Houston Energy, L.P.
Two Allen Center
1200 Smith, Suite 2400
Houston, Texas 77002
Phone: (713) 586.5746
Fax: (713) 650.8305
salford@houstonenergyinc.com

RECEIVED
ADJUDCATION SECTION
JUN 25 2020

HOUSTON ENERGY

June 25, 2020 **Via Electronic mail**

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

RECEIVED
ADJUDICATION SECTION
JUN 25 2020

RE: Filing of Non-Required Document
Assignment of Overriding Royalty and Carried Working Interest
Oil and Gas Lease OCS-G 36629
Green Canyon Block 75

Ladies and Gentlemen:

Enclosed please find two originals of the following document:

Title of Document: Assignment of Overriding Royalty and Carried Working Interest

Identities of Parties to Document: By and between Houston Energy, L.P., Red Willow Offshore, LLC, Beacon Offshore Energy Exploration LLC, and BOE Exploration & Production LLC, as Assignors and HE&D Offshore, L.P., as Assignee

Leases Affected: OCS-G 36629

Category to be Filed: (5) Overriding Royalty

Service Fees: Pay.gov receipt in amount of the $29.00

Once this document has been filed as requested, I would appreciate your stamping and returning a copy to my attention by electronic mail. Please contact me if you should have any questions. My direct phone is 713.586.5746 or email salford@houstonenergyinc.com.

Sincerely,

Houston Energy, L.P.

Sue A. Alford
Land Coordinator

Enclosures

RECEIVED
ADJUDICATION SECTION
JUN 25 2020

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

OCS-G 36629
GC 75

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, **Beacon Offshore Energy Exploration LLC**, and **BOE Exploration & Production LLC**, Delaware limited liability companies, whose address is 500 Dallas Street, Suite 2800, Houston, Texas 77002, (hereinafter referred to as "Assignors") are the owners of 100% record title interest in the oil and gas lease (hereinafter referred to as the "Lease".

Oil and Gas Lease of Submerged Lands bearing Serial number OCS-36629 effective July 1, 2019, between the United States of America, as Lessor, and Houston Energy, L.P., Red Willow Offshore, LLC, and Beacon Offshore Energy Exploration LLC as Lessees, described as all of Block 75, Green Canyon, OCS Official Protraction Diagram, NG 15-03, covering approximately 5,760.00 acres.

WHEREAS, Assignors desire to assign unto **HE&D Offshore, L.P.**, 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 July 1, 2019, 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, Assignors do hereby TRANSFER, CONVEY, SELL and ASSIGN to Assignee (this "Assignment") its proportionate share of 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 each 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 Assignors, 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. Assignors 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 Assignors 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, Assignors 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.

This Assignment arises under and is delivered pursuant to the terms of the Program Agreement. Assignee acknowledges that this Assignment is made subject to all of the following:

a) All of the terms and conditions contained in the Lease;

b) Amended and Restated Program Agreement, as amended, by and between Houston Energy, L.P., Red Willow Offshore, LLC and Ridgewood Energy Corporation dated effective October 1, 2009;

c) Joint Bidding Agreement, effective March 11, 2019, by and between Houston Energy, L.P., Beacon Offshore Energy Exploration LLC, and Red Willow Offshore, LLC

Subject to the matters set forth herein, Assignors hereby agree 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 Assignors, 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 July 1, 2019.

SIGNATURE PAGES TO FOLLOW

WITNESSES

Heath Suire
(Printed Name of Witness)

Silvia Norberg
(Printed Name of Witness)

ASSIGNORS

Houston Energy, L.P. (1999)
By: Sewanee Investments, LLC, its General Partner

P. David Amend
Vice President, Land

Date: 3/10/2020

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 partnership, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 10th day of March, 2020.

SUE A. ALFORD
My Notary ID # 124226033
Expires May 24, 2022

Notary Public - State of Texas

WITNESSES

Rex Richardson
(Printed Name of Witness)

Dan Greaser
(Printed Name of Witness)

ASSIGNORS

Red Willow Offshore, LLC (2668)

Richard L. Smith
Executive Vice President - Offshore

Date: 6/9/2020

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 9th day of June, 2020.

SUE A. ALFORD
My Notary ID # 124226033
Expires May 24, 2022

Notary Public - State of Texas

WITNESSES

Paula Vera

Paula Vera
(Printed Name of Witness)

Scott Chalfburg
(Printed Name of Witness)

ASSIGNORS

Beacon Offshore Energy Exploration LLC (3570)

Scott Gutterman
Chairman & CEO

Date: 6/15/2020

WITNESSES

Paula Vera

Paula Vera
(Printed Name of Witness)

Scott Chalfburg
(Printed Name of Witness)

BOE Exploration & Production LLC (3572)

Scott Gutterman
Chairman & Chief Executive Officer

Date: 6/15/2020

ACKNOWLEDGMENT

STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared **Scott Gutterman,** known to me to be the person whose name is subscribed to the foregoing instrument as Chairman & Chief Executive Officer of Beacon Offshore Energy Exploration LLC, and of BOE Exploration & Production LLC, and acknowledged to me that he executed the same for and on behalf of said companies, for the purpose and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 15th day of June, 2020.

SARA STEED
Notary ID #128487234
My Commission Expires
January 7, 2023

Sara Steed
Notary Public - State of Texas

WITNESSES

Heath Suire
(Printed Name of Witness)

Silvia Norberg
(Printed Name of Witness)

ASSIGNEE

HE&D Offshore, L.P. (1699)
By: MKD Investments, LLC, its General Partner

P. David Amend
Vice President, Land

Date: 3/10/2020

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 partnership, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 10th day of March, 2020.

SUE A. ALFORD
My Notary ID # 124226033
Expires May 24, 2022

Notary Public - State of Texas