

Houston Energy, L.P.

Two Allen Center
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Houston, Texas 77002
Phone: (713) 586-5746
Fax: (713) 650-8305
salford@houstonenergyinc.com



October 24, 2019

Via FedEx overnight mail

Bureau of Ocean Energy Management
Department of the Interior
Adjudication Unit (GM 276A)
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394

RE: Filing of Non-Required Document
Assignment of Overriding Royalty and Carried Working Interest
Mississippi Canyon 691 - OCS-G 36400
Mt. Driskill Prospect

Ladies and Gentlemen:

Enclosed please find two (2) originals of the following:

- Title of Document:** Assignment of Overriding Royalty and Carried Working Interest in Oil and Gas Lease
- Identities of Parties to Document:** Houston Energy, L.P., Red Willow Offshore, LLC, and Fieldwood Energy LLC, as Assignors and HE&D Offshore, L.P., as Assignee
- Lease Affected:** OCS-G 36400
- Category to be Filed:** 5 = Overriding Royalty, Production Payment, Net Profit
- Service Fees:** Pay.gov receipt for \$29.00

Once this document has been filed as requested, I would appreciate your stamping and returning an original in the self-addressed and stamped envelope to my attention.

Please contact me if you should have any questions at 713.586.5746 or email salford@houstonenergyinc.com.

Sincerely,

Houston Energy, L.P.

Sue A. Alford
Sue A. Alford

**ASSIGNMENT OF
OVERRIDING ROYALTY AND CARRIED WORKING INTEREST
IN
OIL AND GAS LEASE**

OCS-G 36400
MC 691

THE UNITED STATES OF AMERICA

OUTER CONTINENTAL SHELF

§ KNOW ALL MEN BY THESE PRESENTS:

THAT, Houston Energy, L.P., a Texas limited partnership, whose address is Two Allen Center, 1200 Smith, Suite 2400, Houston, Texas, 77002, **Red Willow Offshore, LLC**, a Colorado limited liability company, whose address is 14933 Highway 172, P. O. Box 369, Ignacio, Colorado 81137, and **Fieldwood Energy LLC**, 2000 West Sam Houston Parkway South, Suite 1200, Houston, Texas 77042, hereinafter referred to as "Assignors", are the owners of one hundred percent (100%) record title interest in the oil and gas lease described on the attached Exhibit "A" (hereinafter referred to as the "Lease").

WHEREAS, Assignors desire to assign unto **HE&D Offshore, L.P.**, a Texas limited partnership, whose address is Two Allen Center, 1200 Smith, Suite 2400, Houston, Texas, 77002, (hereinafter referred to as "Assignee") a certain overriding royalty interest in the Lease and to acknowledge the obligation to convey to Assignee a working interest in the Lease upon the occurrence of certain events, as hereinafter provided.

NOW, THEREFORE, effective as of December 1, 2018, and for and in consideration of the mutual advantages and benefits accruing to the parties hereto and for One Thousand and No/100 Dollars (\$1,000), and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and further in consideration of the mutual covenants and conditions herein contained, Assignor does hereby TRANSFER, CONVEY, SELL and ASSIGN to Assignee (this "Assignment") an overriding royalty interest in the Lease equal to three percent of eight-eighths (3% of 8/8ths) (hereinafter referred to as the "Overriding Royalty").

Such Overriding Royalty shall be due only with respect to oil, gas and other minerals produced, saved and marketed from or attributable to such Lease, it being understood that any oil, gas or other minerals utilized in the drilling, rework, producing or conducting other operations on such Lease shall be specifically deducted from the gross production prior to calculating the overriding royalty volume. Such Overriding Royalty as to the Lease shall be free and clear of any cost, but shall bear its proportionate share of all applicable taxes, including, but not limited to, severance or other similar taxes applicable to production. The value of such Overriding Royalty shall never be calculated, paid or determined on a basis in excess of the gross proceeds of production after deduction of the foregoing and shall be computed and paid at the same time and in the same manner as royalties are computed and paid to the lessor under the terms of the Lease; provided, however, notwithstanding the foregoing, the Overriding Royalty shall never be subject to, affected by, or diminished by any past, present or future rules or regulations promulgated by the Bureau of Ocean Energy Management ("BOEM") successor agency to the Minerals Management Service of the Department of Interior, or any other agency or authority having jurisdiction over the lands covered by the Lease, that provide for, or may provide for, relief, reduction or suspension of the lessor's royalty under the Lease. Such Overriding Royalty as to the Lease shall be subject to proportionate reduction (i) on account of the failure of leasehold or mineral title; or (ii) in the event the Lease relates to less than the entirety of the minerals; (iii) if Assignors' leasehold interest in the Lease relates to less than

the entirety of the leasehold interest in the Lease, then the Overriding Royalty herein conveyed shall be proportionately reduced and shall be payable to Assignee in the proportion that Assignors' interest in the Lease bears to the entire interest of the Lease. If a Lease is pooled, combined into a joint development area, or unitized, then the Overriding Royalty as to such Lease shall be computed only on the proportionate part of production from any pooled, combined or unitized portion of such Lease which is included in such a pool, joint development area, or unit. Unless otherwise allocated by order of any regulatory body or other authority having jurisdiction, or agreement by Assignor, the amount of production to be allocated to each pool, joint development area, or unit shall be that proportion of the total production that the surface area of the Lease included within such pool, joint development area, or unit bears to the total surface area of all the lands contained within such pool, joint development area, or unit. Assignor shall have the right to surrender, or permit to expire, any Lease without the necessity or joinder of the Assignee, or any subsequent holder of the Overriding Royalty and Assignor shall not be in any manner obligated to maintain, preserve or continue in effect any of the Lease in any manner whatsoever, or to drill or rework any well or conduct any operation whatsoever thereunder.

At such time that the initial well drilled on the Lease has been drilled to its final depth and all logging, coring and testing has been completed pursuant to the approved authority for expenditure for said initial well and a decision has been made to either (i) permanently plug and abandon the well, (ii) temporarily abandon the well, or (iii) abandon the well with a completion operation, and thereafter through the release of the rig as the case may be, Assignor will TRANSFER, CONVEY, SELL and ASSIGN unto Assignee an undivided ten percent of eight-eighths (10% of 8/8ths) working interest in and to such Lease and a like interest in and to all movables, platforms, equipment, pipelines, flowlines and all other fixtures and other material located on, appurtenant to or used or useful in connection with such Lease or the operation thereof (hereinafter referred to as the "Carried Interest"). Such Carried Interest shall be subject to proportionate reduction in the same manner and method as the Overriding Royalty provided for above, including in the event of pooling, formation of a joint development area, or unitization. Such assignment shall be on a mutually acceptable form to be approved by the Bureau of Ocean Energy Management.

Assignee acknowledges that this Assignment is made subject to the following:

1. All of the terms and conditions in the Lease;
2. Joint Bidding Agreement entered into August 7, 2018, ("Effective Date"), between Houston Energy, L.P., Fieldwood Energy LLC and Red Willow Offshore, LLC, hereafter referred to collectively as "Parties".

Subject to the matters set forth herein, Assignor hereby agrees to warrant and forever defend title to the Overriding Royalty against the claims and demands of every person whomsoever claiming, or to claim, the same or any part thereof, by, through or under Assignor, but not otherwise.

This Assignment may be executed in any number of counterparts, each of which shall be valid and binding with respect to the signatories thereto and their interest in the property sold and conveyed hereby, but only upon execution by all signatories of this Assignment or a counterpart hereof.

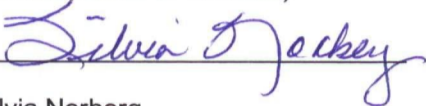
This Assignment shall inure to the benefit of and be binding upon the successors, representatives, and assigns of the parties hereto.

IN WITNESS WHEREOF, this Assignment is executed by the undersigned, duly authorized representatives of the parties hereto as of the dates set forth in the respective acknowledgments attached hereto, but shall be effective December 1, 2018.

WITNESSES



Heath Suire
(Printed Name of Witness)



Silvia Norberg
(Printed Name of Witness)

ASSIGNOR

Houston Energy, L.P. (01999)
By: Sewanee Investments, LLC, its General
Partner



P. David Amend
Vice President, Land

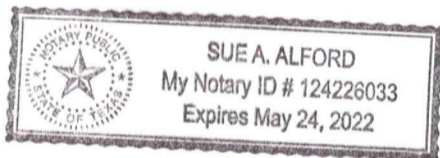
Date: 10/7/2019

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared **P. David Amend**, known to me to be the person whose name is subscribed to the foregoing instrument as Vice President, Land of Sewanee Investments, LLC, its General Partner of Houston Energy, L.P., a Texas limited partnership, and acknowledged to me that he executed the same for and on behalf of said company, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 7th day of October, 2019





Notary Public - State of Texas

WITNESSES:

Rex H. Richardson, Jr.
Rex H. Richardson, Jr.
(Printed Name of Witness)

Dan Greaser
Dan Greaser
(Printed Name of Witness)

ASSIGNORS:

Red Willow Offshore, LLC (2668)

Richard L. Smith
Richard L. Smith
Executive Vice President - Offshore

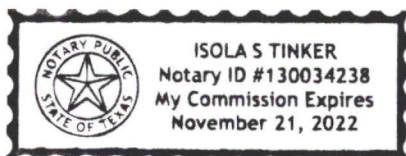
Date: 10/15/2019

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared **Richard L. Smith**, known to me to be the person whose name is subscribed to the foregoing instrument as Executive Vice President – Offshore of Red Willow Offshore, LLC, a Colorado limited liability company, and acknowledged to me that he executed the same for and on behalf of said company, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 15th day of October, 2019.



Isola Tinker
Notary Public - State of Texas

WITNESSES:

Yany Clark
Lacy Clark
 (Printed Name of Witness)
Lauren Jones
Lauren Jones
 (Printed Name of Witness)

ASSIGNORS:

Fieldwood Energy LLC (03295)
[Signature]
 John H. Smith
 Senior Vice President – Business Development
 Date: 10-18-2019

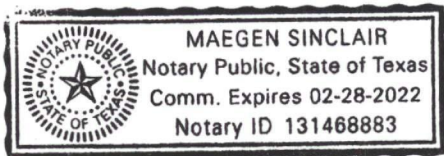
ACKNOWLEDGMENT

STATE OF TEXAS §
 §
 COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared **John H. Smith**, known to me to be the person whose name is subscribed to the foregoing instrument as Senior Vice President – Business Development, of Fieldwood Energy LLC, a Delaware limited liability company and acknowledged to me that he executed the same for and on behalf of said company, for the purpose and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 18 day of October, 2019.

Maegen Sinclair
 Notary Public - State of Texas



WITNESSES:



Heath Suire
(Printed Name of Witness)



Silvia Norberg
(Printed Name of Witness)

ASSIGNEE:

HE&D Offshore, L.P. (01699)
By: MKD Investments, LLC, its General Partner



P. David Amend
Vice President, Land

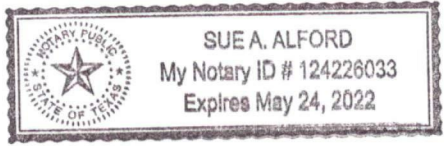
Date: 10/7/2019


ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared **P. David Amend**, known to me to be the person whose name is subscribed to the foregoing instrument as Vice President, Land of MKD Investments, LLC, its General Partner of HE&D Offshore, L.P., and acknowledged to me that he executed the same for and on behalf of said company, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 7th day of October, 2019.





Notary Public - State of Texas

EXHIBIT "A"

Attached to and made a part of that certain Assignment of Overriding Royalty and Carried Working Interest in Oil and Gas Lease between Houston Energy, L.P., Red Willow Offshore, LLC, and Fieldwood Energy LLC, as Assignors, and HE&D Offshore, L.P., as Assignee

Mississippi Canyon

Mt. Driskill Prospect

Oil and Gas Lease of Submerged Lands bearing Serial number OCS-G 36400, effective December 1, 2018, between the United States of America, as Lessor, and Houston Energy, L.P., Red Willow Offshore, LLC, and Fieldwood Energy LLC, as Lessees, described as all of Block 691, Mississippi Canyon, OCS Official Protraction Diagram, NG 16-10, covering approximately 5,760.00 acres.