	5,904	12,140
Production taxes	3,001	3,810	13,768	4,612	13,168
Depreciation, depletion and amortization	8,686	16,670	37,832	14,632	26,912
Exploration expenses	3,222	1,019	297	42	291
Rig termination(2)		3,000			
Impairment of oil and gas properties(3)	47,117	6,233	11,967	10,984	2,917
Gain on sale of properties		(1,455)			
Stock-based compensation expenses(4)			8,743	5,200	
General and administrative expenses(5)	5,452	9,342	19,745	7,259	12,564
Total expenses	74,551	47,310	106,934	48,633	67,992
Operating income (loss)	(39,815)	(9,555)	21,993	(1,831)	57,958

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(Dollars in thousands)	Year ended December 31, 2008	2009(1)	2010	Six months ended June 30, 2010	2011
Other income (expense):					
Change in unrealized gain (loss) on derivative instruments	14,769	(7,043)	(7,533)	3,008	533
Realized gain (loss) on derivative instruments	(6,932)	2,296	(120)	(59)	(4,652)
Interest expense	(2,404)	(912)	(1,357)	(847)	(11,959)
Other income (expense)	(9)	5	284	15	691
Total other income (expense)	5,424	(5,654)	(8,726)	2,117	(15,387)
Income (loss) before income taxes	(34,391)	(15,209)	13,267	286	42,571
Income tax expense(6)			42,962	29,867	16,069
Net income (loss)	$ (34,391)	$ (15,209)	$ (29,695)	$ (29,581)	$ 26,502

(1) Our statement of operations data for the year ended December 31, 2009 does not include the effects of the acquisition of interests in certain oil and gas properties from Kerogen Resources, Inc. for the full twelve months of 2009. We acquired such interests on June 15, 2009. See Note 6 to our audited consolidated financial statements incorporated by reference into this prospectus supplement.

(2) During the first quarter of 2009, we paid a total of $3.0 million in rig termination expenses in connection with early termination of two drilling rig contracts entered into in 2008. We did not have any rig termination expenses during the years ended December 31, 2008 and 2010 or for the six month periods ended June 30, 2010 and 2011.

(3) For the years ended December 31, 2008, 2009 and 2010 and for each of the six month periods ended June 30, 2010 and 2011 we recognized non-cash impairment charges on our unproved properties due to expiring leases of $1.6 million, $5.4 million, $12.0 million, $11.0 million and $2.9 million, respectively. In 2008 and 2009, we recognized a $45.5 million and a $0.8 million non-cash impairment charge on our proved properties, respectively. See Note 2 to our audited consolidated financial statements incorporated by reference into this prospectus supplement.

(4) In March 2010, we recorded a $5.2 million stock-based compensation charge associated with Oasis Petroleum Management LLC, or OPM, granting 1.0 million C Units to certain of our employees. During the fourth quarter of 2010, we recorded an additional $3.5 million in stock-based compensation expense primarily associated with OPM granting discretionary shares of our common stock to certain of our employees who were not C Unit holders and certain contractors. See Note 10 to our audited consolidated financial statements incorporated by reference into this prospectus supplement.

(5) For the year ended December 31, 2010, our general and administrative expenses included approximately $4.2 million of IPO-related costs and approximately $1.2 million of amortization of our restricted stock awards. No stock-based compensation expense was recorded for the years ended December 31, 2009 and 2008 and for the period from February 26, 2007 (Inception) through December 31, 2007 as we had not historically issued stock-based compensation awards to our employees. See Note 10 to our audited consolidated financial statements incorporated by reference into this prospectus supplement.

(6) Prior to our corporate reorganization, we were a limited liability company not subject to entity-level income tax. Accordingly, no provision for federal or state corporate income taxes was recorded for the years ended December 31, 2008 and 2009, as the taxable income was allocated directly to our equity holders. In connection with the closing of our IPO, we merged into a corporation and became subject to federal and state entity-level taxation. See Note 11 to our audited consolidated financial statements incorporated by reference into this prospectus supplement.

	As of December 31,			As of June 30,
(Dollars in thousands)	**2008**	**2009**	**2010**	**2011**
Balance sheet data:				
Cash and cash equivalents	$ 1,570	$ 40,562	$ 143,520	$ 300,005
Net property, plant and equipment	114,220	181,573	483,683	663,252
Total assets	129,068	239,553	691,852	1,180,838
Long-term debt	26,000	35,000		400,000
Total members /stockholders equity	$ 82,459	$ 171,850	$ 551,794	$ 579,308

(Dollars in thousands, except ratios)	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
Other financial data:					
Net cash provided by operating activities	$ 13,766	$ 6,148	$ 49,612	$ 20,630	$ 102,095
Net cash used in investing activities	(78,478)	(80,756)	(309,535)	(98,217)	(335,024)
Net cash provided by financing activities	60,000	113,600	362,881	363,256	389,414
Adjusted EBITDA(1)	12,269	16,668	82,223	29,032	85,688
Ratio of earnings to fixed charges(2)(3)			9.72	1.31	4.54

(1) Adjusted EBITDA is a non-GAAP financial measure. For a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to our net income (loss) and net cash provided by operating activities, see Non-GAAP financial measure below.

(2) The ratio of earnings to fixed charges is calculated as earnings divided by fixed charges. Earnings consist of pre-tax income from continuing operations before fixed charges. Fixed charges consist of interest expense, amortized capitalized expenses related to indebtedness and an estimate of interest within rental expense.

(3) Due to our net pre-tax loss for the years ended December 31, 2008 and December 31, 2009, the ratio of earnings to fixed charges was less than 1:1. The Company would have needed additional earnings of $34.4 million and $15.2 million for the years ended December 31, 2008 and December 31, 2009, respectively, to achieve a coverage of 1:1.

Non-GAAP financial measure

Adjusted EBITDA is a supplemental non-GAAP financial measure that is used by management and external users of our consolidated financial statements, such as industry analysts, investors, lenders and rating agencies.

We define Adjusted EBITDA as earnings before interest expense, income taxes, depreciation, depletion and amortization, property impairments, exploration expenses, unrealized derivative gains and losses and non-cash stock-based compensation expenses. Adjusted EBITDA is not a measure of net income or cash flows as determined by United States generally accepted accounting principles, or GAAP.

Management believes Adjusted EBITDA is useful because it allows them to more effectively evaluate our operating performance and compare the results of our operations from period to period without regard to our financing methods or capital structure. We exclude the items listed above from net income in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA should not be considered as an alternative to, or more meaningful than, net income or cash flows from operating activities as determined in accordance with GAAP or as an indicator of our operating performance or liquidity. Certain items excluded from Adjusted EBITDA 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 historic costs of depreciable assets, none of which are components of Adjusted EBITDA. Our computations of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. We believe that Adjusted EBITDA is a widely followed measure of operating performance and may also be used by investors to measure our ability to meet debt service requirements.

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The following tables present a reconciliation of the non-GAAP financial measure of Adjusted EBITDA to the GAAP financial measures of net income (loss) and net cash provided by operating activities, respectively.

(Dollars in thousands)	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
Adjusted EBITDA reconciliation to Net Income (Loss):					
Net income (loss)	$ (34,391)	$ (15,209)	$ (29,695)	$ (29,581)	$ 26,502
Change in unrealized (gain) loss on derivative instruments	(14,769)	7,043	7,533	(3,008)	(533)
Interest expense	2,404	912	1,357	847	11,959
Depreciation, depletion and amortization	8,686	16,670	37,832	14,632	26,912
Impairment of oil and gas properties	47,117	6,233	11,967	10,984	2,917
Exploration expenses	3,222	1,019	297	42	291
Stock-based compensation expenses			9,970	5,249	1,571
Income tax expense			42,962	29,867	16,069
Adjusted EBITDA	$ 12,269	$ 16,668	$ 82,223	$ 29,032	$ 85,688

(Dollars in thousands)	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2010	2011
Adjusted EBITDA reconciliation to Net Cash Provided by Operating Activities:					
Net cash provided by operating activities	$ 13,766	$ 6,148	$ 49,612	$ 20,630	$ 102,095
Realized gain (loss) on derivative instruments	(6,932)	2,296	(120)	(59)	(4,652)
Interest expense	2,404	912	1,357	847	11,959
Exploration expenses	1,942	1,019	297	42	291
Gain on sale of properties		1,455			
Debt discount amortization and other	(107)	(95)	(470)	(332)	(648)
Changes in working capital	1,196	4,933	31,547	7,904	(23,357)
Adjusted EBITDA	$ 12,269	$ 16,668	$ 82,223	$ 29,032	$ 85,688

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Summary historical operating and reserve data

The following table presents summary data with respect to our estimated net proved oil and natural gas reserves as of the dates indicated. For additional information regarding our reserves, as well as the impact of the SEC s rules governing the presentation of reserve information, see the section entitled Business in our Annual Report on Form 10-K for the year ended December 31, 2010. The reserve estimates at December 31, 2008 presented in the table below are based on a report prepared by W.D. Von Gonten & Co., independent reserve engineers, and were prepared consistent with the former rules and regulations of the SEC regarding oil and natural gas reserve reporting in effect during such periods. The reserve estimates at December 31, 2009 and 2010 presented in the table below are based on reports prepared by DeGolyer and MacNaughton, independent reserve engineers, and were prepared consistent with the SEC s rules regarding oil and natural gas reserve reporting that are currently in effect.

		At December 31,	
	2008	**2009**	**2010**
Reserve Data(1):			
Estimated proved reserves:			
Oil (MMBbls)	2.2	12.4	36.6
Natural gas (Bcf)	0.7	5.3	19.4
Total estimated proved reserves (MMBoe)	2.3	13.3	39.8
Percent oil	95%	93%	92%
Estimated proved developed reserves (MMBoe)	2.3	5.6	17.0
Percent proved developed	100%	42%	43%
Estimated proved undeveloped reserves (MMBoe)		7.7	22.8
PV-10 (in millions)(2)	$ 17.7	$ 133.5	$ 697.8
Standardized Measure (in millions)(3)	$ 17.7	$ 133.5	$ 485.7

(1) Our estimated proved reserves and related future net revenues, PV-10 and Standardized Measure were determined using index prices for oil and natural gas, without giving effect to derivative transactions, and were held constant throughout the life of the properties. The unweighted arithmetic average first-day-of-the-month prices for the prior 12 months were $79.40/Bbl for oil and $4.38/MMBtu for natural gas for the year ended December 31, 2010 and $61.04/Bbl for oil and $3.87/MMBtu for natural gas for the year ended December 31, 2009. The index prices were $44.60/Bbl for oil and $5.63/MMBtu for natural gas at December 31, 2008. These prices were adjusted by lease for quality, transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the wellhead.

(2) PV-10 is a non-GAAP financial measure and generally differs from Standardized Measure, the most directly comparable GAAP financial measure, because it does not include the effects of income taxes on discounted future net cash flows. However, our PV-10 and our Standardized Measure are equivalent at December 31, 2009 and 2008 because as of December 31, 2009, we were a limited liability company not subject to entity level taxation. Accordingly, no provision for federal or state corporate income taxes was provided prior to our IPO and corporate reorganization because taxable income passed through to our equity holders. However, in connection with the closing of our IPO, we merged into a corporation that became a holding company for Oasis Petroleum LLC. As a result, we are treated as a taxable entity for federal income tax purposes and our income taxes are

dependent upon our taxable income. As of December 31, 2010, the effect of income tax on our discounted future net cash flows was $212.1 million, resulting in a Standardized Measure of $485.7 million. Neither PV-10 nor Standardized Measure represents an estimate of the fair market value of our oil and natural gas properties. The oil and gas industry uses PV-10 as a measure to compare the relative size and value of proved reserves held by companies without regard to the specific tax characteristics of such entities. The PV-10 amount included in the report of W.D. Von Gonten & Co. at December 31, 2008 was $19.2 million because the PV-10 amount included in such report did not give effect to additional estimated plugging and abandonment costs.

(3) Standardized Measure represents the present value of estimated future net cash flows from proved oil and natural gas reserves, less estimated future development, production, plugging and abandonment costs and income tax expenses (if applicable), discounted at 10% per annum to reflect timing of future cash flows. In connection with the closing of our IPO, we merged into a corporation that is treated as a taxable entity for federal income tax purposes. See Note 11 to our audited consolidated financial statements incorporated by reference into this prospectus supplement.

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The following table sets forth summary data with respect to our production results, average sales prices and production costs on a historical basis for the periods presented:

	Year ended December 31,			Six months ended June 30,	
	2008	**2009**	**2010**	**2010**	**2011**
Operating data:					
Net production volumes:					
Oil (MBbls)	379	658	1,792	651	1,379
Natural gas (MMcf)	123	326	651	309	402
Oil equivalents (MBoe)	400	712	1,900	702	1,446
Average daily production (Boe/d)	1,092	1,950	5,206	3,881	7,991
Average sales prices:					
Oil, without realized derivatives (per Bbl)	$ 88.07	$ 55.32	$ 69.60	$ 68.44	$ 88.86
Oil, with realized derivatives (per Bbl)(1)	69.79	58.82	69.53	68.35	85.49
Natural gas (per Mcf)	10.91	4.24	6.52	7.27	8.41
Costs and expenses (per Boe):					
Lease operating expenses	$ 17.70	$ 12.21	$ 7.67	$ 8.40	$ 8.39
Production taxes	7.51	5.35	7.25	6.57	9.10
Depreciation, depletion and amortization	21.73	23.42	19.91	20.83	18.61
General and administrative expenses	13.64	13.12	10.39	10.33	8.69
Stock-based compensation expenses(2)			4.60	7.40	

(1) Realized prices include realized gains or losses on cash settlements for our commodity derivatives, which do not qualify for and were not designated as hedging instruments for accounting purposes.

(2) In March 2010, we recorded a $5.2 million stock-based compensation charge associated with OPM granting 1.0 million C Units to certain of our employees. During the fourth quarter of 2010, we recorded an additional $3.5 million in stock-based compensation expense primarily associated with OPM granting discretionary shares of our common stock to certain of our employees who were not C Unit holders and certain contractors. See Note 10 to our audited consolidated financial statements incorporated by reference into this prospectus supplement.

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Risk factors

An investment in the notes involves risks. In addition to the risks described below, you should also carefully read all of the other information included in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference into this prospectus supplement in evaluating an investment in the notes. If any of the described risks actually were to occur, our business, financial condition, results of operations or growth prospects could be affected materially and adversely. In that case, our ability to fulfill our obligations under the notes could be materially affected, and you could lose all or part of your investment.

The risks described below are not the only ones that we face. Additional risks not presently known to us or that we currently deem immaterial individually or in the aggregate may also impair our business operations.

This prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference into this prospectus supplement also contain forward-looking statements that involve risks and uncertainties, some of which are described in the documents incorporated by reference into this prospectus supplement. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks and uncertainties faced by us described below or incorporated by reference into this prospectus supplement.

Risks related to the notes

We may not be able to generate enough cash flow to meet our debt obligations.

We expect our earnings and cash flow to vary significantly from year to year due to the nature of our industry. As a result, the amount of debt that we can manage in some periods may not be appropriate for us in other periods. Additionally, our future cash flow may be insufficient to meet our debt obligations and other commitments, including our obligations under the notes. Any insufficiency could negatively impact our business. A range of economic, competitive, business and industry factors will affect our future financial performance, and, as a result, our ability to generate cash flow from operations and to pay our debt, including our obligations under the notes. Many of these factors, such as oil and natural gas prices, economic and financial conditions in our industry and the global economy and initiatives of our competitors, are beyond our control. If we do not generate enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

- selling assets;
- reducing or delaying capital investments;
- seeking to raise additional capital; or
- refinancing or restructuring our debt.

If for any reason we are unable to meet our debt service and repayment obligations, we would be in default under the terms of the agreements governing our debt, which would allow our creditors at that time to declare all outstanding indebtedness to be due and payable, which would in turn trigger cross-acceleration or cross-default rights between the relevant agreements. In addition, our lenders could compel us to apply all of our available cash to repay our borrowings or they could prevent us from making payments on the notes. If amounts outstanding under our revolving credit facility, the $400 million 7.25% Senior Notes due 2019 or the

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notes offered hereby were to be accelerated, we cannot be certain that our assets would be sufficient to repay in full the money owed to the lenders or to our other debt holders, including you as a noteholder.

We may be able to incur substantially more debt. This could exacerbate the risks associated with our indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, including under our revolving credit facility. Our $1 billion revolving credit facility currently has a borrowing base of $350 million for secured borrowings, subject to periodic borrowing base redeterminations. As of September 30, 2011, we had no outstanding indebtedness under our revolving credit facility, which had $137.5 million of secured borrowing capacity available, and no outstanding letters of credit issued under our revolving credit facility. Please see Description of other indebtedness. Any borrowings under the revolving credit facility will be secured, and as a result, effectively senior to the notes and the guarantees of the notes by the guarantors, to the extent of the value of the collateral securing that indebtedness. In addition, the holders of any future debt we may incur that ranks equally with the notes will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. This may have the effect of reducing the amount of proceeds paid to you. If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify.

Payment of principal and interest on the notes will be effectively subordinated to our senior secured debt to the extent of the value of the assets securing that debt and structurally subordinated to the liabilities of any of our subsidiaries that do not guarantee the notes.

The notes are not secured. Therefore, the notes will be effectively subordinated to claims of our secured creditors, and the subsidiary guarantees will be effectively subordinated to the claims of the secured creditors of our subsidiary guarantors. As of September 30, 2011, we and our subsidiary guarantors had no outstanding indebtedness and no outstanding issued letters of credit. Holders of our secured obligations, including obligations under the credit agreement that governs our revolving credit facility, will have claims that are prior to claims of the holders of the notes with respect to the assets securing those obligations. On October 6, 2011, we entered into an amendment to our revolving credit facility, in order to, among other things, increase the size of the facility from $600 million to $1 billion and increase our borrowing base from $137.5 million to $350 million of secured borrowings. On October 25, 2011, our lenders waived the mandatory reduction of our borrowing base that otherwise would have occurred as a result of the issuance of the notes offered hereby. For more information on our revolving credit facility, please read Description of other indebtedness. In the event of a liquidation, dissolution, reorganization, bankruptcy or any similar proceeding, our assets and those of our subsidiaries will be available to pay obligations on the notes and the guarantees only after holders of our senior secured debt have been paid the value of the assets securing such debt. Although all of our material subsidiaries will initially guarantee the notes, in the future, under certain circumstances, the guarantees are subject to release and we may have subsidiaries that are not guarantors. In that case, the notes would be structurally subordinated to the claims of all creditors, including trade creditors and tort claimants, of our subsidiaries that are not guarantors. In the event of the liquidation, dissolution, reorganization, bankruptcy or similar proceeding of the business of a subsidiary that is not a guarantor, creditors of that subsidiary would generally have the right to be paid in full before any distribution is made to us or the

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holders of the notes. Accordingly, there may not be sufficient funds remaining to pay amounts due on all or any of the notes.

Our revolving credit facility and the indenture governing the 7.25% Senior Notes due 2019 contain, and the indenture governing the notes offered hereby will contain, operating and financial restrictions that may restrict our business and financing activities.

Our revolving credit facility and the indenture governing the 7.25% Senior Notes due 2019 contain, the indenture governing the notes offered hereby will contain, and any future indebtedness we incur may contain, a number of restrictive covenants that will impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- sell assets, including equity interests in our subsidiaries;
- pay distributions on, redeem or repurchase our common stock or redeem or repurchase our subordinated debt;
- make investments;
- incur or guarantee additional indebtedness or issue preferred stock;
- create or incur certain liens;
- make certain acquisitions and investments;
- redeem or prepay other debt;
- enter into agreements that restrict distributions or other payments from our restricted subsidiaries to us;
- consolidate, merge or transfer all or substantially all of our assets;
- engage in transactions with affiliates;
- create unrestricted subsidiaries;
- enter into sale and leaseback transactions; and
- engage in certain business activities.

As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

Our ability to comply with some of the covenants and restrictions contained in our revolving credit facility and the indenture governing our 7.25% Senior Notes due 2019 may be affected by events beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. A failure to comply with the covenants, ratios or tests in our revolving credit facility, the indenture governing our 7.25% Senior Notes due 2019 or any future indebtedness could result in an event of default under our revolving credit facility, the indenture governing our 7.25% Senior Notes due 2019 or our future indebtedness, which, if not cured or waived, could have a material adverse affect on our business, financial condition

and results of operations. If an event of default under our revolving credit facility occurs and remains uncured, the lenders thereunder:

- would not be required to lend any additional amounts to us;
- could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be due and payable;
- may have the ability to require us to apply all of our available cash to repay these borrowings; or
- may prevent us from making debt service payments under our other agreements.

A payment default or an acceleration under our revolving credit facility could result in an event of default and an acceleration under the indenture for the notes.

If the indebtedness under the notes were to be accelerated, there can be no assurance that we would have, or be able to obtain, sufficient funds to repay such indebtedness in full. In addition, our obligations under our revolving credit facility are collateralized by perfected first priority liens and security interests on substantially all of our assets, including mortgage liens on oil and natural gas properties having at least 80% of the reserve value as determined by reserve reports, and if we are unable to repay our indebtedness under the revolving credit facility, the lenders could seek to foreclose on our assets. Please see Description of notes and Description of other indebtedness.

Because all of our operations are conducted through our subsidiaries, our ability to service our debt is largely dependent on our receipt of distributions or other payments from our subsidiaries.

We are a holding company, and all of our operations are conducted through our subsidiaries. As a result, our ability to service our debt is largely dependent on the earnings of our subsidiaries and the payment of those earnings to us in the form of dividends, loans or advances and through repayment of loans or advances from us. Our subsidiaries are legally distinct from us and have no obligation to pay amounts due on our debt or to make funds available to us for such payment. The ability of our subsidiaries to pay dividends, repay intercompany notes or make other advances to us is subject to restrictions imposed by applicable laws, tax considerations and the agreements governing our subsidiaries. In addition, such payment may be restricted by claims against our subsidiaries by their creditors, including suppliers, vendors, lessors and employees.

We may not be able to fund a change of control offer.

In the event of a change of control (as defined in the indenture for the notes), we will be required, subject to certain conditions, to offer to purchase all outstanding notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of purchase. The holders of our outstanding 7.25% Senior Notes due 2019 have substantially the same put rights upon a change of control, which would increase the amount of indebtedness that we would be required to offer to repurchase. If a change of control were to occur today, we would not have sufficient funds available to purchase all of the outstanding notes were they to be tendered in response to an offer made as a result of a change of control. We cannot assure you that we will have sufficient funds available or that we will be permitted by our other debt instruments to fulfill these obligations upon a change of control in the future. Furthermore, certain change of control events would constitute an event of default under our credit agreement. Please see Description of notes Repurchase at the option of holders Change of control.

In a recent decision, the Chancery Court of Delaware raised the possibility that a change of control put right occurring as a result of a failure to have continuing directors comprising a majority of a board of directors may be unenforceable on public policy grounds. Therefore, you may not be entitled to receive this protection under the indenture.

The term change of control is limited to certain specified transactions and may not include other events that might adversely affect our financial condition. Our obligation to repurchase the notes upon a change of control would not necessarily afford holders of the notes protection in the event of a highly leveraged transaction, reorganization, merger or similar transaction involving us.

Many of the covenants contained in the indenture will terminate if the notes are rated investment grade by both Standard & Poor s and Moody s and no default has occurred and is continuing.

Many of the covenants in the indenture governing the notes will terminate if the notes are rated investment grade by both Standard & Poor s and Moody s, provided at such time no default with respect to the notes has occurred and is continuing. These covenants will restrict, among other things, our ability to pay dividends, incur debt and to enter into certain other transactions. There can be no assurance that the notes will ever be rated investment grade, or that if they are rated investment grade, that the notes will maintain such ratings. However, termination of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force. Please see Description of notes Covenant termination.

The guarantees by certain of our subsidiaries of the notes could be deemed fraudulent conveyances under certain circumstances, and a court may try to subordinate or void these subsidiary guarantees.

Under U.S. bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee can be voided, or claims under a guarantee may be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

- intended to hinder, delay or defraud any present or future creditor or received less than reasonably equivalent value or fair consideration for the incurrence of the guarantee;
- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which the guarantor s remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

In addition, any payment by that guarantor under a guarantee could be voided and required to be returned to the guarantor or to a fund for the benefit of the creditors of the guarantor. The

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measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a subsidiary guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
- the present saleable value of its assets was less than the amount that would be required to pay its probable liability, including contingent liabilities, on its existing debts as they become absolute and mature; or
- it could not pay its debts as they became due.

Your ability to transfer the notes may be limited by the absence of a trading market.

The notes will be new securities for which currently there is no trading market. Although the underwriters have informed us that they currently intend to make a market in the notes, they are not obligated to do so. In addition, they may discontinue any such market making at any time without notice. The liquidity of any market for the notes will depend on the number of holders of the notes, the interest of securities dealers in making a market in the notes and other factors. Accordingly, we cannot assure you as to the development or liquidity of any market for the notes. Historically, the market for noninvestment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. We cannot assure you that the market, if any, for the notes will be free from similar disruptions. Any such disruption may adversely affect the noteholders ability to transfer the notes.

Risks related to the oil and natural gas industry and our business

A substantial or extended decline in oil and, to a lesser extent, natural gas prices may adversely affect our business, financial condition or results of operations and our ability to meet our capital expenditure obligations and financial commitments, including our ability to make payments on the notes and our other debt obligations.

The price we receive for our oil and, to a lesser extent, natural gas, heavily influences our revenue, profitability, access to capital and future rate of growth. Oil and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the markets for oil and natural gas have been volatile. These markets will likely continue to be volatile in the future. The prices we receive for our production, and the levels of our production, depend on numerous factors beyond our control. These factors include the following:

- worldwide and regional economic conditions impacting the global supply and demand for oil and natural gas;
- the actions of the Organization of Petroleum Exporting Countries, or OPEC;
- the price and quantity of imports of foreign oil and natural gas;
- political conditions in or affecting other oil-producing and natural gas-producing countries, including the current conflicts in the Middle East and conditions in South America and Russia;
- the level of global oil and natural gas exploration and production;

- the level of global oil and natural gas inventories;
- localized supply and demand fundamentals and transportation availability;
- weather conditions and natural disasters;
- domestic and foreign governmental regulations;
- speculation as to the future price of oil and the speculative trading of oil and natural gas futures contracts;
- price and availability of competitors supplies of oil and natural gas;
- technological advances affecting energy consumption; and
- the price and availability of alternative fuels.

Substantially all of our production is sold to purchasers under short-term (less than 12-month) contracts at market-based prices. Lower oil and natural gas prices will reduce our cash flows, borrowing ability and the present value of our reserves. Please see Our exploration, development and exploitation projects require substantial capital expenditures. We may be unable to obtain needed capital or financing on satisfactory terms, which could lead to expiration of our leases or a decline in our oil and natural gas reserves. Lower oil and natural gas prices may also reduce the amount of oil and natural gas that we can produce economically and may affect our proved reserves. Please see The present value of future net revenues from our proved reserves will not necessarily be the same as the current market value of our estimated oil and natural gas reserves.

Drilling for and producing oil and natural gas are high-risk activities with many uncertainties that could adversely affect our business, financial condition or results of operations.

Our future financial condition and results of operations will depend on the success of our exploitation, exploration, development and production activities. Our oil and natural gas exploration and production activities are subject to numerous risks beyond our control, including the risk that drilling will not result in commercially viable oil or natural gas production. Our decisions to purchase, explore, develop or otherwise exploit drilling locations or properties will depend in part on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. For a discussion of the uncertainty involved in these processes, see Our estimated proved reserves are based on many assumptions that may turn out to be inaccurate. Any significant inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves below. Our cost of drilling, completing and operating wells is often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. Further, many factors may curtail, delay or cancel our scheduled drilling projects, including the following:

- shortages of or delays in obtaining equipment and qualified personnel;
- facility or equipment malfunctions;
- unexpected operational events;
- pressure or irregularities in geological formations;
- adverse weather conditions, such as blizzards and ice storms;

- reductions in oil and natural gas prices;
- delays imposed by or resulting from compliance with regulatory requirements;
- proximity to and capacity of transportation facilities;
- title problems; and
- limitations in the market for oil and natural gas.

Our estimated proved reserves are based on many assumptions that may turn out to be inaccurate. Any significant inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities and present value of our reserves.

The process of estimating oil and natural gas reserves is complex. It requires interpretations of available technical data and many assumptions, including assumptions relating to current and future economic conditions and commodity prices. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves shown in this prospectus supplement. See Business Our operations in our Annual Report on Form 10-K for the year ended December 31, 2010 for information about our estimated oil and natural gas reserves and the PV-10 and Standardized Measure of discounted future net revenues as of December 31, 2010, 2009 and 2008.

In order to prepare our estimates, we must project production rates and the timing of development expenditures. We must also analyze available geological, geophysical, production and engineering data. The extent, quality and reliability of this data can vary. The process also requires economic assumptions about matters such as oil and natural gas prices, drilling and operating expenses, capital expenditures, taxes and availability of funds. Although the reserve information contained herein is reviewed by independent reserve engineers, estimates of oil and natural gas reserves are inherently imprecise.

Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves will vary from our estimates. Any significant variance could materially affect the estimated quantities and present value of reserves shown in this prospectus supplement. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development, prevailing oil and natural gas prices and other factors, many of which are beyond our control. Due to the limited production history of our undeveloped acreage, the estimates of future production associated with such properties may be subject to greater variance to actual production than would be the case with properties having a longer production history.

The present value of future net revenues from our proved reserves will not necessarily be the same as the current market value of our estimated oil and natural gas reserves.

You should not assume that the present value of future net revenues from our proved reserves is the current market value of our estimated oil and natural gas reserves. In accordance with new SEC requirements for the years ended December 31, 2010 and 2009, we based the estimated discounted future net revenues from our proved reserves on the 12-month unweighted arithmetic average of the first-day-of-the-month price for the preceding twelve months without giving effect to derivative transactions. For the year ended December 31, 2008, we based the estimated discounted future net revenues from our proved reserves on prices and

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costs in effect on the day of the estimate in accordance with previous SEC requirements. Actual future net revenues from our oil and natural gas properties will be affected by factors such as:

- actual prices we receive for oil and natural gas;
- actual cost of development and production expenditures;
- the amount and timing of actual production; and
- changes in governmental regulations or taxation.

The timing of both our production and our incurrence of expenses in connection with the development and production of oil and natural gas properties will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual present value. In addition, the 10% discount factor we use when calculating discounted future net revenues may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and natural gas industry in general.

Actual future prices and costs may differ materially from those used in the present value estimates included in this prospectus supplement. If oil prices decline by $1.00/Bbl, then our PV-10 as of December 31, 2010 would decrease approximately $15.9 million.

The unavailability or high cost of additional drilling rigs, equipment, supplies, personnel and oilfield services could adversely affect our ability to execute our exploration and development plans within our budget and on a timely basis.

Shortages or the high cost of drilling rigs, equipment, supplies, personnel or oilfield services could delay or adversely affect our development and exploration operations or cause us to incur significant expenditures that are not provided for in our capital budget, which could have a material adverse effect on our business, financial condition or results of operations.

Part of our strategy involves drilling in existing or emerging shale plays using some of the latest available horizontal drilling and completion techniques. The results of our planned exploratory drilling in these plays are subject to drilling and completion technique risks and drilling results may not meet our expectations for reserves or production. As a result, we may incur material write-downs and the value of our undeveloped acreage could decline if drilling results are unsuccessful.

Operations in the Bakken and the Three Forks formations involve utilizing the latest drilling and completion techniques as developed by us and our service providers in order to maximize cumulative recoveries and therefore generate the highest possible returns. Risks that we face while drilling include, but are not limited to, landing our well bore in the desired drilling zone, staying in the desired drilling zone while drilling horizontally through the formation, running our casing the entire length of the well bore and being able to run tools and other equipment consistently through the horizontal well bore. Risks that we face while completing our wells include, but are not limited to, being able to fracture stimulate the planned number of stages, being able to run tools the entire length of the well bore during completion operations and successfully cleaning out the well bore after completion of the final fracture stimulation stage.

Our experience with horizontal drilling utilizing the latest drilling and completion techniques specifically in the Bakken and Three Forks formations is limited. Ultimately, the success of these drilling and completion techniques can only be evaluated over time as more wells are drilled and production profiles are established over a sufficiently long time period. If our drilling results are less than anticipated or we are unable to execute our drilling program because of capital

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constraints, lease expirations, access to gathering systems and limited takeaway capacity or otherwise, and/or natural gas and oil prices decline, the return on our investment in these areas may not be as attractive as we anticipate and we could incur material write-downs of unevaluated properties and the value of our undeveloped acreage could decline in the future.

Our exploration, development and exploitation projects require substantial capital expenditures. We may be unable to obtain needed capital or financing on satisfactory terms, which could lead to expiration of our leases or a decline in our oil and natural gas reserves.

Our exploration and development activities are capital intensive. We make and expect to continue to make substantial capital expenditures in our business for the development, exploitation, production and acquisition of oil and natural gas reserves. Our cash flows used in investing activities were $312.9 million and $212.3 million related to capital and exploration expenditures for the year ended December 31, 2010 and the six months ended June 30, 2011, respectively. Our capital expenditure budget for 2011 is approximately $627 million, with approximately $527 million allocated for drilling and completion operations. Since our IPO, our capital expenditures have been financed with proceeds from our IPO, net cash provided by operating activities and proceeds from our offering of $400 million of 7.25% senior unsecured notes. DeGolyer and MacNaughton projects that we will incur capital costs in excess of $349 million over the next four years to develop the proved undeveloped reserves in the Williston Basin covered by its December 31, 2010 reserve report. Because these costs cover less than 10% of our total drilling locations, we will be required to generate or raise multiples of this amount of capital to develop all of our potential drilling locations should we elect to do so. The actual amount and timing of our future capital expenditures may differ materially from our estimates as a result of, among other things, commodity prices, actual drilling results, the availability of drilling rigs and other services and equipment, and regulatory, technological and competitive developments.

A significant improvement in product prices could result in an increase in our capital expenditures. We intend to finance our future capital expenditures primarily through cash flows provided by operating activities, borrowings under our revolving credit facility, net proceeds from our offering of $400 million of 7.25% senior unsecured notes due 2019 and net proceeds from this offering; however, our financing needs may require us to alter or increase our capitalization substantially through the issuance of additional debt or equity securities or the sale of non-strategic assets. The issuance of additional debt or equity may require that a portion of our cash flows provided by operating activities be used for the payment of principal and interest on our debt, thereby reducing our ability to use cash flows to fund working capital, capital expenditures and acquisitions. The issuance of additional equity securities could have a dilutive effect on the value of our common stock. In addition, upon the issuance of certain debt securities (other than on a borrowing base redetermination date), our borrowing base under our revolving credit facility will be automatically reduced by an amount equal to 25% of the aggregate principal amount of such debt securities.

Our cash flows provided by operating activities and access to capital are subject to a number of variables, including:

- our proved reserves;
- the level of oil and natural gas we are able to produce from existing wells;
- the prices at which our oil and natural gas are sold;
- the costs of developing and producing our oil and natural gas production;

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- our ability to acquire, locate and produce new reserves;
- the ability and willingness of our banks to lend; and
- our ability to access the equity and debt capital markets.

If the borrowing base under our revolving credit facility or our revenues decrease as a result of lower oil or natural gas prices, operating difficulties, declines in reserves or for any other reason, we may have limited ability to obtain the capital necessary to sustain our operations at current levels. If additional capital is needed, we may not be able to obtain debt or equity financing on terms favorable to us, or at all. If cash generated by operations or cash available under our revolving credit facility is not sufficient to meet our capital requirements, the failure to obtain additional financing could result in a curtailment of our operations relating to development of our drilling locations, which in turn could lead to a possible expiration of our leases and a decline in our oil and natural gas reserves, and could adversely affect our business, financial condition and results of operations.

If oil and natural gas prices decrease, we may be required to take write-downs of the carrying values of our oil and natural gas properties.

We review our proved oil and natural gas properties for impairment whenever events and circumstances indicate that a decline in the recoverability of their carrying value may have occurred. Based on specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of development plans, production data, economics and other factors, we may be required to write down the carrying value of our oil and natural gas properties, which may result in a decrease in the amount available under our revolving credit facility. A write-down constitutes a non-cash charge to earnings. We may incur impairment charges in the future, which could have a material adverse effect on our ability to borrow under our revolving credit facility and our results of operations for the periods in which such charges are taken.

We will not be the operator on all of our drilling locations, and, therefore, we will not be able to control the timing of exploration or development efforts, associated costs, or the rate of production of any non-operated assets.

We expect that we will not be the operator on approximately 41% of our identified gross drilling locations (approximately 10% of our identified net drilling locations). As we carry out our exploration and development programs, we may enter into arrangements with respect to existing or future drilling locations that result in a greater proportion of our locations being operated by others. As a result, we may have limited ability to exercise influence over the operations of the drilling locations operated by our partners. Dependence on the operator could prevent us from realizing our target returns for those locations. The success and timing of exploration and development activities operated by our partners will depend on a number of factors that will be largely outside of our control, including:

- the timing and amount of capital expenditures;
- the operator s expertise and financial resources;
- approval of other participants in drilling wells;
- selection of technology; and
- the rate of production of reserves, if any.

This limited ability to exercise control over the operations of some of our drilling locations may cause a material adverse effect on our results of operations and financial condition.

Substantially all of our producing properties and operations are located in the Williston Basin region, making us vulnerable to risks associated with operating in one major geographic area.

As of December 31, 2010, approximately 99.7% of our proved reserves and as of September 30, 2011, approximately 99.3% of our production were located in the Williston Basin in northeastern Montana and northwestern North Dakota. As a result, we may be disproportionately exposed to the impact of delays or interruptions of production from these wells caused by transportation capacity constraints, curtailment of production, availability of equipment, facilities, personnel or services, significant governmental regulation, natural disasters, adverse weather conditions, plant closures for scheduled maintenance or interruption of transportation of oil or natural gas produced from the wells in this area. In addition, the effect of fluctuations on supply and demand may become more pronounced within specific geographic oil and gas producing areas such as the Williston Basin, which may cause these conditions to occur with greater frequency or magnify the effect of these conditions. Due to the concentrated nature of our portfolio of properties, a number of our properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on our results of operations than they might have on other companies that have a more diversified portfolio of properties. Such delays or interruptions could have a material adverse effect on our financial condition and results of operations.

Our business depends on oil and natural gas gathering and transportation facilities, most of which are owned by third parties.

The marketability of our oil and natural gas production depends in part on the availability, proximity and capacity of gathering and pipeline systems owned by third parties. The unavailability of, or lack of, available capacity on these systems and facilities could result in the shut-in of producing wells or the delay, or discontinuance of, development plans for properties. See also Market conditions or operational impediments may hinder our access to oil and natural gas markets or delay our production and Insufficient transportation or refining capacity in the Williston Basin could cause significant fluctuations in our realized oil and natural gas prices. We generally do not purchase firm transportation on third party pipeline facilities and, therefore, the transportation of our production can be interrupted by other customers that have firm arrangements.

The disruption of third-party facilities due to maintenance, weather or other interruptions of service could also negatively impact our ability to market and deliver our products. We have no control over when or if such facilities are restored. A total shut-in of our production could materially affect us due to a resulting lack of cash flow, and if a substantial portion of the production is hedged at lower than market prices, those financial hedges would have to be paid from borrowings absent sufficient cash flow.

Insufficient transportation or refining capacity in the Williston Basin could cause significant fluctuations in our realized oil and natural gas prices.

The Williston Basin crude oil business environment has historically been characterized by periods when oil production has surpassed local transportation and refining capacity, resulting in substantial discounts in the price received for crude oil versus prices quoted for WTI crude oil.

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For example, the difference between the WTI crude oil price and the Flint Hills Resources North Dakota Sweet oil price as of December 31, 2009 and 2010 was $7.96/Bbl and $8.38/Bbl, respectively. Although additional Williston Basin transportation takeaway capacity was added in 2009 and 2010, production has also increased due to the elevated drilling activity in 2010. The increased production coupled with the planned turnaround at the Tesoro Corporation Mandan refinery and outages and disruptions on Enbridge s 6A and 6B lines caused price differentials at times to be at the high-end of the historical average range of approximately 10% to 15% of the WTI crude oil index price in 2010. Such fluctuations and discounts could have a material adverse effect on our financial condition and results of operations.

The development of our proved undeveloped reserves in the Williston Basin and other areas of operation may take longer and may require higher levels of capital expenditures than we currently anticipate. Therefore, our undeveloped reserves may not be ultimately developed or produced.

Approximately 57% of our total proved reserves were classified as proved undeveloped as of December 31, 2010. Development of these reserves may take longer and require higher levels of capital expenditures than we currently anticipate. Delays in the development of our reserves or increases in costs to drill and develop such reserves will reduce the PV-10 value of our estimated proved undeveloped reserves and future net revenues estimated for such reserves and may result in some projects becoming uneconomic. In addition, delays in the development of reserves could cause us to have to reclassify our proved reserves as unproved reserves.

Unless we replace our oil and natural gas reserves, our reserves and production will decline, which would adversely affect our business, financial condition and results of operations.

Unless we conduct successful development, exploitation and exploration activities, or acquire properties containing proved reserves, our proved reserves will decline as those reserves are produced. Producing oil and natural gas reservoirs generally are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Our future oil and natural gas reserves and production, and therefore our cash flows and income, are highly dependent on our success in efficiently developing and exploiting our current reserves and economically finding or acquiring additional recoverable reserves. We may not be able to develop, exploit, find or acquire additional reserves to replace our current and future production at acceptable costs. If we are unable to replace our current and future production, the value of our reserves will decrease, and our business, financial condition and results of operations would be adversely affected.

Market conditions or operational impediments may hinder our access to oil and natural gas markets or delay our production.

Market conditions or the unavailability of satisfactory oil and natural gas transportation arrangements may hinder our access to oil and natural gas markets or delay our production. The availability of a ready market for our oil and natural gas production depends on a number of factors, including the demand for and supply of oil and natural gas and the proximity of reserves to pipelines and terminal facilities. Our ability to market our production depends, in substantial part, on the availability and capacity of gathering systems, pipelines and processing facilities owned and operated by third-parties. Our failure to obtain such services on acceptable terms could materially harm our business. We may be required to shut in wells due to lack of a market or inadequacy or unavailability of crude oil or natural gas pipelines or gathering system capacity. If our production becomes shut-in for any of these or other reasons, we would be unable to realize revenue from those wells until other arrangements were made to deliver the products to market.

We may incur substantial losses and be subject to substantial liability claims as a result of our oil and natural gas operations. Additionally, we may not be insured for, or our insurance may be inadequate to protect us against, these risks.

We are not insured against all risks. Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect our business, financial condition or results of operations. Our oil and natural gas exploration and production activities are subject to all of the operating risks associated with drilling for and producing oil and natural gas, including the possibility of:

- environmental hazards, such as uncontrollable flows of oil, natural gas, brine, well fluids, toxic gas or other pollution into the environment, including groundwater and shoreline contamination;

- abnormally pressured formations;

- mechanical difficulties, such as stuck oilfield drilling and service tools and casing collapse;

- personal injuries and death; and

- natural disasters.

Any of these risks could adversely affect our ability to conduct operations or result in substantial losses to us as a result of:

- injury or loss of life;
- damage to and destruction of property, natural resources and equipment;
- pollution and other environmental damage;
- regulatory investigations and penalties;
- suspension of our operations; and
- repair and remediation costs.

We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition and results of operations.

Drilling locations that we decide to drill may not yield oil or natural gas in commercially viable quantities.

We describe some of our drilling locations and our plans to explore those drilling locations in this prospectus supplement. Our drilling locations are in various stages of evaluation, ranging from a location which is ready to drill to a location that will require substantial additional interpretation. There is no way to predict in advance of drilling and testing whether any particular location will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling

whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in sufficient quantities to be economically viable. Even if sufficient amounts of oil or natural gas exist, we may damage the potentially productive hydrocarbon bearing formation or experience mechanical difficulties while drilling or completing the well, resulting in a reduction in production from the well or abandonment of the well. If we drill additional wells that we identify as dry holes in our current and future drilling locations, our drilling success rate may decline and materially harm our business. We cannot assure you that the analogies we draw from available data from other wells, more fully explored locations or producing fields will be applicable to our drilling locations. Further, initial production rates reported by us or other operators in the Williston Basin may not be indicative of future or long-term production rates. In sum, the cost of drilling, completing and operating any well is often uncertain, and new wells may not be productive.

We have incurred losses since our inception and may continue to do so in the future.

We incurred net losses of $29.7 million, $15.2 million and $34.4 million for the years ended December 31, 2010, 2009 and 2008, respectively. Our development of and participation in an increasingly larger number of drilling locations has required and will continue to require substantial capital expenditures, including planned capital expenditures for 2011 of approximately $627 million.

The uncertainty and risks described in this prospectus supplement and the documents we incorporate by reference may impede our ability to economically find, develop, exploit and acquire oil and natural gas reserves. As a result, we may not be able to achieve or sustain profitability or positive cash flows provided by operating activities in the future.

Our potential drilling location inventories are scheduled to be drilled over several years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling. In addition, we may not be able to raise the substantial amount of capital that would be necessary to drill a substantial portion of our potential drilling locations.

Our management has identified and scheduled drilling locations as an estimation of our future multi-year drilling activities on our existing acreage. As of December 31, 2010, only 124 of our 1,303 specifically identified potential future gross drilling locations were attributed to proved undeveloped reserves. These potential drilling locations, including those without proved undeveloped reserves, represent a significant part of our growth strategy. Our ability to drill and develop these locations is subject to a number of uncertainties, including the availability of capital, seasonal conditions, regulatory approvals, oil and natural gas prices, costs and drilling results. Because of these uncertainties, we do not know if the numerous potential drilling locations we have identified will ever be drilled or if we will be able to produce oil or natural gas from these or any other potential drilling locations. Pursuant to existing SEC rules and guidance, subject to limited exceptions, proved undeveloped reserves may only be booked if they relate to wells scheduled to be drilled within five years of the date of booking. These rules and guidance may limit our potential to book additional proved undeveloped reserves as we pursue our drilling program.

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Our acreage must be drilled before lease expiration, generally within three to five years, in order to hold the acreage by production. In the highly competitive market for acreage, failure to drill sufficient wells in order to hold acreage will result in a substantial lease renewal cost, or if renewal is not feasible, loss of our lease and prospective drilling opportunities.

Unless production is established within the spacing units covering the undeveloped acres on which some of the locations are identified, the leases for such acreage will expire. As of December 31, 2010, we had leases representing 53,937 net acres expiring in 2011, 23,994 net acres expiring in 2012 and 42,147 net acres expiring in 2013. The cost to renew such leases may increase significantly, and we may not be able to renew such leases on commercially reasonable terms or at all. In addition, on certain portions of our acreage, third-party leases become immediately effective if our leases expire. As such, our actual drilling activities may materially differ from our current expectations, which could adversely affect our business. During the years ended December 31, 2010, 2009 and 2008, we recorded non-cash impairment charges of $12.0 million, $5.4 million and $1.6 million, respectively, for unproved property leases that expired during the period.

Our operations are subject to environmental and occupational health and safety laws and regulations that may expose us to significant costs and liabilities.

Our oil and natural gas exploration and production operations are subject to stringent and complex federal, state and local laws and regulations governing health and safety aspects of our operations, the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may impose numerous obligations that are applicable to our operations including the acquisition of a permit before conducting drilling or other regulated activities; the restriction of types, quantities and concentration of materials that can be released into the environment; the limitation or prohibition of drilling activities on certain lands lying within wilderness, wetlands and other protected areas; the application of specific health and safety criteria addressing worker protection; and the imposition of substantial liabilities for pollution resulting from operations. Numerous governmental authorities, such as the U.S. Environmental Protection Agency, or the EPA, and analogous state agencies have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly actions. Failure to comply with these laws and regulations may result in the assessment of administrative, civil or criminal penalties; the imposition of investigatory or remedial obligations; and the issuance of injunctions limiting or preventing some or all of our operations.

There is inherent risk of incurring significant environmental costs and liabilities in the performance of our operations as a result of our handling of petroleum hydrocarbons and wastes, air emissions and waste water discharges related to our operations, and historical industry operations and waste disposal practices. Under certain environmental laws and regulations, we could be subject to joint and several, strict liability for the removal or remediation of previously released materials or property contamination regardless of whether we were responsible for the release or contamination or if the operations were in compliance with all applicable laws at the time those actions were taken. Private parties, including the owners of properties upon which our wells are drilled and facilities where our petroleum hydrocarbons or wastes are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property damage. In addition, the risk of accidental spills or releases could expose us to significant liabilities that could have a material adverse effect on our financial condition or results of operations. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements could require us to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on our own results of operations, competitive position or financial condition. We may not be able to recover some or any of these costs from insurance.

Failure to comply with federal, state and local laws could adversely affect our ability to produce, gather and transport our oil and natural gas and may result in substantial penalties.

Our operations are substantially affected by federal, state and local laws and regulations, particularly as they relate to the regulation of oil and natural gas production and transportation. These laws and regulations include regulation of oil and natural gas exploration and production and related operations, including a variety of activities related to the drilling of wells, the interstate transportation of oil and natural gas by federal agencies such as the FERC, as well as state agencies. In addition, federal laws prohibit market manipulation in connection with the purchase or sale of oil and/or natural gas. Failure to comply with federal, state and local laws could adversely affect our ability to produce, gather and transport our oil and natural gas and may result in substantial penalties.

Climate change laws and regulations restricting emissions of greenhouse gases could result in increased operating costs and reduced demand for the oil and natural gas that we produce while the physical effects of climate change could disrupt our production and cause us to incur significant costs in preparing for or responding to those effects.

In response to findings that emissions of carbon dioxide, methane and other greenhouse gases (GHGs) present an endangerment to public health and the environment because emissions of such gases are contributing to warming of the earth s atmosphere and other climatic changes, the EPA adopted regulations under existing provisions of the federal Clean Air Act that require a reduction in emissions of GHGs from motor vehicles effective January 2, 2011 and thereby triggered permit review for GHG emissions from certain stationary sources. The EPA published its final rule to address the permitting of GHG emissions from stationary sources under the Prevention of Significant Deterioration (PSD) and Title V permitting programs. This rule tailors these permitting programs to apply to certain stationary sources of GHG emissions in a multi-step process, with the largest sources first subject to permitting. Facilities required to obtain PSD permits for their GHG emissions also will be required to meet best available control technology standards, which will be established by the states or, in some instances, by the EPA on a case-by-case basis. The EPA s rules relating to emissions of GHGs from large stationary sources of emissions are currently subject to a number of legal challenges but the federal courts have thus far declined to issue any injunctions to prevent EPA from implementing or requiring state environmental agencies to implement the rules. These EPA rulemakings could adversely affect our operations and restrict or delay our ability to obtain air permits for new or modified facilities. With regards to the monitoring and reporting of GHGs, on November 30, 2010, the EPA published a final rule expanding its existing GHG emissions reporting rule published in October 2009 to include onshore oil and natural gas production activities, which includes certain of our operations. In addition, Congress has from time to time considered legislation to reduce emissions of GHGs, and almost one-half of the states have already taken legal measures to reduce emissions of GHGs, primarily through the planned development of GHG emission inventories and/or regional GHG cap and trade programs. The adoption and implementation of

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any legislation or regulations imposing reporting obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur costs to reduce emissions of GHGs associated with our operations or could adversely affect demand for the oil and natural gas we produce. Finally, it should be noted that some scientists have concluded that increasing concentrations of GHGs in the Earth s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic event; if any such effects were to occur, they could have an adverse effect on our exploration and production operations.

Federal and state legislative and regulatory initiatives relating to hydraulic fracturing could result in increased costs to producers and additional operating restrictions or delays, which could adversely affect our production.

Hydraulic fracturing is an important and common practice that is used to stimulate production of natural gas and/or oil from dense subsurface rock formations. The process involves the injection of water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production. The process is typically regulated by state oil and natural gas commissions. However, the EPA recently asserted federal regulatory authority over certain hydraulic fracturing activities involving diesel under the federal Safe Drinking Water Act (the SDWA) and has begun the process of drafting guidance documents related to this newly asserted regulatory authority. In addition, legislation has been introduced before Congress, called the Fracturing Responsibility and Awareness of Chemicals Act, to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the hydraulic fracturing process. At the state level, some states have adopted and other states are considering adopting regulations that could restrict hydraulic fracturing in certain circumstances. For instance, effective August 26, 2011, Montana adopted hydraulic fracturing disclosure regulations pursuant to which well operators must provide information in drilling permit applications on the estimated volume and types of materials to be used in the proposed hydraulic fracturing activities. Upon completion of the well, well operators must provide the Montana Board of Oil and Gas Conservation with the volume and type of chemicals used, including the additive type, chemical ingredient names, and Chemical Abstracts Number, subject to certain trade secret protections. In September 2011, the North Dakota Industrial Commission proposed new regulations for hydraulic fracturing activities that could require well operators, under certain circumstances, to disclose the hydraulic fluid composition, including the trade name, supplier, ingredients, Chemical Abstracts Number, and the maximum ingredient concentrations of all additives in the hydraulic fracturing fluid. A hearing on these proposed regulations is scheduled for November 1, 2011. In the event that new or more stringent federal, state or local legal restrictions are adopted in areas where we operate, we could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of exploration, development, or production activities, and perhaps even be precluded from the drilling of wells.

In addition, there are certain governmental reviews either underway or being proposed that focus on environmental aspects of hydraulic fracturing practices. The White House Council on Environmental Quality is coordinating an administration-wide review of hydraulic fracturing practices, and a committee of the United States House of Representatives has conducted an investigation of hydraulic fracturing practices. Furthermore, a number of federal agencies are analyzing, or have been requested to review, a variety of environmental issues associated with hydraulic fracturing. The EPA has commenced a study of the potential environmental effects of

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hydraulic fracturing on drinking water and groundwater, with initial results expected to be available by late 2012 and final results by 2014. Moreover, the EPA recently announced on October 20, 2011 that it is also launching a study regarding wastewater resulting from hydraulic fracturing activities and currently plans to propose standards by 2014 that such wastewater must meet before being transported to a treatment plant. In addition, the U.S. Department of Energy is conducting an investigation of practices the EPA could recommend to better protect the environment from drilling using hydraulic fracturing completion methods. Also, the U.S. Department of the Interior is considering disclosure requirements or other mandates for hydraulic fracturing on federal lands. Additionally, certain members of Congress have called upon the U.S. Government Accountability Office to investigate how hydraulic fracturing might adversely affect water resources; the SEC to investigate the natural gas industry and any possible misleading of investors or the public regarding the economic feasibility of pursuing natural gas deposits in shales by means of hydraulic fracturing; and the U.S. Energy Information Administration to provide a better understanding of that EPA s estimates regarding natural gas reserves, including reserves from shale formations, as well as uncertainties associated with those estimates. These ongoing or proposed studies, depending on their degree of pursuit and any meaningful results obtained, could spur initiatives to further regulate hydraulic fracturing under the federal SDWA or other regulatory mechanism.

Competition in the oil and natural gas industry is intense, making it more difficult for us to acquire properties, market oil and natural gas and secure trained personnel.

Our ability to acquire additional drilling locations and to find and develop reserves in the future will depend on our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment for acquiring properties, marketing oil and natural gas and securing equipment and trained personnel. Also, there is substantial competition for capital available for investment in the oil and natural gas industry. Many of our competitors possess and employ financial, technical and personnel resources substantially greater than ours. Those companies may be able to pay more for productive oil and natural gas properties and exploratory drilling locations or to identify, evaluate, bid for and purchase a greater number of properties and locations than our financial or personnel resources permit. Furthermore, these companies may also be better able to withstand the financial pressures of unsuccessful drilling attempts, sustained periods of volatility in financial markets and generally adverse global and industry-wide economic conditions, and may be better able to absorb the burdens resulting from changes in relevant laws and regulations, which would adversely affect our competitive position. In addition, companies may be able to offer better compensation packages to attract and retain qualified personnel than we are able to offer. The cost to attract and retain qualified personnel has increased over the past few years due to competition and may increase substantially in the future. We may not be able to compete successfully in the future in acquiring prospective reserves, developing reserves, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital, which could have a material adverse effect on our business.

The loss of senior management or technical personnel could adversely affect our operations.

To a large extent, we depend on the services of our senior management and technical personnel. The loss of the services of our senior management or technical personnel, including Thomas B. Nusz, our Chairman, President and Chief Executive Officer, and Taylor L. Reid, our Executive Vice President and Chief Operating Officer, could have a material adverse effect on

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our operations. We do not maintain, nor do we plan to obtain, any insurance against the loss of any of these individuals.

Seasonal weather conditions adversely affect our ability to conduct drilling activities in some of the areas where we operate.

Oil and natural gas operations in the Williston Basin are adversely affected by seasonal weather conditions. In the Williston Basin, drilling and other oil and natural gas activities cannot be conducted as effectively during the winter months. Severe winter weather conditions limit and may temporarily halt our ability to operate during such conditions. These constraints and the resulting shortages or high costs could delay or temporarily halt our operations and materially increase our operating and capital costs.

Our derivative activities could result in financial losses or could reduce our income.

To achieve more predictable cash flows and to reduce our exposure to adverse fluctuations in the prices of oil and natural gas, we currently, and may in the future, enter into derivative arrangements for a portion of our oil and natural gas production, including collars and fixed- price swaps. We have not designated any of our derivative instruments as hedges for accounting purposes and record all derivative instruments on our balance sheet at fair value. Changes in the fair value of our derivative instruments are recognized in earnings. Accordingly, our earnings may fluctuate significantly as a result of changes in the fair value of our derivative instruments.

Derivative arrangements also expose us to the risk of financial loss in some circumstances, including when:

- production is less than the volume covered by the derivative instruments;
- the counterparty to the derivative instrument defaults on its contract obligations; or
- there is an increase in the differential between the underlying price in the derivative instrument and actual prices received.

In addition, these types of derivative arrangements limit the benefit we would receive from increases in the prices for oil and natural gas and may expose us to cash margin requirements.

The recent adoption of derivatives legislation by the United States Congress could have an adverse effect on our ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with our business.

The United States Congress recently adopted comprehensive financial reform legislation that establishes federal oversight and regulation of the over-the-counter derivatives market and entities, such as us, that participate in that market. The new legislation was signed into law by the President on July 21, 2010 and requires the Commodities Futures Trading Commission (the CFTC) and the SEC to promulgate rules and regulations implementing the new legislation within 360 days from the date of enactment. The CFTC has also proposed regulations to set position limits for certain futures and option contracts in the major energy markets, although it is not possible at this time to predict whether or when the CFTC will adopt those rules or include comparable provisions in its rulemaking under the new legislation. The financial reform legislation may also require us to comply with margin requirements and with certain clearing and trade-execution requirements in connection with its derivative activities, although the application of those provisions to us is uncertain at this time. The financial reform legislation may also require the counterparties to our derivative instruments to spin off some of their derivatives activities to a separate entity, which may not be as creditworthy as the current counterparty. The new legislation and any new regulations could significantly increase the cost of derivative contracts (including through requirements to post collateral which could adversely affect our available liquidity), materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks we encounter, reduce our ability to monetize or restructure existing derivative contracts, and increase our exposure to less creditworthy counterparties. If we reduce our use of derivatives as a result of the legislation and regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Finally, the legislation was intended, in part, to reduce the volatility of oil and natural gas prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to oil and natural gas. Our revenues could therefore be adversely affected if commodity prices decline as a consequence of the legislation and regulations. Any of these consequences could have a material, adverse effect on us, our financial condition, and our results of operations.

Increased costs of capital could adversely affect our business.

Our business and operating results can be harmed by factors such as the availability, terms and cost of capital, increases in interest rates or a reduction in credit rating. Changes in any one or more of these factors could cause our cost of doing business to increase, limit our access to capital, limit our ability to pursue acquisition opportunities, reduce our cash flows available for drilling and place us at a competitive disadvantage. Recent and continuing disruptions and volatility in the global financial markets may lead to an increase in interest rates or a contraction in credit availability impacting our ability to finance our operations. We require continued access to capital. A significant reduction in the availability of credit could materially and adversely affect our ability to achieve our planned growth and operating results.

Our level of indebtedness may increase and reduce our financial flexibility.

As of October 25, 2011, we had no indebtedness outstanding under our revolving credit facility, $350.0 million available for future secured borrowings under our revolving credit facility subject to periodic borrowing base redeterminations and $400 million outstanding in senior unsecured notes. Please see Description of other indebtedness. In the future, we may incur significant indebtedness in order to make future acquisitions or to develop our properties.

Our level of indebtedness could affect our operations in several ways, including the following:

- a significant portion of our cash flows could be used to service our indebtedness;
- a high level of debt would increase our vulnerability to general adverse economic and industry conditions;
- the covenants contained in the agreements governing our outstanding indebtedness will limit our ability to borrow additional funds, dispose of assets, pay dividends and make certain investments;

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a high level of debt may place us at a competitive disadvantage compared to our competitors that are less leveraged and therefore, may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing;

our debt covenants may also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry;

a high level of debt may make it more likely that a reduction in our borrowing base following a periodic redetermination could require us to repay a portion of our then-outstanding bank borrowings; and

a high level of debt may impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate or other purposes.

A high level of indebtedness increases the risk that we may default on our debt obligations. Our ability to meet our debt obligations and to reduce our level of indebtedness depends on our future performance. General economic conditions, oil and natural gas prices and financial, business and other factors affect our operations and our future performance. Many of these factors are beyond our control. We may not be able to generate sufficient cash flows to pay the interest on our debt and future working capital, borrowings or equity financing may not be available to pay or refinance such debt. Factors that will affect our ability to raise cash through an offering of our capital stock or a refinancing of our debt include financial market conditions, the value of our assets and our performance at the time we need capital.

In addition, our bank borrowing base is subject to periodic redeterminations. We could be forced to repay a portion of our bank borrowings due to redeterminations of our borrowing base. If we are forced to do so, we may not have sufficient funds to make such repayments. If we do not have sufficient funds and are otherwise unable to negotiate renewals of our borrowings or arrange new financing, we may have to sell significant assets. Any such sale could have a material adverse effect on our business and financial results.

The inability of one or more of our customers to meet their obligations to us may adversely affect our financial results.

Our principal exposures to credit risk are through receivables resulting from the sale of our oil and natural gas production ($28.9 million in receivables at June 30, 2011), which we market to energy marketing companies, refineries and affiliates, advances to joint interest parties ($2.6 million at June 30, 2011) and joint interest receivables ($45.6 million at June 30, 2011).

We are subject to credit risk due to the concentration of our oil and natural gas receivables with several significant customers. This concentration of customers may impact our overall credit risk since these entities may be similarly affected by changes in economic and other conditions. For the six months ended June 30, 2011, sales to Plains Marketing LP, Texon L.P., and Enserco Energy Inc. accounted for approximately 24%, 19% and 15%, respectively, of our total sales. For the year ended December 31, 2010, sales to Plains All American Pipeline, L.P., Texon L.P. and Whiting Petroleum Corporation accounted for approximately 28%, 19% and 11%, respectively, of our total sales. For the year ended December 31, 2009, sales to Tesoro Refining and Marketing Company and Texon L.P. accounted for approximately 32% and 30%, respectively, of our total sales. For the year ended December 31, 2008, sales to Tesoro Refining and Marketing Company and Texon L.P. accounted for approximately 57% and 14%, respectively, of our total sales. We do not require our customers to post collateral. The inability or failure of our significant

customers to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results.

Joint interest receivables arise from billing entities who own a partial interest in the wells we operate. These entities participate in our wells primarily based on their ownership in leases on which we wish to drill. We have limited ability to control participation in our wells. In addition, our oil and natural gas derivative arrangements expose us to credit risk in the event of nonperformance by counterparties.

We may be subject to risks in connection with acquisitions and the integration of significant acquisitions may be difficult.

We periodically evaluate acquisitions of reserves, properties, prospects and leaseholds and other strategic transactions that appear to fit within our overall business strategy. The successful acquisition of producing properties requires an assessment of several factors, including:

- recoverable reserves;
- future oil and natural gas prices and their appropriate differentials;
- development and operating costs; and
- potential environmental and other liabilities.

The accuracy of these assessments is inherently uncertain. In connection with these assessments, we perform a review of the subject properties that we believe to be generally consistent with industry practices. Our review will not reveal all existing or potential problems nor will it permit us to become sufficiently familiar with the properties to fully assess their deficiencies and potential recoverable reserves. Inspections may not always be performed on every well, and environmental problems are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of the problems. We often are not entitled to contractual indemnification for environmental liabilities and acquire properties on an as is basis.

Significant acquisitions and other strategic transactions may involve other risks, including:

- diversion of our management s attention to evaluating, negotiating and integrating significant acquisitions and strategic transactions;
- the challenge and cost of integrating acquired operations, information management and other technology systems and business cultures with those of ours while carrying on our ongoing business;
- difficulty associated with coordinating geographically separate organizations; and
- the challenge of attracting and retaining personnel associated with acquired operations.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of our business. Members of our senior management may be required to devote considerable amounts of time to this integration process, which will decrease the time they will have to manage our business. If our senior management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, our business could suffer.

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If we fail to realize the anticipated benefits of a significant acquisition, our results of operations may be lower than we expect.

The success of a significant acquisition will depend, in part, on our ability to realize anticipated growth opportunities from combining the acquired assets or operations with those of ours. Even if a combination is successful, it may not be possible to realize the full benefits we may expect in estimated proved reserves, production volume, cost savings from operating synergies or other benefits anticipated from an acquisition or realize these benefits within the expected time frame. Anticipated benefits of an acquisition may be offset by operating losses relating to changes in commodity prices, or in oil and natural gas industry conditions, or by risks and uncertainties relating to the exploratory prospects of the combined assets or operations, or an increase in operating or other costs or other difficulties. If we fail to realize the benefits we anticipate from an acquisition, our results of operations may be adversely affected.

We may incur losses as a result of title defects in the properties in which we invest.

It is our practice in acquiring oil and gas leases or interests not to incur the expense of retaining lawyers to examine the title to the mineral interest. Rather, we rely upon the judgment of oil and gas lease brokers or landmen who perform the fieldwork in examining records in the appropriate governmental office before attempting to acquire a lease in a specific mineral interest.

Prior to the drilling of an oil or gas well, however, it is the normal practice in our industry for the person or company acting as the operator of the well to obtain a preliminary title review to ensure there are no obvious defects in title to the well. Frequently, as a result of such examinations, certain curative work must be done to correct defects in the marketability of the title, and such curative work entails expense. Our failure to cure any title defects may adversely impact our ability in the future to increase production and reserves. There is no assurance that we will not suffer a monetary loss from title defects or title failure. Additionally, undeveloped acreage has greater risk of title defects than developed acreage. If there are any title defects or defects in assignment of leasehold rights in properties in which we hold an interest, we will suffer a financial loss.

In connection with past audits and reviews of our financial statements, our independent registered public accounting firm identified and reported adjustments to management. Certain of these adjustments were deemed to be the result of internal control deficiencies that constituted a material weakness in our internal control over financial reporting. If this material weakness persists or if we fail to establish and maintain effective internal control over financial reporting, our ability to accurately report our financial results could be adversely affected.

Prior to the completion of our IPO, we were a private company with limited accounting personnel to adequately execute our accounting processes and other supervisory resources with which to address our internal control over financial reporting. As such, we have not maintained an effective control environment in that the design and execution of our controls have not consistently resulted in effective review and supervision by individuals with financial reporting oversight roles. The lack of adequate staffing levels resulted in insufficient time spent on review and approval of certain information used to prepare our financial statements. We concluded that these control deficiencies constitute a material weakness in our control environment. A material weakness is a control deficiency, or a combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material

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misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The control deficiencies described above, at varying degrees of severity, contributed to the material weakness in the control environment as further described in Item 9A. Controls and Procedures in our Annual Report on Form 10-K for the year ended December 31, 2010 and Item 4. Controls and Procedures in our Quarterly Report on Form 10-Q for the period ended June 30, 2011.

To address these control deficiencies, we have hired additional accounting and financial reporting staff since the IPO, implemented additional analysis and reconciliation procedures and increased the levels of review and approval. Additionally, we have begun taking steps to comprehensively document and analyze our system of internal control over financial reporting in preparation for our first management report on internal control over financial reporting, which is required for our annual report for the year ended December 31, 2011. Due to the recent implementation of these changes to our control environment, management continues to evaluate the design and effectiveness of these control changes in connection with its ongoing evaluation, review, formalization and testing of our internal control environment over the remainder of 2011. We will not complete our review until after this offering is completed and we cannot predict the outcome of our review at this time. During the course of the review, we may identify additional control deficiencies, which could give rise to additional significant deficiencies and other material weaknesses.

For the years ended December 31, 2007 through 2010, we were not required to comply with the SEC s rules implementing Section 404 of the Sarbanes-Oxley Act of 2002, which require a formal assessment of the effectiveness of our internal control over financial reporting. As a public company, we are required to comply with the SEC s rules implementing Section 302 of the Sarbanes-Oxley Act of 2002, which require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. However, we are not required to make our report regarding our internal control over financial reporting until our annual report for the year ended December 31, 2011. To comply with the requirements of being a public company, we have upgraded our systems, including information technology, implemented additional financial and management controls, reporting systems and procedures and hired additional accounting, finance and legal staff.

Our efforts to develop and maintain our internal controls may not be successful, and we may be unable to maintain effective controls over our financial processes and reporting in the future and comply with the certification and reporting obligations under Sections 302 and 404 of the Sarbanes-Oxley Act. Further, our remediation efforts may not enable us to remedy or avoid material weaknesses or significant deficiencies in the future. Any failure to remediate deficiencies and to develop or maintain effective controls, or any difficulties encountered in our implementation or improvement of our internal control over financial reporting could result in material misstatements that are not prevented or detected on a timely basis, which could potentially subject us to sanctions or investigations by the SEC, the NYSE or other regulatory authorities. Ineffective internal controls could also cause investors to lose confidence in our reported financial information.

Certain federal income tax deductions currently available with respect to oil and gas exploration and development may be eliminated as a result of future legislation.

On September 12, 2011, President Obama sent to Congress a legislative package that includes proposed legislation that, if enacted into law, would eliminate certain key U.S. federal income tax incentives currently available to oil and natural gas exploration and production companies. These changes include, among other proposals, (i) the repeal of the percentage depletion allowance for oil and gas properties, (ii) the elimination of current deductions for intangible drilling and development costs, (iii) the elimination of the deduction for United States production activities, and (iv) the extension of the amortization period for certain geological and geophysical expenditures.

These proposals also were included in President Obama s Proposed Fiscal Year 2012 Budget. It is unclear whether any such changes or similar changes will be enacted or, if enacted, how soon any such changes could become effective. The passage of this legislation or any other similar changes in U.S. federal income tax law could affect certain tax deductions that are currently available with respect to oil and gas exploration and production. Any such changes could have an adverse effect on our financial position, results of operations and cash flows.

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Ratio of earnings to fixed charges

The following table sets forth our ratios of consolidated earnings to fixed charges for the periods presented:

	Period from February 26, 2007 (Inception) through December 31, 2007	Year ended December 31, 2008	2009	2010	Six months ended June 30, 2011
Ratio of earnings to fixed charges(1)				9.72	4.54

(1) Due to our net pre-tax loss for the period from February 26, 2007 (Inception) through December 31, 2007 and for the years ended December 31, 2008 and December 31, 2009, the ratio coverage was less than 1:1. The Company would have needed additional earnings of $13.6 million, $34.4 million and $15.2 million for the period from February 26, 2007 (Inception) through December 31, 2007 and for the years ended December 31, 2008 and December 31, 2009, respectively, to achieve a coverage of 1:1.

For purposes of computing the ratio of earnings to fixed charges, earnings consists of pre-tax income from continuing operations before fixed charges. Fixed charges consists of interest expense, amortized capital expenses related to indebtedness and an estimate of interest within rental expense.

Use of proceeds

We estimate that the net proceeds from this offering will be approximately $392.8 million after deducting the underwriters discount and our estimated offering expenses. We intend to use all of the net proceeds from this offering to fund our exploration, development and acquisition program and for general corporate purposes.

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Capitalization

The following table sets forth our consolidated cash and cash equivalents and our consolidated capitalization as of June 30, 2011 on:

- an actual basis; and
- an as adjusted basis to give effect to the issuance of the notes in this offering and the application of the net proceeds of this offering in the manner described under Use of proceeds.

This table should be read in conjunction with Use of proceeds and Description of other indebtedness, Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2010 and our consolidated financial statements, including the accompanying notes, incorporated by reference in this prospectus supplement.

(Dollars in thousands, except share amounts)	As of June 30, 2011 Actual	As adjusted for this offering
Cash and cash equivalents and short-term investments(1)	$ 424,944	$ 817,744
Long-term debt:		
Revolving credit facility(2)	$	$
7.25% Senior Notes due 2019	400,000	400,000
6.50% Senior Notes due 2021		400,000
Total long-term debt	400,000	800,000
Stockholders equity:		
Common stock, $0.01 par value; 300,000,000 shares authorized; 92,450,195 issued and 92,429,600 outstanding at June 30, 2011	921	921
Treasury stock, at cost; 20,595 shares	(559)	(559)
Additional paid-in-capital	645,289	645,289
Retained deficit	(66,343)	(66,343)
Total stockholders equity	579,308	579,308
Total capitalization	$ 979,308	$ 1,379,308

(1) As of September 30, 2011, we had total cash and cash equivalents and short-term investments of $288.5 million.

(2) On October 6, 2011, we entered into an amendment to our revolving credit facility in order to, among other things, increase the size of the facility from $600 million to $1 billion and increase our borrowing base from $137.5 to $350 million. As of October 25, 2011, we had no borrowings outstanding under the revolving credit facility and no outstanding letters of credit issued under the revolving credit facility. Please read Description of other indebtedness.

Description of other indebtedness

Our revolving credit facility

General

Our credit agreement with BNP Paribas, as administrative agent, provides for a senior secured revolving credit facility, which we refer to as our revolving credit facility. Oasis Petroleum North America LLC, our wholly owned subsidiary, is the borrower under the revolving credit facility, and we and certain of our other subsidiaries are guarantors under the revolving credit facility. Borrowings under the revolving credit facility are collateralized by perfected first priority liens and security interests on substantially all of our assets, including mortgage liens on oil and natural gas properties having at least 80% of the reserve value as determined by reserve reports.

The revolving credit facility provides for semi-annual redeterminations on April 1 and October 1 of each year. On October 6, 2011, in connection with the amendment to our revolving credit facility described below, a redetermination of our borrowing base was completed, which resulted in our borrowing base increasing from $137.5 million to $350 million. On October 25, 2011, our lenders waived the mandatory reduction of our borrowing base that otherwise would have occurred as a result of the issuance of the notes offered hereby.

Contemporaneously with our borrowing base redetermination, we entered into a fifth amendment to our revolving credit facility in order to:

- reduce the interest rates payable on borrowings under our revolving credit facility as described below under Interest rates ;

- extend the maturity date of our revolving credit facility from February 26, 2015 to February 26, 2016; and

- increase the size of our revolving credit facility from $600 million to $1 billion.

As of September 30, 2011, we had no borrowings outstanding under the revolving credit facility and no outstanding letters of credit issued under the revolving credit facility.

Interest rates

Borrowings under the revolving credit facility are subject to varying rates of interest based on (1) the total outstanding borrowings (including the value of all outstanding letters of credit) in relation to the borrowing base and (2) whether the loan is a London Interbank Offered Rate (LIBOR) loan or a bank prime interest rate loan (defined in the revolving credit facility as an Alternate Based Rate or ABR loan). Following the amendment to our revolving credit facility described above, the LIBOR and ABR loans bear their respective interest rates plus the applicable margin indicated in the following table:

Ratio of total outstanding borrowings to borrowing base	Applicable margin for LIBOR loans	Applicable margin for ABR loans
Less than .25 to 1	1.50%	0.00%
Greater than or equal to .25 to 1 but less than .50 to 1	1.75%	0.25%
Greater than or equal to .50 to 1 but less than .75 to 1	2.00%	0.50%
Greater than or equal to .75 to 1 but less than .90 to 1	2.25%	0.75%
Greater than .90 to 1 but less than or equal 1	2.50%	1.00%

An ABR loan does not have a set maturity date and may be repaid at any time upon us providing advance notification to the lenders. Interest is paid quarterly on ABR loans based on the number of days an ABR loan is outstanding as of the last business day in March, June, September and December. We have the option to convert an ABR loan to a LIBOR-based loan upon providing advance notification to the lenders. The minimum available loan term is one month and the maximum loan term is six months for LIBOR-based loans. Interest for LIBOR loans is paid upon maturity of the loan term. Interim interest is paid every three months for LIBOR loans that have loan terms that are greater than three months in duration. At the end of a LIBOR loan term, our revolving credit facility allows us to elect to continue a LIBOR loan with the same or a differing loan term or convert the borrowing to an ABR loan.

On a quarterly basis, we also pay a 0.375% commitment fee on the daily amount of borrowing base capacity not utilized during the quarter and fees calculated on the daily amount of letter of credit balances outstanding during the quarter.

Covenants and events of default

Our revolving credit facility contains various covenants that limit our ability to:

- incur indebtedness;
- grant certain liens;
- make certain loans, advances and investments;
- make dividends, distributions or redemptions;
- merge or consolidate;
- engage in certain asset dispositions, including a sale of all or substantially all of our assets;
- enter into certain transactions with affiliates;

grant negative pledges or agree to restrict dividends or distributions from subsidiaries;

allow gas imbalances, take-or-pay or other prepayments with respect to oil and gas properties that would require us from delivering hydrocarbons in the future in excess of an aggregate of 75,000 Mcfe; or

enter into certain swap agreements.

Our revolving credit facility also contains covenants that, among other things, require us to maintain specified ratios or conditions as follows:

- a current ratio, consisting of consolidated current assets, including the unused amount of the total commitments, to consolidated current liabilities of not less than 1.0 to 1.0, excluding non-cash derivative assets and liabilities, as of the last day of any fiscal quarter; and

- a debt coverage ratio, consisting of consolidated debt (excluding non-cash obligations, accounts payable and other certain accrued liabilities and net of cash and cash equivalents and short-term investments on our balance sheet) to consolidated net income plus interest expense, income taxes, depreciation, depletion, amortization, exploration expenses and other similar non-cash charges, minus all non-cash income added to consolidated net income, of not more than 4.0 to 1.0 for the four quarters ended on the last day of each fiscal quarter.

We believe that we are currently in compliance with the terms of our revolving credit facility. If an event of default exists under the credit agreement, the lenders will be able to accelerate the maturity of the credit agreement and exercise other rights and remedies. Each of the following will be an event of default:

- failure to pay any principal or any reimbursement obligation under any letter of credit when due or any interest, fees or other amount within certain grace periods;

- a representation or warranty is proven to be incorrect in any material respect when made;

- failure to perform or otherwise comply with the covenants in the credit agreement or other loan documents, subject, in certain instances, to certain grace periods;

- default by us on the payment of any other indebtedness in excess of $2.5 million, or any event occurs that permits or causes the acceleration of the indebtedness;

- bankruptcy or insolvency events involving us or our subsidiaries;

- the entry of, and failure to pay, one or more adverse judgments in excess of $2.0 million or one or more non-monetary judgments that could reasonably be expected to have a material adverse effect and for which enforcement proceedings are brought or that are not stayed pending appeal; and

- a change of control, as defined in the credit agreement.

Description of notes

We will issue the notes under a base indenture, as supplemented by a supplemental indenture, each to be dated as of the Issue Date and each among us, the initial Subsidiary Guarantors and United States Bank National Association, as trustee. In this description of notes, when we refer to the indenture, we mean such base indenture as supplemented by such supplemental indenture. The terms of the notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended. The indenture permits us to issue senior debt securities in different series from time to time in an unlimited aggregate principal amount, although the issuance of notes in this offering will be limited to $400 million.

This description of notes, together with the Description of Debt Securities included in the accompanying base prospectus, is intended to be a useful overview of the material provisions of the notes and the indenture. Since this description of notes and such Description of Debt Securities are only summaries, you should refer to the indenture for a complete description of our obligations and your rights. This description of notes supersedes the Description of Debt Securities in the accompanying base prospectus to the extent it is inconsistent with such Description of Debt Securities.

You can find the definitions of terms used in this description of notes below under the caption Definitions. Capitalized terms used in this description but not defined below under the caption Definitions have the meanings assigned to them in the indenture. In this description, the words Oasis, we, us, and our refer only to Oasis Petroleum Inc., and not to of its Subsidiaries or Affiliates.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the indenture.

Brief description of the notes and the subsidiary guarantees

The notes

The notes will:

- be general unsecured, senior obligations of Oasis;
- rank senior in right of payment to any future subordinated indebtedness of Oasis;
- rank *pari passu* in right of payment with any existing and future senior indebtedness of Oasis, including its outstanding 7.25% Senior Notes due 2019;
- rank effectively junior in right of payment to Oasis existing and future secured indebtedness, including indebtedness under the Senior Credit Agreement, to the extent of the assets of Oasis constituting collateral securing that indebtedness; and
- be unconditionally guaranteed by the Subsidiary Guarantors on a senior unsecured basis.

As of June 30, 2011, on a pro forma basis after giving effect to the sale of the notes, the application of the net proceeds therefrom as described under Use of proceeds in this prospectus supplement and the recent adjustments to the borrowing base under the Senior Credit Agreement, Oasis would have had no indebtedness outstanding, other than the notes offered hereby and its outstanding 7.25% Senior Notes due 2019, and Oasis would have had approximately $137.5 million of secured borrowing capacity available under the revolving credit facility.

The subsidiary guarantees

The notes will be guaranteed on a senior unsecured basis by all our existing Material Subsidiaries on the Issue Date; however, in the future, we will not be required to cause any Subsidiary to guarantee the notes, except in the circumstances described below under Covenants Subsidiary guarantees.

Each Subsidiary Guarantee will:

- be a general unsecured, senior obligation of the applicable Subsidiary Guarantor;
- rank senior in right of payment to any future subordinated indebtedness of such Subsidiary Guarantor;
- rank *pari passu* in right of payment with any existing and future senior indebtedness of such Subsidiary Guarantor, including its Guarantee of Oasis outstanding 7.25% Senior Notes due 2019; and
- rank effectively junior in right of payment to all existing and future secured indebtedness of such Subsidiary Guarantor (including any Indebtedness under the Senior Credit Agreement), to the extent of the assets of such Subsidiary Guarantor constituting collateral securing that indebtedness.

As of June 30, 2011, on a pro forma basis and after giving effect to the sale of the notes and the application of the net proceeds therefrom as described under Use of proceeds in this prospectus supplement, our Subsidiaries collectively had no consolidated Indebtedness, other than their Guarantees of the Notes offered hereby and Oasis outstanding $400 million 7.25% Senior Notes due 2019.

As of the Issue Date, all of our Material Subsidiaries will be Restricted Subsidiaries. However, under the circumstances described below under the caption Covenants Designation of restricted and unrestricted subsidiaries, we will be permitted to designate Subsidiaries as Unrestricted Subsidiaries. Our Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the indenture, and will not guarantee the notes.

Principal, maturity and interest

On the Issue Date, we will issue $400 million in aggregate principal amount of notes in this offering. We may issue additional notes (Additional Notes) under the indenture from time to time after this offering. Any issuance of Additional Notes is subject to all of the covenants in the indenture, including the covenant described below under the caption Covenants Incurrence of indebtedness and issuance of preferred stock. The notes, together with any Additional Notes subsequently issued under the indenture, will be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. We may also issue other debt securities under the indenture. If issued, such other debt securities will not vote together with the notes offered in this offering on any matter. The notes will mature on November 1, 2021, and will be issued in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000.

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Interest on the notes will accrue at the rate of 6.50% per annum and will be payable semi-annually in arrears on May 1 and November 1, beginning on May 1, 2012. Interest on overdue principal, premium, if any, and interest will accrue at the applicable interest rate on the notes. Oasis will make each interest payment to the holders of record of the notes on the immediately preceding April 15 and October 15. Interest on the notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

Methods of receiving payments on the notes

If a holder of notes has given wire transfer instructions to Oasis, Oasis will pay all principal, interest and premium, if any, on that holder s notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the paying agent and registrar in New York, New York, unless we elect to make interest payments by check mailed to the noteholders at their address set forth in the register of holders.

Paying agent and registrar

The trustee will initially act as paying agent and registrar for the notes. Oasis may change the paying agent or registrar without prior notice to the holders of the notes, and Oasis or any of the Restricted Subsidiaries may act as paying agent or registrar.

Transfer and exchange

A holder may transfer or exchange notes in accordance with the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents in connection with a transfer of the notes, and Oasis may require a holder to pay any taxes and fees required by law or permitted by the indenture. Oasis will not be required to transfer or exchange any note (or portion of a note) selected for redemption. Also, Oasis will not be required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

Subsidiary guarantees of the notes

Our payment obligations with respect to the notes will be jointly and severally guaranteed on a senior, unsecured basis by the Subsidiary Guarantors. Initially, all of our Material Subsidiaries will be Subsidiary Guarantors. Additional Subsidiaries will be required to become Subsidiary Guarantors under the circumstances described under Covenants Subsidiary guarantees. The Subsidiary Guarantees will be joint and several obligations of the Subsidiary Guarantors and limited to the maximum amount the Guarantors are permitted to guarantee under applicable law without creating a fraudulent conveyance. See Risk factors Risks related to the notes The guarantees by certain of our subsidiaries of the notes could be deemed fraudulent conveyances under certain circumstances, and a court may try to subordinate or void these subsidiary guarantees.

A Subsidiary Guarantor may not sell or otherwise dispose of all or substantially all of its properties or assets to, or consolidate with or merge with or into (regardless of whether such Subsidiary Guarantor is the surviving Person), another Person, other than Oasis or another Subsidiary Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) (i) such Subsidiary Guarantor is the surviving Person or (ii) the Person acquiring the properties or assets in any such sale or other disposition or the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) assumes all the obligations of such Subsidiary Guarantor under the indenture (including its Subsidiary Guarantee) pursuant to a supplemental indenture satisfactory to the trustee; or

(b) such transaction does not violate the provisions of the indenture described under the caption Repurchase at the option of holders Asset sales.

The Subsidiary Guarantee of a Subsidiary Guarantor will be released as set forth under the caption Covenants Subsidiary guarantees, and will also be released immediately:

(1) upon any sale or other disposition of all or substantially all of the properties or assets of such Subsidiary Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) Oasis or a Restricted Subsidiary, if the sale or other disposition does not violate the provisions of the indenture described below under the caption Repurchase at the option of holders Asset sales;

(2) upon any sale or other disposition of the Capital Stock of such Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) Oasis or a Restricted Subsidiary, if the sale or other disposition does not violate the provisions of the indenture described under Repurchase at the option of holders Asset sales and such Subsidiary Guarantor no longer qualifies as a Subsidiary of Oasis as a result of such disposition;

(3) upon designation of such Subsidiary Guarantor as an Unrestricted Subsidiary, in accordance with the provisions of the indenture described below under the caption Covenants Designation of restricted and unrestricted subsidiaries;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the indenture as provided pursuant to the defeasance or satisfaction and discharge provisions of the indenture as described below under the captions Legal defeasance and covenant defeasance and Satisfaction and discharge; or

(5) upon the liquidation or dissolution of such Subsidiary Guarantor, provided no Default or Event of Default occurs as a result thereof or has occurred or is continuing.

Optional redemption

Except as described below in this section or in the last paragraph of Repurchase at the option of holders Change of control, the notes are not redeemable until November 1, 2016. On and after November 1, 2016, Oasis may redeem all or a part of the notes, from time to time,

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at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest, if any, on the notes redeemed to the applicable redemption date (subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on November 1 of the years indicated below:

Years	**Redemption price**
2016	103.250%
2017	102.167%
2018	101.083%
2019 and thereafter	100.000%

At any time or from time to time prior to November 1, 2016, Oasis may also redeem all or a part of the notes, at a redemption price equal to the Make-Whole Price, subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

Make-Whole Price with respect to any notes to be redeemed, means an amount equal to the greater of:

(1) 100% of the principal amount of such notes; and

(2) the sum of the present values of (a) the redemption price of such notes at November 1, 2016 (as set forth above) and (b) the remaining scheduled payments of interest from the redemption date to November 1, 2016 (not including any portion of such payments of interest accrued as of the redemption date) discounted back to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 50 basis points;

plus, in the case of both (1) and (2), accrued and unpaid interest on such notes, if any, to the redemption date.

Comparable Treasury Issue means, with respect to notes to be redeemed, the U.S. Treasury security selected by an Independent Investment Banker as having a maturity most nearly equal to the period from the redemption date to November 1, 2016, that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity; provided that if such period is less than one year, then the U.S. Treasury security having a maturity of one year shall be used.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the trustee obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

Independent Investment Banker means J.P. Morgan Securities LLC, Wells Fargo Securities, LLC, BNP Paribas Securities Corp. or one of their respective successors, or, if such firms or their respective successors, if any, as the case may be, are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by Oasis.

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Reference Treasury Dealer means each of J.P. Morgan Securities LLC, BNP Paribas Securities Corp. and a Primary Treasury Dealer designated by Wells Fargo Securities, LLC and two additional primary Government Securities dealers in New York City (each a Primary Treasury Dealer) selected by Oasis, and their respective successors; provided, however, that if any such firm or any such successor, as the case may be, shall cease to be a primary Government Securities dealer in New York City, Oasis shall substitute therefor another Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(159) or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the stated maturity, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined, and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate shall be calculated on the third Business Day preceding the redemption date.

The notice of redemption with respect to the foregoing redemption need not set forth the Make-Whole Price but only the manner of calculation thereof. Oasis will notify the trustee of the Make-Whole Price with respect to any redemption promptly after the calculation, and the trustee shall not be responsible for such calculation.

Prior to November 1, 2014, Oasis may on any one or more occasions redeem up to 35% of the principal amount of the notes with all or a portion of the net cash proceeds of one or more Equity Offerings at a redemption price equal to 106.500% of the principal amount thereof, plus accrued and unpaid interest, if any, on the notes redeemed to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that

(1) at least 65% of the aggregate principal amount of the notes issued on the Issue Date (excluding notes held by Oasis and its Subsidiaries) remains outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

Notice of any redemption upon an Equity Offering may be given prior to the completion of the related Equity Offering, and any such redemption or notice may at Oasis discretion, be subject

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to one or more conditions precedent, including, but not limited to completion of the related Equity Offering.

Unless Oasis defaults in the payment of the redemption price, interest, if any, will cease to accrue on the notes or portions thereof called for redemption on the applicable redemption date.

If a Change of Control occurs at any time on or prior to January 1, 2013, Oasis may, at its option, redeem all, but not less than all, of the notes, at a redemption price equal to 110.0% of the principal amount of the notes redeemed, plus accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date). If Oasis elects to exercise this redemption right, it must do so by mailing a redemption notice to each holder with a copy to the trustee within 60 days following the Change of Control (or, at Oasis s option, prior to such Change of Control but after the transaction giving rise to such Change of Control is publicly announced). Any such redemption may be conditioned upon the Change of Control occurring if the notice is mailed prior to the Change of Control. If Oasis exercises the Change of Control redemption right, it may elect not to make the Change of Control Offer described below under Repurchase at the option of holders Change of control unless it defaults in payments due upon redemption.

Selection and notice

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption on a pro rata basis (or, in the case of notes in global form, the trustee will select notes for redemption based on DTC s method that most nearly approximates a pro rata selection), unless otherwise required by law or applicable stock exchange requirements.

No notes of $2,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the notes or a satisfaction and discharge of the indenture.

If any note is to be redeemed in part only, the notice of redemption that relates to such note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption, unless the redemption is subject to a condition precedent that is not satisfied or waived. On and after the redemption date, interest ceases to accrue on notes or portions of notes called for redemption, unless Oasis defaults in making the redemption payment. Any redemption or notice of redemption may, at our discretion, be subject to one or more conditions precedent and, in the case of a redemption with the net cash proceeds of an Equity Offering, be given prior to the completion of the related Equity Offering.

Open market purchases; no mandatory redemption or sinking fund

We may at any time and from time to time purchase notes in the open market or otherwise. We are not required to make mandatory redemption or sinking fund payments with respect to the notes. However, under certain circumstances, we may be required to offer to purchase notes

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pursuant to the covenants described under the caption Repurchase at the option of holders.

Repurchase at the option of holders

Change of control

If a Change of Control occurs, each holder of notes will have the right to require Oasis to repurchase all or any part (equal to $2,000 or an integral multiple of $1,000 in excess of $2,000) of that holder s notes pursuant to an offer (a Change of Control Offer) on the terms set forth in the indenture. In the Change of Control Offer, Oasis will offer a payment in cash (the Change of Control Payment) equal to not less than 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest, if any, on the notes repurchased to the date of purchase (the Change of Control Payment Date), subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, Oasis will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the indenture and described in such notice. Oasis will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the indenture, Oasis will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the indenture by virtue of such compliance.

On the Change of Control Payment Date, Oasis will, to the extent lawful:

(1) accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the notes properly accepted together with an Officers Certificate stating the aggregate principal amount of notes or portions of notes being purchased by Oasis.

The paying agent will promptly mail or wire transfer to each holder of notes properly tendered the Change of Control Payment for such notes (or, if all the notes are then in global form, make such payment through the facilities of DTC), and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; provided that each such new note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess of $2,000. Any note so accepted for payment will cease to accrue interest on and after the Change of Control Payment Date unless Oasis defaults in making the Change of Control Payment. Oasis will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

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The provisions described herein that require Oasis to make a Change of Control Offer following a Change of Control will be applicable regardless of whether any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control, the indenture will not contain provisions that permit the holders of the notes to require that Oasis repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

Oasis will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the price, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by Oasis and purchases all notes properly tendered and not withdrawn under the Change of Control Offer.

A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon the occurrence of such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer. Notes repurchased by Oasis pursuant to a Change of Control Offer will have the status of notes issued but not outstanding or will be retired and cancelled, at Oasis option. Notes purchased by a third party pursuant to the preceding paragraph will have the status of notes issued and outstanding.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of Oasis and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require Oasis to repurchase its notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the properties or assets of Oasis and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

In the event that holders of at least 90% of the aggregate principal amount of the outstanding notes accept a Change of Control Offer and Oasis (or any third party making such Change of Control Offer, in lieu of Oasis, as described above) purchases all of the notes held by such holders, Oasis will have the right, upon not less than 30 nor more than 60 days prior notice, given not more than 30 days following a Change of Control Payment Date, to redeem all, but not less than all, of the notes that remain outstanding at a redemption price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, on the notes that remain outstanding, to the date of redemption (subject to the right of holders on the relevant record date to receive interest due on the relevant interest payment date).

Asset sales

Oasis will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) Oasis (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the aggregate consideration received in respect of such Asset Sale by Oasis or such Restricted Subsidiary (considered together on a cumulative basis, with all

consideration received by Oasis or any of its Restricted Subsidiaries in respect of other Asset Sales consummated since the Issue Date), is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on Oasis most recent consolidated balance sheet, of Oasis or any Restricted Subsidiary (other than contingent liabilities, Subordinated Debt and any obligations in respect of preferred stock) that are assumed by the transferee of any such assets or Equity Interests pursuant to a customary novation agreement (or other legal documentation with the same effect) that includes a full release of Oasis or such Restricted Subsidiary from any and all liability therefor;

(b) any securities, notes or other obligations received by Oasis or any such Restricted Subsidiary from such transferee that are converted by Oasis or such Restricted Subsidiary into cash within 90 days after the date of the Asset Sale, to the extent of the cash received in that conversion; and

(c) any Capital Stock or assets of the kind referred to in clause (2) of the third paragraph of this covenant.

Notwithstanding the foregoing, the 75% limitation referred to above shall be deemed satisfied with respect to any Asset Sale in which the cash or Cash Equivalents portion of the consideration received therefrom, determined in accordance with the foregoing provision on an after-tax basis, is equal to or greater than what the after-tax proceeds would have been had such Asset Sale complied with the aforementioned 75% limitation.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale or, if Oasis has entered into a binding commitment or commitments with respect to any of the actions described in clauses (2) or (3) below, within the later of (x) 365 days after the receipt of any Net Proceeds from an Asset Sale or (y) 120 days after the entering into of such commitment or commitments, Oasis (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds:

(1) to permanently repay Senior Debt;

(2) to invest in Additional Assets; or

(3) to make capital expenditures in respect of a Related Business of Oasis or any of its Restricted Subsidiaries.

However, pending application or investment of such Net Proceeds as provided in clauses (1) through (3), such Net Proceeds may be applied to temporarily reduce revolving credit Indebtedness. An amount equal to any Net Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) through (3) above will constitute Excess Proceeds.

Within ten Business Days after the aggregate amount of Excess Proceeds exceeds $20.0 million, Oasis will make an offer (an Asset Sale Offer) to all holders of notes and all holders of other Indebtedness that is pari passu with the notes containing provisions similar to those set forth in the indenture with respect to offers to purchase or redeem with the proceeds of sales of assets, to purchase the maximum principal amount of notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount plus accrued and unpaid interest, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, Oasis or any Restricted Subsidiary may use those Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes

and other pari passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, Oasis will use the Excess Proceeds to purchase the notes and such other pari passu Indebtedness on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

Notwithstanding the foregoing, the sale, conveyance or other disposition of all or substantially all of the properties or assets of Oasis and its Restricted Subsidiaries, taken as a whole, will be governed by the provisions of the indenture described under the caption Repurchase at the option of holders Change of control and/or the provisions described under the caption Covenants Merger, consolidation or sale of substantially all assets and not by the provisions of the Asset Sales covenant.

Oasis will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sales provisions of the indenture, or compliance with the Asset Sales provisions of the indenture would constitute a violation of any such laws or regulations, Oasis will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sales provisions of the indenture by virtue of such compliance.

The Senior Credit Agreement contains, and future agreements may contain, prohibitions of certain events, including events that would constitute a Change of Control or an Asset Sale and including repurchases of or other prepayments in respect of the notes. The exercise by the holders of notes of their right to require Oasis to repurchase the notes upon a Change of Control or an Asset Sale could cause a default under these other agreements, even if the Change of Control or Asset Sale itself does not, due to the financial effect of such repurchases on Oasis or otherwise. In the event a Change of Control or Asset Sale occurs at a time when Oasis is prohibited from purchasing notes, Oasis could seek the consent of the applicable lenders to the purchase of notes or could attempt to refinance the Indebtedness that contain such prohibitions. If Oasis does not obtain a consent or repay that Indebtedness, Oasis will remain prohibited from purchasing notes. In that case, Oasis failure to purchase tendered notes would constitute an Event of Default under the indenture which could, in turn, constitute a default under other Indebtedness. Finally, Oasis ability to pay cash to the holders of notes upon a repurchase may be limited by Oasis then-existing financial resources. See Risk factors Risks related to the notes We may not be able to fund a change of control offer.

Covenants

Restricted payments

Oasis will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of Oasis or any of its Restricted Subsidiaries Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving Oasis or any of its Restricted Subsidiaries) or to the direct or indirect holders of Oasis or any of its Restricted Subsidiaries Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of Oasis and other than dividends or distributions payable to Oasis or any Restricted Subsidiary);

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(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, any such purchase, redemption, acquisition or retirement made in connection with any merger or consolidation involving Oasis) any Equity Interests of Oasis or any direct or indirect parent company of Oasis;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Debt, except a payment of interest or principal at the Stated Maturity thereof (excluding (a) any intercompany Indebtedness between or among Oasis and any of its Restricted Subsidiaries or (b) the purchase or other acquisition of Subordinated Debt acquired in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of such purchase or other acquisition); or

(4) make any Restricted Investment;

(all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as Restricted Payments), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) Oasis would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption Incurrence of indebtedness and issuance of preferred stock; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Oasis and its Restricted Subsidiaries since the Prior Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (8), (9) and (12) of the next succeeding paragraph), is equal to or less than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income of Oasis for the period (taken as one accounting period) from the beginning of the most recent fiscal quarter commencing before the Prior Issue Date to the end of Oasis most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus

(b) 100% of (A) (i) the aggregate net cash proceeds and (ii) the Fair Market Value of (x) marketable securities (other than marketable securities of Oasis or an Affiliate of Oasis), (y) Capital Stock of a Person (other than Oasis or an Affiliate of Oasis) engaged primarily in any Related Business and (z) other assets used or useful in any Related Business, in each case received by Oasis since the Prior Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of Oasis (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of Oasis that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of Oasis), (B) with respect to Indebtedness that is incurred on or after the Prior Issue Date, the amount by which such Indebtedness of Oasis or any of its Restricted Subsidiaries is reduced on Oasis consolidated balance sheet upon the conversion or exchange after the Prior Issue Date of any such Indebtedness into or for Equity Interests of Oasis (other than Disqualified Stock), and (C) the aggregate net cash proceeds, if any, received by Oasis or any of its Restricted Subsidiaries upon any conversion or exchange described in clause (A) or (B) above; plus

(c) with respect to Restricted Investments made by Oasis and its Restricted Subsidiaries after the Prior Issue Date, an amount equal to the sum, without duplication, of (A) the net reduction in such Restricted Investments in any Person resulting from (i) repayments of loans or advances, or other transfers of assets, in each case to Oasis or any Restricted Subsidiary, (ii) other repurchases, repayments or redemptions of such Restricted Investments, (iii) the sale of any such Restricted Investment to a purchaser other than Oasis or a Subsidiary of Oasis or (iv) the release of any Guarantee (except to the extent any amounts are paid under such Guarantee) that constituted a Restricted Investment plus (B) with respect to any Unrestricted Subsidiary designated as such after the Prior Issue Date that is redesignated as a Restricted Subsidiary after the Prior Issue Date, the lesser of (i) the Fair Market Value of Oasis Investment in such Subsidiary held by Oasis or any of its Restricted Subsidiaries at the time of such redesignation and (ii) the aggregate amount of Investments made by Oasis or any of its Restricted Subsidiaries in such Subsidiary upon or after designation of such Subsidiary as an Unrestricted Subsidiary and prior to the redesignation of such Subsidiary as a Restricted Subsidiary; plus

(d) 100% of any dividends received by Oasis or a Restricted Subsidiary after the Prior Issue Date from an Unrestricted Subsidiary, to the extent such dividends were not otherwise included in the Consolidated Net Income of Oasis for such period.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the indenture;

(2) the making of any Restricted Payment in exchange for, or out of the net cash proceeds from the substantially concurrent sale (other than to a Subsidiary of Oasis) of, Equity Interests of Oasis (other than Disqualified Stock and other than Equity Interests issued or sold to an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan, option plan or similar trust is financed by loans from or Guaranteed by Oasis or any of its Restricted Subsidiaries unless such loans have been repaid with cash on or prior to the date of determination) or from the substantially concurrent contribution of common equity capital to Oasis; provided that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (3)(b) of the preceding paragraph and clause (7) of this paragraph;

(3) the purchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Debt (including the payment of any required premium and any fees and expenses incurred in connection with such purchase, redemption, defeasance or other acquisition or retirement) with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness;

(4) the purchase, redemption or other acquisition or retirement for value of any Equity Interests of Oasis or any Restricted Subsidiary held by any of Oasis or any of its Restricted

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Subsidiaries current or former directors or employees in connection with the exercise or vesting of any equity compensation (including, without limitation, stock options, restricted stock and phantom stock) in order to satisfy Oasis or such Restricted Subsidiary s tax withholding obligation with respect to such exercise or vesting;

(5) purchases of Capital Stock deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof;

(6) payments to fund the purchase, redemption or other acquisition or retirement for value by Oasis of fractional Equity Interests arising out of stock dividends, splits or combinations, business combinations or other transactions permitted by the indenture;

(7) as long as no Default has occurred and is continuing or would be caused thereby, the purchase, redemption or other acquisition or retirement for value of any Equity Interests of Oasis or any Restricted Subsidiary held by any of Oasis (or any of its Restricted Subsidiaries) current or former directors or employees; provided that the aggregate price paid for all such purchased, redeemed, acquired or retired Equity Interests may not exceed the sum of (a) $20.0 million plus (b) the aggregate amount of cash proceeds received by Oasis from the sale of Oasis Equity Interests (other than Disqualified Stock) to any such directors or employees that occurs after the Prior Issue Date; provided that the amount of such cash proceeds utilized for any such purchase, redemption or other acquisition or retirement will be excluded from clause (3)(b) of the immediately preceding paragraph and clause (2) of this paragraph plus (c) the cash proceeds of key man life insurance policies received by Oasis and its Restricted Subsidiaries after the Prior Issue Date;

(8) as long as no Default has occurred and is continuing or would be caused thereby, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of Oasis or any class or series of preferred stock of any Restricted Subsidiary issued on or after the Prior Issue Date in accordance with the Fixed Charge Coverage Ratio test described below under the caption Incurrence of indebtedness and issuance of preferred stock;

(9) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of Equity Interests (other than Disqualified Stock) of such Restricted Subsidiary; provided that such dividend or similar distribution is paid to all holders of such Equity Interests on a pro rata basis based on their respective holdings of such Equity Interests;

(10) purchases of Subordinated Debt at a purchase price not greater than (a) 101% of the principal amount of such Subordinated Debt and accrued and unpaid interest thereon in the event of a Change of Control or (b) 100% of the principal amount of such Subordinated Debt and accrued and unpaid interest thereon in the event of an Asset Sale in connection with any change of control offer or asset sale offer required by the terms of such Subordinated Debt, but only if:

(i) in the case of a Change of Control, Oasis has first complied with and fully satisfied its obligations under the covenant described under Repurchase at the option of holders Change of control; or

(ii) in the case of an Asset Sale, Oasis has complied with and fully satisfied its obligations under the covenant described under Repurchase at the option of holders Asset sales;

(11) payments or distributions to dissenting stockholders pursuant to applicable law in connection with a merger, consolidation or transfer of all or substantially all of the assets of Oasis that complies with the provisions described under the caption Merger, consolidation or sale of substantially all assets; and

(12) other Restricted Payments since the Prior Issue Date in an aggregate amount at any time outstanding not to exceed $25.0 million.

The amount of all Restricted Payments (other than cash) shall be the Fair Market Value, on the date of such Restricted Payment, of the Restricted Investment proposed to be made or the asset(s) or securities proposed to be paid, transferred or issued by Oasis or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment, except that the Fair Market Value of any non-cash dividend made within 60 days after the date of declaration shall be determined as of such date. The Fair Market Value of any cash Restricted Payment shall be its face amount, and the Fair Market Value of any non-cash Restricted Payment shall be determined in accordance with the definition of that term. For purposes of determining compliance with this covenant, in the event that a Restricted Payment meets the criteria of more than one of the exceptions described in (1) through (12) above or is entitled to be made pursuant to the first paragraph of this covenant, Oasis shall, in its sole discretion, classify such Restricted Payment, or later classify, reclassify or re-divide all or a portion of such Restricted Payment, in any manner that complies with this covenant.

Incurrence of indebtedness and issuance of preferred stock

Oasis will not, and will not permit any of its Restricted Subsidiaries to directly or indirectly create, incur, issue, assume, Guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, incur; with incurrence having a correlative meaning) any Indebtedness (including Acquired Debt), and Oasis will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any preferred stock; provided, however, that Oasis may incur Indebtedness (including Acquired Debt) and issue Disqualified Stock, and Subsidiary Guarantors may incur Indebtedness (including Acquired Debt) and issue preferred stock, if (a) the Fixed Charge Coverage Ratio for Oasis most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, would have been at least 2.25 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four-quarter period and (b) no Default would occur as a consequence of, and no Event of Default would be continuing following, the incurrence of the Indebtedness or the transactions relating to such incurrence, including any related application of the proceeds thereof.

Notwithstanding the foregoing, the first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness or the issuance of any Disqualified Stock or preferred stock described in clauses (5) and (7) below (collectively, Permitted Debt):

(1) the incurrence by Oasis and any Subsidiary Guarantor of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of Oasis and its Restricted Subsidiaries thereunder) not to exceed the

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greater of (i) $200.0 million and (ii) the sum of $100.0 million plus an amount equal to 25.0% of Adjusted Consolidated Net Tangible Assets of Oasis, determined as of the date of the incurrence of such Indebtedness after giving pro forma effect to such incurrence and the application of the proceeds therefrom;

(2) the incurrence by Oasis and its Restricted Subsidiaries of Existing Indebtedness;

(3) the incurrence by Oasis of Indebtedness represented by the notes to be issued on the Issue Date;

(4) the incurrence by Oasis or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation, improvement, deployment, refurbishment or modification of property, plant or equipment or furniture, fixtures and equipment, in each case, used in the business of Oasis or any of its Restricted Subsidiaries, in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to extend, renew, refund, refinance, replace, defease, discharge or otherwise retire for value any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of (a) $15.0 million and (b) 2.0% of Adjusted Consolidated Net Tangible Assets of Oasis, determined as of the date of the incurrence of such Indebtedness;

(5) the incurrence or issuance by Oasis or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, defease, discharge or otherwise retire for value any Indebtedness (other than intercompany Indebtedness) or Disqualified Stock of Oasis, or Indebtedness (other than intercompany Indebtedness) or preferred stock of any Restricted Subsidiary, in each case that was permitted by the indenture to be incurred or issued under the first paragraph of this covenant or clause (2), (3), (4), (10), (14) or (15) of this paragraph or this clause (5);

(6) the incurrence by Oasis or any of its Restricted Subsidiaries of intercompany Indebtedness between or among Oasis and any of its Restricted Subsidiaries; provided, however, that (a) if Oasis or any Subsidiary Guarantor is the obligor on such Indebtedness and the payee is not Oasis or a Subsidiary Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all obligations then due with respect to the notes, in the case of Oasis, or the Subsidiary Guarantee, in the case of a Subsidiary Guarantor; and (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than Oasis or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either Oasis or a Restricted Subsidiary will be deemed, in each case, to constitute an incurrence of such Indebtedness by Oasis or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any of Oasis Restricted Subsidiaries to Oasis or to any of its Restricted Subsidiaries of any preferred stock; provided, however, that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than Oasis or a Restricted Subsidiary; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either Oasis or a Restricted Subsidiary,

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will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence of obligations of Oasis or a Restricted Subsidiary pursuant to Interest Rate and Currency Hedges, in each case entered into in the ordinary course of business for the non-speculative purpose of limiting risks that arise in the ordinary course of business of Oasis and its Restricted Subsidiaries;

(9) the Guarantee by Oasis or any of the Subsidiary Guarantors of Indebtedness of Oasis or a Restricted Subsidiary that was permitted to be incurred by another provision of this covenant; provided that if the Indebtedness being Guaranteed is subordinated to or *pari passu* with the notes, then the Guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness Guaranteed;

(10) the incurrence by Oasis or any Restricted Subsidiary of Permitted Acquisition Indebtedness;

(11) the incurrence by Oasis or any Restricted Subsidiary of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days;

(12) the incurrence by Oasis or any Restricted Subsidiary of Indebtedness consisting of the financing of insurance premiums in customary amounts consistent with the operations and business of Oasis and its Restricted Subsidiaries;

(13) the incurrence by Oasis or any Restricted Subsidiary of Indebtedness constituting reimbursement obligations with respect to letters of credit; provided that, upon the drawing of such letters of credit, such obligations are reimbursed within 30 days following such drawing;

(14) the incurrence by any Foreign Subsidiary of Indebtedness that, in the aggregate together with all other Indebtedness of all Foreign Subsidiaries, (including all Permitted Refinancing Indebtedness incurred to extend, renew, refund, refinance, replace, defease, discharge or otherwise retire for value any Indebtedness incurred pursuant to this clause (14)) does not exceed the greater of (a) 20.0% of the Adjusted Consolidated Net Tangible Assets of all Foreign Subsidiaries, considered as a consolidated enterprise, determined as of the date of the incurrence of such Indebtedness after giving pro forma effect to such incurrence and the application of the proceeds therefrom and (b) $25.0 million; and

(15) the incurrence by Oasis or any of the Subsidiary Guarantors of Indebtedness in an aggregate principal amount that, when taken together with all other Indebtedness of Oasis and its Restricted Subsidiaries outstanding on the date of such incurrence (other than Indebtedness permitted by clauses (1) through (14) above or the first paragraph of this covenant) and any Permitted Refinancing Indebtedness incurred to extend, renew, refund, refinance, replace, defease, discharge or otherwise retire for value any Indebtedness incurred pursuant to this clause (15) does not exceed the greater of (a) 5.0% of Adjusted Consolidated Net Tangible Assets of Oasis, determined as of the date of the incurrence of such Indebtedness after giving pro forma effect to such incurrence and the application of the proceeds therefrom and (b) $35.0 million.

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Oasis will not incur, and will not permit any Subsidiary Guarantor to incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of Oasis or such Subsidiary Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the notes and the applicable Subsidiary Guarantee, on substantially identical terms; provided, however, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of Oasis solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

For purposes of determining compliance with this Incurrence of indebtedness and issuance of preferred stock covenant, (a) in the event that an item of proposed Indebtedness, Disqualified Stock or preferred stock meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (15) of the second paragraph of this covenant,