United States Department of the Interior

BUREAU OF OCEAN ENERGY MANAGEMENT
Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394

OCS-G 36902

Offering Date: 03/18/2020
Map Area and Block Number: NG15-03 - Green Canyon - 193

DECISION

Rental: $63,360.00
Balance of Bonus: $4,802,088.00
Total Amount Due: $4,865,448.00

Shell Offshore Inc.
Post Office Box 61933
New Orleans, Louisiana 70161

LEASE FORMS TRANSMITTED FOR EXECUTION

Pursuant to Section 8 of the Outer Continental Shelf Lands Act (67 Stat. 462; 43 U.S.C. 1337) as amended (92 Stat. 629), and the regulations pertaining thereto (30 CFR 556), your bid for the block described above is accepted. Accordingly, in order to perfect your rights hereunder, the following actions must be taken:

1. A signatory, authorized pursuant to the qualification records on file with the Bureau of Ocean Energy Management (BOEM), Gulf of Mexico Region (GOMR), Adjudication Section, must execute on behalf of the Lessee, each of the three lease forms attached hereto; and return same to the BOEM GOMR Office of Leasing and Plans, Adjudication Section.

2. You must pay, by Electronic Funds Transfer, the balance of the bonus and the first year's rental indicated above, by following the detailed instructions contained on the BOEM website for the specific lease sale this Decision Letter pertains to or on the Payment Information Webpage found on the Office of Natural Resources and Revenue (ONRR) website. Payment must be received by the Federal Reserve Bank of New York no later than noon, eastern standard time, on the 11th business day after receipt of this decision (30 CFR 556.47). That day is July 31, 2020.

You must comply with the two requirements enumerated above not later than the 11th business day after receipt of this decision. Failure to comply with the above requirements will result in forfeiture of the 1/5 bonus deposit and your rights to acquire the lease.

Additionally, you must comply with bonding requirements according to 30 CFR 556, Subpart I, and with the regulations at 30 CFR 550.143, addressing designations of operator.

IMPORTANT: The lease form requires the attachment of the CORPORATE SEAL to all leases executed by corporations.

MICHAEL CELATA
Regional Director

Attachments

Date: July 15, 2020
This lease is effective as of AUG - 1 2023 (hereinafter called the “Effective Date”) and shall continue for a primary term of five years (hereinafter called the "Primary Term") by and between the United States of America (hereinafter called the "Lessor"), by the Regional Director, Gulf of Mexico OCS Region, Bureau of Ocean Energy Management (BOEM), its authorized officer, and Shell Offshore Inc. (hereinafter called the "Lessee"). In consideration of any prior payment heretofore made by the Lessee to the Lessor and in consideration of the promises, terms, conditions, and covenants contained herein, including the stipulation(s) numbered attached hereto, the Lessee and Lessor agree as follows:

Sec. 1. Statutes and Regulations. This lease is issued pursuant to the Outer Continental Shelf Lands Act of August 7, 1953; 43 U.S.C. 1331 et seq., as amended, (hereinafter called "the Act"). This lease is subject to the Act, regulations promulgated pursuant thereto, and other statutes and regulations in existence upon the Effective Date of the lease, and those statutes enacted (including amendments to the Act or other statutes) and regulations promulgated thereafter, except to the extent they explicitly conflict with an express provision of this lease. It is expressly understood that amendments to existing statutes and regulations, including but not limited to the Act, as well as the enactment of new statutes and promulgation of new regulations, which do not explicitly conflict with an express provision of this lease may be made and that the Lessee bears the risk that such may increase or decrease the Lessee's obligations under the lease.

In accordance with the regulations at 2 CFR, parts 140 and 1400, the Lessee must comply with the U.S. Department of the Interior's debarment and suspension (nonprocurement) requirements and must communicate this requirement to comply with these regulations to all persons with whom the Lessee does business or it relates to this lease by including this term as a condition when entering into contracts and transactions with others.

Sec. 2. Rights of Lessee. The Lessor hereby grants and leases to the Lessee the exclusive right and privilege to drill for, develop, and produce oil and gas resources, except helium gas, in the submerged lands of the Outer Continental Shelf containing approximately 3,600,000 acres (hereinafter referred to as the "leased area"), described as follows:

All of Block 193, Green Canyon, OCS Official Protraction Diagram, NG 15-03.

This lease is amended by addendum pursuant to the Final Notice of Sale for Outer Continental Shelf (OCS) Oil and Gas Lease Sale 254. The addendum shall become a part of the lease and supersede any inconsistent provisions of the lease form.
These rights include:
(a) the nonexclusive right to conduct within the leased area geological and geophysical explorations in accordance with applicable regulations;
(b) the nonexclusive right to drill water wells within the leased area, unless the water is part of geopressed-geothermal and associated resources, and to use the water produced therefrom for operations pursuant to the Act or free of cost, on the condition that the drilling is conducted in accordance with procedures approved by the Secretary of the Interior or the Secretary's delegate (hereinafter called the “Secretary”); and
(c) the right to construct or erect and to maintain within the leased area artificial islands, installations, and other devices permanently or temporarily attached to the seabed and other works and structures necessary to the full enjoyment of the lease, subject to compliance with applicable laws and regulations.

Sec. 3. Term. This lease shall continue from the Effective Date of the lease for the Primary Term and so long thereafter as oil or gas is produced from the leased area in paying quantities, or drilling or well reworking operations, as approved by the Lessor, are conducted therein, or as otherwise provided by regulation.

Sec. 4. Rentals. The Lessee shall pay the Lessor on or before the first day of each lease year before the discovery of oil or gas on the lease, and on or before the last day of each full lease year in which royalties on production are due, a rental as shown on the face hereof.

Sec. 5. Minimum Royalty. The Lessee shall pay the Lessor on or before the first day of each lease year beginning with the year in which royalty-bearing production commences, and notwithstanding any royalty suspension that may apply, a minimum royalty as shown on the face hereof, with credit applied for actual royalty paid during the lease year. If actual royalty paid exceeds the minimum royalty requirement, then no minimum royalty payment is due.

Sec. 6. Royalty on Production. 
(a) The Lessee shall pay a royalty as shown on the face hereof in amount or value of production saved, removed, or sold from the leased area. Gas (except helium) and oil of all kinds are subject to royalty. All helium produced shall remain the property of the United States. The Lessee is liable for royalties payments on oil or gas lost or wasted from the leased area when such loss or waste is due to negligence on the part of the operator of the lease, or due to the failure to comply with any rule or regulation, order, or citation issued under the Federal Oil and Gas Royalty Management Act of 1982 or the Act. The Lessee shall determine whether production royalty shall be paid in amount or value.

Sec. 7. Payments. The Lessee shall make all payments (rentals, royalties, and any other payments required by this lease) to the Lessor by electronic transfer of funds unless otherwise provided by regulations or by direction of the Lessor. Rentals, royalties, and any other payments required by this lease shall be made payable in the Office of Natural Resources Revenue and tendered to the Lessor. Determinations made by the Lessor as to the amount of payment due shall be presumed to be correct and payable as due.

Sec. 8. Bonds. The Lessee shall at all times maintain the bond(s) required by regulation prior to the issuance of the lease. The Lessee shall furnish such additional security as may be required by the Lessor if, after operations have begun, the Lessor determines additional security is necessary to ensure compliance with Lessee's obligations under this lease and the regulations.

Sec. 9. Plans. The Lessee shall conduct all operations on the lease or unit in accordance with an approved exploration plan (EP), development and production plan (DPP) or development operations coordination document (DOCD), approval conditions, and any other applicable requirements provided by law or regulation. The Lessee may depart from an approved plan only as provided by applicable regulations.

Sec. 10. Diligence and Prevention of Waste. 
(a) The Lessee must exercise diligence in the development of the leased area and in the production of well bore herein and must prevent unnecessary damage to, loss of, or waste of leased resources.
(b) The Lessee shall comply with all applicable laws, regulations and orders relating to diligence, sound conservation practices and prevention of waste. EPs, DPPs and DOCDs, are to confirm to sound conservation practices to preserve, protect, and develop minerals resources and maximize the ultimate recovery of hydrocarbons from the leased area.

Sec. 11. Directional Drilling. A directional well drilled under the lease or unit in accordance with an approved exploration plan (EP), development and production plan (DPP) or development operations coordination document (DOCD), approval conditions, and any other applicable requirements provided by law or regulation. The Lessee may depart from an approved plan only as provided by applicable regulations.

Sec. 12. Safety and Inspections. The Lessee shall:
(a) maintain all places of employment within the leased area in compliance with occupational safety and health standards and, in addition, free from recognized hazards to employees of the Lessee or of any contractor or subcontractor operating within the leased area;
(b) maintain all operations within the leased area in compliance with regulations or orders intended to protect persons, property and the environment on the Outer Continental Shelf; and
(c) allow prompt access, at the site of any operation subject to safety regulations, to any authorized Federal inspector and provide any documents and records that are pertinent to occupational or public health, safety, or environmental protection as may be requested.
Region-wide Sale 254 Lease Addendum – R21
Leases in Water Depths from 400 to Less Than 800 Meters

This lease is amended by addendum pursuant to the Final Notice of Sale for OCS Oil and Gas Lease Sale 254. This addendum shall become a part of the lease and supersede any inconsistent provisions of the lease form.

Sec. 3. Term.

Notwithstanding the language in Sec. 3 of the lease instrument, the standard primary term for this lease is 5 years. The lessee will earn an additional 3 years, resulting in an 8-year extended primary term, if the lessee spuds a well within the 5-year primary term of the lease.

In order to earn the 8-year extended primary term, the lessee is required to submit to the Bureau of Ocean Energy Management (BOEM), Gulf of Mexico (GOM) Regional Supervisor for Leasing and Plans, as soon as practicable, but in no case more than 30 days after spudding a well, a letter providing the well number and spud date, and requesting confirmation that the lessee earned the 8-year extended primary term.

The BOEM GOM Regional Supervisor for Leasing and Plans will confirm in writing, within 30 days of receiving the lessee’s letter, whether the lessee has earned the extended primary term and update BOEM records accordingly. The extended primary term is not effective unless and until the lessee receives confirmation from BOEM.

Sec. 4. Rentals.

Notwithstanding the language in Sec. 4 of the lease instrument, annual rental rates are as follows:

<table>
<thead>
<tr>
<th>Rental Rates per Acre or Fraction Thereof</th>
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<td>Years 1-5</td>
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Stipulation No. 4 - Protected Species

A. The Endangered Species Act (16 U.S.C. § 1531 et seq.) and the Marine Mammal Protection Act (MMPA) (16 U.S.C. § 1361 et seq.) are designed to protect threatened and endangered species and marine mammals and apply to activities on the Outer Continental Shelf (OCS). The Congressional Declaration of Policy included in the OCS Lands Act (43 U.S.C. § 1331 et seq.) provides that it is the policy of the United States that the OCS should be made available for expeditious and orderly development subject to environmental safeguards, in a manner which is consistent with the maintenance of competition and other national needs (see 43 U.S.C. § 1332). Both the Bureau of Ocean Energy Management (BOEM) and the Bureau of Safety and Environmental Enforcement (BSEE) comply with these laws on the OCS.

B. The lessee and its operators must:

1) Collect and remove flotsam resulting from activities related to exploration, development, and production of this lease;

2) Post signs in prominent places on all vessels and platforms used as a result of activities related to exploration, development, and production of this lease detailing the reasons (legal and ecological) why release of debris must be eliminated;

3) Observe for marine mammals and sea turtles while on vessels, reduce vessel speed to 10 knots or less when assemblages of cetaceans are observed, and maintain a distance of 91 meters or greater from whales, and a distance of 45 meters or greater from small cetaceans and sea turtles;

4) Employ mitigation measures prescribed by BOEM/BSEE or the National Marine Fisheries Service (NMFS) for all seismic surveys, including the use of an "exclusion zone" based upon the appropriate water depth, ramp-up and shutdown procedures, visual monitoring, and reporting;

5) Identify important habitats, including designated critical habitat, used by listed species (e.g., sea turtle nesting beaches, piping plover critical habitat) in oil spill contingency planning and require the strategic placement of spill cleanup equipment to be used only by personnel trained in less-intrusive cleanup techniques on beaches and bay shores; and

6) Immediately report all sightings and locations of injured or dead protected species (e.g., marine mammals and sea turtles) to the appropriate stranding network. If oil and gas industry activity is responsible for the injured or dead animal (e.g., injury or death was caused by a vessel strike), the responsible parties must remain available to assist the stranding network. If the injury or death was caused by a collision with the lessee's vessel, the lessee must notify BSEE within 24 hours of the strike.

BOEM and BSEE issue Notices to Lessees and Operators (NTLs), which more fully describe measures implemented in support of the above-mentioned implementing statutes and regulations, as well as measures identified by the United States Fish and Wildlife Service and NMFS arising from, among others, conservation recommendations, rulemakings pursuant to the MMPA, or consultation. The lessee and its operators, personnel, and subcontractors, while undertaking
activities authorized under this lease, must implement and comply with the specific mitigation measures outlined in the following NTLs:

- **BOEM NTL No. 2016-G01** “Vessel Strike Avoidance and Injured/Dead Protected Species Reporting” (available at: http://www.boem.gov/BOEM-NTL-No-2016-G01);

- **BOEM NTL No. 2016-G02** “Implementation of Seismic Survey Mitigation Measures and Protected Species Observer Program” (available at http://www.boem.gov/BOEM-NTL-2016-G02); and


At the lessee’s option, the lessee, its operators, personnel, and contractors may comply with the most current measures to protect species in place at the time an activity is undertaken under this lease, including, but not limited to, new or updated versions of the NTLs and/or Biological Opinion. The lessee and its operators, personnel, and subcontractors will be required to comply with the mitigation measures identified in the above referenced NTLs, and additional measures in the conditions of approvals for their plans or permits.
Sec. 13. Suspension or Cancellation
(a) The Lessor may suspend or cancel this lease pursuant to section 5 of the Act and compensation shall be paid when provided by the Act.
(b) The Lessor may, upon recommendation of the Secretary of Defense, during a state of war or national emergency declared by Congress or the President of the United States, suspend operations under the lease, as provided in section 12(c) of the Act, and just compensation shall be paid to the Lessee for such suspension.

Sec. 14. Indemnification. The Lessee shall indemnify the Lessor for, and hold it harmless from, any claim, including claims for loss or damage to property or injury to persons caused by or resulting from any operation on the leased area conducted by or on behalf of the Lessee. However, the Lessee shall not be responsible to the Lessor under this section for any loss, damage, or injury caused by or resulting from:
(a) negligence of the Lessor or any other person or instrumentality; or
(b) the Lessee's compliance with an order or directive of the Lessee against which an administrative appeal by the Lessee is filed before the cause of action for the claim arises and is pursued diligently thereafter.

Sec. 15. Disposition of Production.
(a) As provided in section 27(a)(2) of the Act, the Lessor shall have the right to purchase not more than 16 2/3 percent by volume of the oil and gas produced pursuant to the lease at the regulated price or, if no regulated price applies, at the fair market value at the wellhead of the oil and gas saved, removed, or sold, except that any oil or gas obtained by the Lessor as royalty or net profit share shall be credited against the amount that may be purchased under the plan.
(b) Pursuant to section 27(b) and (c) of the Act, the Lessee may offer and sell certain oil and gas obtained or purchased pursuant to a lease.
(c) As provided in section 27(b) of the Act, the Lessor shall take any Federal oil or gas for which no acceptable bids are received, as determined by the Lessor, and which is not transferred to a Federal Agency, at the market price and in accordance with applicable regulations.

Sec. 16. Utilization, Pooling, and Drilling Agreements. Within such time as the Lessor may prescribe, the Lessee shall subscribe to and operate under a unit, pooling, or drilling agreement, approved by the Lessor, in accordance with a provision of this lease, the provision of the agreement shall govern.

Sec. 17. Equal Opportunity Clause. During the performance of this lease, the Lessee shall comply with paragraphs (1) through (7) of section 202 of Executive Order 11246, as amended (reprinted in 41 CFR 60-1.4(a), and the implementing regulations, which are for the purpose of preventing employment discrimination against persons on the basis of race, color, religion, sex, or national origin. Paragraphs (1) through (7) of section 202 of Executive Order 11246, as amended, are incorporated in this lease by reference.
all platforms and other facilities on the area to be relinquished in accordance with applicable regulations.

Sec. 22. Decommissioning.
(a) When wells, platforms, pipelines or other facilities are no longer useful for operation, the Lessee shall permanently plug such wells, remove such platforms and other facilities, decommission such pipelines, and clear the seaward of all associated-activities controlled by the lease operations.

(b) The Secretary may determine that a well, platform, pipeline or other facilities is no longer useful and require its immediate decommissioning. Such platforms and other facilities shall be removed within 1 year after the lease terminates unless the Lessee grants approval to conduct other activities.

(c) Decommissioning operations shall be conducted in accordance with applicable laws and regulations and in a manner that is safe, does not unreasonably interfere with other uses of the OCS, and does not cause undue or serious harm or damage to marine, coastal or environmental.

Sec. 23. Remedies in Case of Default.

In the event the Lessee is in default, the lessor may exercise any other remedies that the lessor may have, including, but not limited to the penalty provisions of Section 24 of the Act. Furthermore, pursuant to Section 31(b)(2) of the Act, the lessor may cancel the lease if it is obtained by fraud or misrepresentation.

(b) Enforcement by the lessor of a remedy for any particular violation of the provisions of the Act, the regulations issued pursuant to the Act or terms of this lease shall not prevent the cancellation of this lease on the exercise of any other remedies under paragraph (a) of this section for any other violation or for the same violation occurring at any other time.

Sec. 24. Election of Remedies.

The lessor may provide the lessee with notice of one or more violations of the Act, the regulations issued pursuant to the Act, or the terms of this lease and the lessee may

Shell Offshore Inc.

S. M. Ham
Attorney-in-Fact

JUL 16 2020

Post Office Box 61933
New Orleans, Louisiana 70161

THE UNITED STATES OF AMERICA, Lessor

MICHAEL
CELATA

Date: 2020.07.30 12:13:37

Regional Director

Michael A. Celata

JUL 30, 2020

( Name of Authorized Officer)
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The above Lease(s) were paid on July 17, 2020.

TOTAL 12,567,240.00
July 20, 2020

Bureau of Ocean Energy Management
Adjudication Section (MS GM 276A)
1201 Elmwood Park Boulevard
New Orleans, LA 70123

Ladies and Gentlemen:

SUBJECT: SUBMITTAL OF EXECUTED LEASE
OCS GULF OF MEXICO LEASE SALE 254
OCS-G 36902, GREEN CANYON BLOCK 193

Shell Offshore Inc. (GOM Company No. 00689) hereby submits one (1) OCS Lease, as specified in the subject line, in triplicate, which was awarded as a result of high bids in OCS Gulf of Mexico Lease Sale 254. This lease has been fully executed by Shell Offshore Inc. and is being returned for final execution by the Bureau of Ocean Energy Management.

Also included, in duplicate, is Form BOEM-1123 (Designation of Operator) for the lease referenced above in the subject line.

Thank you for your attention to this matter. Should you have any questions please contact the undersigned at (832) 337-6732 or at cynthia.kraus@shell.com.

Kind regards,

Cynthia B Kraus
Land Technician

Enclosures
Oil and Gas Lease Bid

It is understood that this bid legally binds the bidder(s) to comply with all applicable regulations, including paying the 1/5th bonus on all high bids, as provided in the Final Notice of Sale.

The following bid is submitted for an oil and gas lease on the area and block of the Outer Continental Shelf specified below:

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<th>Map Number</th>
<th>Block Number</th>
<th>Amount Bid</th>
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<td>NG15-03</td>
<td>193</td>
<td>$6,002,610</td>
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</table>

GOM Company Number: 689

Company Name(s), Address(es), and Signature(s)

Shell Offshore Inc.
Post Office Box 61933
New Orleans, Louisiana 70161

By: [Signature]

S. M. Ham
Attorney-in-Fact

TOTAL: 100.00