



Shell Offshore Inc.

150 N. Dairy Ashford

EPC Room F-1210B

Houston, TX 77079

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Email: cynthia.kraus@shell.com

VIA OVERNIGHT MAIL

June 14, 2019

Bureau of Ocean Energy Management
ATTN Adjudication Dept. (MS GM 231A)
ATTN Ms. Colette Worcester
1201 Elmwood Park Boulevard
New Orleans, LA, 70123-2349

Dear Ms. Worcester:

**SUBJECT: NON REQUIRED FILING – CATEGORY 1
MORTGAGE, DEED OF TRUST, SECURITY AGREEMENT
NON REQUIRED FILING – CATEGORY 3
UCC FILINGS AND FINANCIAL STATEMENTS
Prospect Whale**

Alaminos Canyon Block 684, Federal Oil & Gas Lease OCS-G 31194

Alaminos Canyon Block 728, Federal Oil & Gas Lease OCS-G 31195

Alaminos Canyon Block 771, Federal Oil & Gas Lease OCS-G 32988

Alaminos Canyon Block 772, Federal Oil & Gas Lease OCS-G 35153

(REF – SEPCo/SOI SERVICE AGREEMENT)

Enclosed please find a Memorandum of Unit Operating Agreement between **Shell Offshore Inc. (Company No. 00689)** and **Chevron U.S.A. Inc. (Company No. 00078)** to be filed in **Non-Required Filing Category 1** (Mortgage, Deed of Trust, Security Agreement) for each of the above subject leases.

Also enclosed please find a UCC Financing Statement between **Shell Offshore Inc. (Company No. 00689)** and **Chevron U.S.A. Inc. (Company No. 00078)** to be filed in **Non-Required Filing Category 3** (UCC Filings and Financial Statements) for each of the above subject leases.

I have paid the adjudication fees for each category and have attached a copy of the payment confirmations received via Pay.gov.

Should you have any questions please contact me via e-mail at cynthia.kraus@shell.com or at (832) 337-6732.

Sincerely,

Cynthia B. Kraus
Land Technician – GOM Exploration

Enclosures

**MEMORANDUM OF UNIT OPERATING AGREEMENT, MORTGAGE, SECURITY
AGREEMENT, AND FINANCING STATEMENT**

- 1.0 This Memorandum of Unit Operating Agreement, Mortgage, Security Agreement, and Financing Statement (this "Memorandum") is effective as of the effective date of the Unit Operating Agreement referred to in Paragraph 2.0 below (the "Effective Date") and is executed by Shell Offshore Inc. (the "Operator"), whose mailing address is P.O. Box 61933, New Orleans, Louisiana 70161, and Chevron U.S.A. Inc. (the Non-Operator), whose mailing address is 1500 Louisiana Street, Houston, Texas 77002.
- 2.0 The Operator and the Non-Operator are parties to that certain Unit Operating Agreement dated effective November 29, 2017, covering the South Half (S/2) of Alaminos Canyon Block 684 and all of Alaminos Canyon Blocks 728, 771 and 772 (the "Unit Operating Agreement"), providing for the development and production of crude oil, natural gas and associated substances from the lands and oil and gas lease(s) described in Exhibit "A" of the Unit Operating Agreement (hereinafter called the "Unit Area") (such lands and oil and gas lease(s) being more particularly described in Attachment "1" to this Memorandum) and designating Shell Offshore Inc., as the Operator, to conduct such operations for itself and the undersigned Non-Operator. All such leases and any future oil and gas leases covering lands included within the Unit Area that may be acquired by the Operator and the Non-Operator as substitutions for, or replacements of, existing leases or as leases acquired in the future covering such lands are hereinafter collectively called the "Leases."
- 3.0 Among other provisions, the Unit Operating Agreement (i) provides for certain liens, mortgages, pledges and security interests to secure payment by the parties of their respective share of costs and other obligations under the Unit Operating Agreement, (ii) contains an Accounting Procedure, which establishes interest to be charged on indebtedness, certain costs, and other expenses under the Unit Operating Agreement at the rate set forth therein, and which provides for other matters, (iii) includes non-consent clauses which establish that parties who elect not to participate in certain operations shall be deemed to have relinquished their interest in production until the carrying consenting parties recover their costs of such operations plus a specified amount, and (iv) grants certain preferential rights to purchase.
- 4.0 The Operator hereby certifies that a true and correct copy of the Unit Operating Agreement is on file and is available for inspection by third parties at the offices of the Operator at the address set forth in this Memorandum.
- 5.0 In addition to any other security rights and remedies provided for by law with respect to services rendered or materials and equipment furnished under the Unit Operating Agreement, for and in consideration of the covenants and mutual undertakings of the Operator and each

Non-Operator set forth in the Unit Operating Agreement, the Operator and each Non-Operator hereby agree as follows:

- 5.1 To secure the complete and timely performance of and payment by each of the Non-Operators of all obligations and indebtedness of every kind and nature, whether now owed by such Non-Operators or hereafter arising, pursuant to the Unit Operating Agreement, each Non-Operator hereby grants to the Operator a first mortgage, hypothecation, and pledge of and over all of its rights, titles, and interests in and to (a) the Leases, (b) the oil and gas in, on, under, and that may be produced from the lands within the Unit Area, and (c) all other immovable property susceptible of mortgage situated within the Unit Area.

- 5.2 To secure the complete and timely performance of and payment by each of the Non-Operators of all obligations and indebtedness of every kind and nature, whether now owed by such Non-Operators or hereafter arising, pursuant to the Unit Operating Agreement, each of the Non-Operators hereby grants to the Operator a continuing first lien and security interest in and to all of its rights, titles, interests, claims, general intangibles, proceeds and products thereof, whether now existing or hereafter acquired, in and to (a) all oil, gas, and other minerals produced from the lands or offshore blocks covered by the Leases or the Unit Area or attributable to the Leases or the Unit Area when produced; (b) all accounts receivable accruing or arising as a result of the sale of such oil, gas, and other minerals (including, without limitation, accounts arising from gas imbalances or from the sale of oil, gas and other minerals at the wellhead); (c) all cash or other proceeds from the sale of such oil, gas, and other minerals once produced; and (d) all production systems (whether fixed, compliant, subsea, or floating), platforms, wells, facilities, fixtures, other corporeal property whether movable or immovable, whether now or hereafter placed on the lands or offshore blocks covered by the Leases or the Unit Area or maintained or used in connection with the ownership, use or exploitation of the Leases or the Unit Area, and other surface and sub-surface equipment of any kind or character located on or attributable to the Leases or the Unit Area and the cash or other proceeds realized from the sale, transfer, disposition or conversion thereof. The interest of the Non-Operators in and to the oil, gas, and other minerals produced from or attributable to the Leases or the Unit Area when extracted and the accounts receivable accruing or arising as the result of the sale thereof shall be financed at the wellhead of the well or wells located on the Leases or the Unit Area. To the extent susceptible under applicable law, the security interest granted by each Non-Operator hereunder covers: (a) all substitutions, replacements, and accessions to the property of such Non-Operator described herein and is intended to cover all of the rights, titles and interests of such Non-Operator in all movable property now or hereafter located upon or used in connection with the Unit Area, whether corporeal or incorporeal; (b) all rights under any gas balancing agreement, farmout agreement, option farmout rights, acreage and cash contribution, and conversion rights of such Non-Operator in connection with the Leases or the Unit Area, the oil, gas and other minerals produced from or attributable to the Leases, or the Unit Area, whether now owned or existing or hereafter acquired or arising, including, without limitation, all interests of each of

the Non-Operators in any partnership, tax partnership, limited partnership, association, joint venture, or other entity or enterprise that holds, owns, or controls any interest in the Unit Area; and (c) all rights, claims, general intangibles, and proceeds, whether now existing or hereafter acquired, of each Non-Operator in and to the contracts, agreements, permits, licenses, rights-of-way, and similar rights and privileges that relate to or are appurtenant to any of the Leases or the Unit Area, including the following:

- (i) all of its rights, titles, and interests, whether now owned and or existing or hereafter acquired or arising, in, to and under or derived from any present or future operating, farmout, bidding, pooling, unitization, and communitization agreements, assignments, and subleases, whether or not described in Exhibit "A" of the Unit Operating Agreement, to the extent, and only to the extent, that such agreements, assignments, and subleases cover or include any of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in and to all or any portion of the Leases or the Unit Area, and all units created by any such pooling, unitization, and communitization agreements and all units formed under orders, regulations, rules, or other official acts of any governmental authority having jurisdiction, to the extent and only to the extent that such units cover or include all or any portion of the Leases or the Unit Area;
- (ii) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from all presently existing and future advance payment agreements, oil, casinghead gas, and gas sales, exchange, and processing contracts and agreements, including, without limitation, those contracts and agreements that are described on Exhibit "A" of the Unit Operating Agreement, to the extent, and only to the extent, those contracts and agreements cover or include all or any portion of the Leases or the Unit Area; and
- (iii) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from all existing and future permits, licenses, rights-of-way, and similar rights and privileges that relate to or are appurtenant to any of the Leases or the Unit Area.

5.3 The entire amount of obligations and indebtedness of each Non-Operator to the Operator is secured hereby without limitation. The liability of each Non-Operator under this Memorandum and the mortgage and security interest granted hereby shall be limited to (and the Operator shall not be entitled to enforce the same against such Non-Operator for, an amount exceeding) the actual obligations and indebtedness (including all interest charges, costs, attorneys' fees, and other charges provided for in this Memorandum or in the Unit Operating Agreement) outstanding and unpaid and that are attributable to or charged against the interest of such Non-Operator pursuant to the Unit Operating Agreement. For clarity, there is no predetermined limit on potential obligations and liabilities pursuant to the Unit Operating

Agreement, and the mortgage, hypothecation, pledge, liens and security interests created under the Unit Operating Agreement and this Memorandum are in addition to any and all rights and remedies under law.

- 5.4 This Memorandum (including a carbon, photographic, or other reproduction thereof and hereof) shall constitute a non-standard form of financing statement under the terms of Chapter 9 of the Texas Business & Commerce Code, Tex. Bus. & Com. Code §§9.101 thru 709 et seq. (the "Uniform Commercial Code", as adopted in the State of Texas) and, as such, for the purposes of the security interest in favor of the Operator, may be filed of record in the office of the Clerk of Court of any county in the State of Texas, with Operator being the secured party and Non-Operator being the debtor with respect to such filing.
- 5.5 To secure the complete and timely performance of and payment by the Operator to the Non-Operators of all obligations and indebtedness of every kind and nature, whether now owed by Operator or hereafter arising, pursuant to the Unit Operating Agreement, Operator hereby grants to each Non-Operator a first mortgage, hypothecation, and pledge of and over all of its rights, titles, and interests in and to (a) the Leases, (b) the oil and gas in, on, under, and that may be produced from the lands within the Unit Area, and (c) all other immovable property susceptible of mortgage situated within the Unit Area.
- 5.6 To secure the complete and timely performance of and payment by the Operator of all obligations and indebtedness of every kind and nature, whether now owed by the Operator or hereafter arising, pursuant to the Unit Operating Agreement, the Operator hereby grants to each of the Non-Operators a continuing first lien and security interest in and all of its rights, titles, interests, claims, general intangibles, proceeds, and products thereof, whether now existing or hereafter acquired, in and to (a) all oil, gas, and other minerals produced from the lands or offshore blocks covered by the Leases or included within the Unit Area or attributable to the Leases or the Unit Area when produced; (b) all accounts receivable accruing or arising as a result of the sale of such oil, gas, and other minerals (including, without limitation, accounts arising from gas imbalances or from the sale of oil, gas and other minerals at the wellhead); (c) all cash or other proceeds from the sale of such oil, gas, and other minerals once produced; and (d) all production systems (whether fixed, compliant, subsea, or floating), platforms, wells, facilities, fixtures, other corporeal property whether movable or immovable, whether now or hereafter placed on the lands or offshore blocks covered by the Leases or the Unit Area or maintained or used in connection with the ownership, use or exploitation of the Leases or the Unit Area, and other surface and sub-surface equipment of any kind or character located on or attributable to the Leases or the Unit Area and the cash or other proceeds realized from the sale, transfer, disposition or conversion thereof. The interest of the Operator in and to the oil, gas, and other minerals produced from or attributable to the Leases or the Unit Area when extracted and the accounts receivable accruing or arising as the result of the sale thereof shall be financed at the wellhead of the well or wells located on the Leases or the Unit Area. To the extent susceptible under applicable law, the security

interest granted by the Operator hereunder covers: (a) all substitutions, replacements, and accessions to the property of the Operator described herein and is intended to cover all of the rights, titles and interests of the Operator in all movable property now or hereafter located upon or used in connection with the Unit Area, whether corporeal or incorporeal; (b) all rights under any gas balancing agreement, farmout agreement, option farmout rights, acreage and cash contributions, and conversion rights of the Operator in connection with the Leases or the Unit Area, the oil, gas, and other minerals produced from or attributable to the Leases, or the Unit Area, whether now owned or existing or hereafter acquired or arising, including, without limitation, all interests of the Operator in any partnership, tax partnership, limited partnership, association, joint venture, or other entity or enterprise that holds, owns, or controls any interest in the Unit Area; and (c) all rights, claims, general intangibles, and proceeds, whether now existing or hereafter acquired, of the Operator in and to the contracts, agreements, permits, licenses, rights-of-way, and similar rights and privileges that relate to or are appurtenant to any of the Leases or the Unit Area, including the following:

- (i) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from any present or future operating, farmout, bidding, pooling, unitization, and communitization agreements, assignments, and subleases, whether or not described in Exhibit "A" of the Unit Operating Agreement, to the extent, and only to the extent, that such agreements, assignments, and subleases cover or include any of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in and to all or any portion of the Leases or the Unit Area, and all units created by any such pooling, unitization, and communitization agreements and all units formed under orders, regulations, rules, or other official acts of any governmental authority having jurisdiction, to the extent and only to the extent that such units cover or include all or any portion of the Leases or the Unit Area;
- (ii) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to and under or derived from all presently existing and future advance payment agreements, oil, casinghead gas, and gas sales, exchange, and processing contracts and agreements, including, without limitation, those contracts and agreements that are described on Exhibit "A" of the Unit Operating Agreement, to the extent, and only to the extent, those contracts and agreements cover or include all or any portion of the Leases or the Unit Area; and
- (iii) all of its rights, titles, and interests, whether now owned and existing or hereafter acquired or arising, in, to, and under or derived from all existing and future permits, licenses, rights-of-way, and similar rights and privileges that relate to or are appurtenant to any of the Leases or the Unit Area.

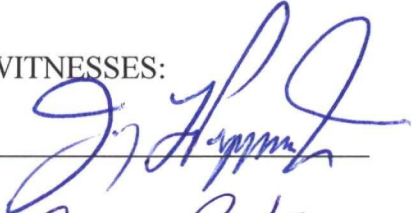
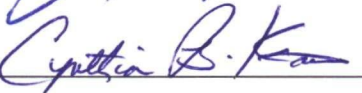
- 5.7 The entire amount of obligations and indebtedness of the Operator to the Non-Operators is secured hereby without limitation. The liability of the Operator under this Memorandum and the mortgage and security interest granted hereby shall be limited to (and the Non-Operators shall not be entitled to enforce the same against Operator for, an amount exceeding) the actual obligations and indebtedness (including all interest charges, costs, attorneys' fees, and other charges provided for in this Memorandum or in the Unit Operating Agreement) outstanding and unpaid and that are attributable to or charged against the interest of the Operator pursuant to the Unit Operating Agreement. For clarity, there is no predetermined limit on potential obligations and liabilities pursuant to the Unit Operating Agreement, and the mortgage, hypothecation, pledge, liens and security interests created under the Unit Operating Agreement and this Memorandum are in addition to any and all rights and remedies under law.
- 5.8 For the purposes of the security interest in favor of the Non-Operator, this Memorandum (including a carbon, photographic, or other reproduction thereof and hereof) may be filed as a non-standard form of financing statement pursuant to the Uniform Commercial Code in the office of the Clerk of Court of any county in the State of Texas, with Non-Operator being the secured party and Operator being the debtor with respect to such filing.
- 6.0 This Memorandum is to be filed or recorded, as the case may be, in (a) the conveyance records of the county or counties adjacent to the offshore blocks contained within the Unit Area pursuant to Tex. Bus. & Com. Code § 9.501 to serve as notice of the existence of the Unit Operating Agreement as a burden on the title of the Operator and the Non-Operator to their interests in and to the Leases and the Unit Area, (b) the mortgage records of the county or counties adjacent to the offshore blocks contained within the Unit Area, (c) the non-required records of the United States Department of the Interior Bureau of Ocean Energy Management with respect to each of the Leases, and (d) the appropriate Uniform Commercial Code records. All parties to the Unit Operating Agreement are identified on Attachment "1" hereto.
- 7.0 If performance of any obligation under the Unit Operating Agreement or payment of any indebtedness created thereunder does not occur or is not made when due under the Unit Operating Agreement or on default of any covenant or condition of the Unit Operating Agreement, in addition to any other remedy afforded by law, each party to the Unit Operating Agreement and any successor to such party by assignment, operation of law, or otherwise, shall have, and is hereby given and vested with, the power and authority to foreclose the security interest established in its favor in the Unit Operating Agreement and herein in the manner provided by law and to exercise all rights of a secured party under the Uniform Commercial Code. If any Non-Operator does not pay its indebtedness or perform its obligations under the Unit Operating Agreement when due, the Operator shall have the additional right to notify the purchaser or purchasers of the defaulting Non-Operator's production and collect such indebtedness out of the proceeds from the sale of the defaulting Non-Operator's share of production until the amount owed has been paid. The Operator shall have the right to offset the amount of indebtedness owed by the defaulting Non-Operator and

payment made to the Operator by any purchaser shall be binding and conclusive as between such purchaser and such defaulting Non-Operator.

- 8.0 Upon expiration of the Unit Operating Agreement and the satisfaction of all obligations and indebtedness established thereunder, on behalf of all parties to the Unit Operating Agreement, the Operator shall file of record as appropriate release and termination of all security and other rights created under the Unit Operating Agreement and this Memorandum. Upon the filing of such release and termination instrument, all benefits and obligations under this Memorandum shall terminate as to all parties who have executed or ratified this Memorandum. In addition, at any time prior to the filing of such release and termination instrument, the Operator and the Non-Operator shall have the right to file a continuation statement to the Uniform Commercial Code with respect to any financing statement filed in their favor under the terms of this Memorandum.
- 9.0 It is understood and agreed by the parties hereto that if any part, term, or provision of this Memorandum is held by the courts to be illegal or in conflict with any law of the state where made, the validity of the remaining portions or provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Memorandum did not contain the particular part, term or provision held to be invalid.
- 10.0 This Memorandum shall be binding upon and shall inure to the benefit of the parties hereto and to their respective legal representatives, successors and permitted assigns. The failure of one or more persons owning an interest in the Unit Area to execute this Memorandum shall not in any manner affect the validity of the Memorandum as to those persons who execute this Memorandum.
- 11.0 A party having an interest in the Unit Area may ratify this Memorandum by executing and delivery of an instrument of ratification, adopting and entering into this Memorandum, and such ratification shall have the same effect as if the ratifying party had executed this Memorandum or a counterpart thereof. By execution or ratification of this Memorandum, such party hereby consents to its ratification and adoption by any party who acquires or may acquire any interest in the Unit Area.
- 12.0 This Memorandum may be executed or ratified in one or more counterparts and all of the executed or ratified counterparts shall together constitute one instrument. For purposes of recording, in each of the records described in Paragraph 6 above, duplicate copies of this Memorandum with individual signature pages attached thereto are required to be filed of record, one copy of each to be indexed in the name of the Operator, as grantor, and one copy of each to be indexed in the name of the Non-Operator, as grantor, and duplicate copies of this Memorandum with individual signature pages attached thereto shall be filed in the appropriate Uniform Commercial Code records, one filing for the Operator, as secured party, and another filing for the Non-Operator, as secured parties. The respective addresses of the Operator, as both secured party and debtor, and the Non-Operator, as both debtor and secured party, at which information with respect to the security interests created in the Unit Operating Agreement may be obtained, are set forth in Paragraph 1.0 of this Memorandum.

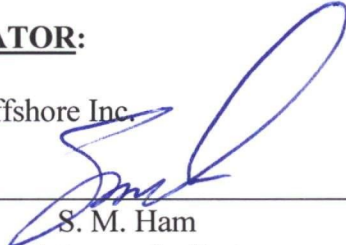
13.0 Whenever the context requires, reference herein made to the single number shall be understood to include the plural, and the plural shall likewise be understood to include the singular, and specific enumeration shall not exclude the general, but shall be construed as cumulative.



EXECUTED on the dates set forth below each signature but dated effective as of the Effective Date.

WITNESSES:



OPERATOR:

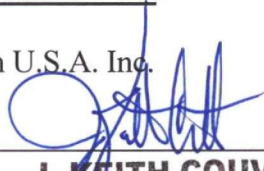
Shell Offshore Inc.

By: 
Name: S. M. Ham
Title: Attorney-in-Fact
Date: 8-13-18

WITNESSES:



NON-OPERATOR:

Chevron U.S.A. Inc.

By: 
Name: **J. KEITH COUVILLION**
Title: Assistant Secretary
Date: SEP 05 2018

ACKNOWLEDGEMENT
OPERATOR:

STATE OF LOUISIANA
PARISH OF ORLEANS

On this 13th day of August, 2018, before me, appeared S. M. Ham, to me personally known, who, being by me duly sworn, did say that he is the Attorney-in-Fact of Shell Offshore Inc., and that the foregoing instrument was signed on behalf of the corporation by authority of its Board of Directors and that he acknowledged the instrument to be the free act and deed of the corporation.



NOTARY PUBLIC

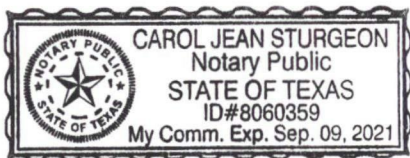
My Commission expires: Death

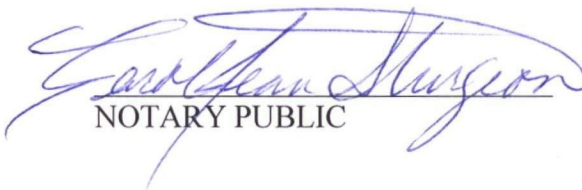
JOHN T. NESSER, IV
NOTARY PUBLIC
STATE OF LA
BAR ROLL NO. 26443
MY COMMISSION IS ISSUED FOR LIFE

ACKNOWLEDGEMENT
NON-OPERATOR:

STATE OF TEXAS
COUNTY OF HARRIS

On this 5th day of SEPTEMBER, 2018, before me, appeared J. KEITH CONVINNON, to me personally known, who, being by me duly sworn, did say that he is the ASSISTANT SECRETARY of Chevron U.S.A. Inc., and that the foregoing instrument was signed on behalf of the corporation by authority of its Board of Directors and that he acknowledged the instrument to be the free act and deed of the corporation.





NOTARY PUBLIC

My Commission expires: 9/9/2021

ATTACHMENT "1"

Attached to and made a part of the Memorandum of Unit Operating Agreement, dated effective November 29, 2017, by and between Shell Offshore Inc., as Operator, Chevron U.S.A. Inc., as Non-Operator.

I. DESCRIPTION OF LEASES IN UNIT AREA

Federal Lease No. OCS-G 31194, effective December 1, 2007, covering Block 684, Alaminos Canyon, OCS Official Protraction Diagram, NG 15-4, **INSOFAR AND ONLY INSOFAR** as said Lease is applicable to the South Half (S/2) of the Block, containing approximately 2880 acres.

Federal Lease No. OCS-G 31195, effective December 1, 2007, covering all of Block 728, Alaminos Canyon, OCS Official Protraction Diagram, NG 15-4, containing approximately 5760 acres.

Federal Lease No. OCS-G 32988, effective November 1, 2008, covering all of Block 771, Alaminos Canyon, OCS Official Protraction Diagram, NG 15-4, containing approximately 5760 acres.

Federal Lease No. OCS-G 35153, effective January 1, 2014, covering all of Block 772, Alaminos Canyon, OCS Official Protraction Diagram, NG 15-4, containing approximately 5760 acres.

II. LESSOR, LESSEES AND WORKING INTERESTS OF THE PARTIES IN THE UNIT AREA

Lessor

United States of America

Lessees and Working Interests of the Parties in the Unit Area

Shell Offshore Inc.	60.00%
Chevron U.S.A. Inc.	40.00%

III. Operator

Shell Offshore Inc.

IV. Representatives

Shell Offshore Inc.
ATTN: Manager, Land & Contracts
150 N. Dairy Ashford
Houston, TX 77079
Phone: 832-337-0000
Fax: 832-337-5636

Chevron U.S.A. Inc.
ATTN: Manager, Land & Contracts
1500 Louisiana Street
Houston, Texas 77002
Phone: 832-584-6000
Fax: 832-854-2663

[End of Attachment "1"]