

**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](mailto:salford@houstonenergyinc.com)

RECEIVED  
ADJUDICATION SECTION  
MAY 02 2023



May 2, 2023

Via Electronic mail

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

RE: Filing of Non-Required Document  
Assignment of Overriding Royalty Interest in Oil and Gas Lease  
Walker Ridge, Block 151 OCS-G 36926

Ladies and Gentlemen:

Enclosed please find two pdf copies of the subject lease:

**Title of Document:** Assignment of Overriding Royalty Interest

**Identities of Parties to Document:** By and between Houston Energy, L.P. (1999) and Red Willow Offshore, LLC (2668), as Assignors and HEQ Royalties, LLC (3690) as Assignee

**Lease Affected:** OCS-G 36926

**Category to be Filed:** 5 = **Overriding Royalty**, Production Payment, Net Profit

**Service Fees:** Pay.gov receipt in amount of the \$34.00

Once this document is filed as requested, please return a copy to my attention at [salford@houstonenergyinc.com](mailto:salford@houstonenergyinc.com). Please contact me if you should have any questions or need any additional information. My direct phone is 713.586.5746 or email [salford@houstonenergyinc.com](mailto:salford@houstonenergyinc.com).

Sincerely,

Houston Energy, L.P.

Sue A. Alford  
Land Coordinator  
Enclosures

ASSIGNMENT OF  
OVERRIDING ROYALTY INTEREST  
IN OIL AND GAS LEASE

OCS-G 36926 (WR 151)

UNITED STATES OF AMERICA       §  
  §  
OUTER CONTINENTAL SHELF       § KNOW ALL MEN BY THESE PRESENTS:

THAT, **Houston Energy, L.P.** ("Houston Energy"), a Texas limited partnership, whose address is Two Allen Center, 1200 Smith, Suite 2400, Houston, Texas, 77002, and **Red Willow Offshore, LLC** ("Red Willow"), a Colorado limited liability company, whose address is 14933 Highway 172, Post Office Box 369, Ignacio, Colorado 81137, hereinafter referred to individually as an "Assignor" and jointly referred to as "Assignors" are the owners of certain interests in the following oil and gas lease (hereinafter referred to as the "Lease"):

Oil and Gas Lease of Submerged Lands bearing Serial Number OCS-G 36926 effective August 1, 2020, by and between the United States of America, Lessor, and Houston Energy, L.P. and Red Willow Offshore, LLC, as Lessees described as all of Block 151, Walker Ridge, OCS Official Protraction Diagram, NG 15-06.

WHEREAS, Assignors are the owners of a one hundred percent (100%) record title interest in and to the Lease as follows:

Houston Energy	5.00%
Red Willow	<u>95.00%</u>
Total:	100.00%

WHEREAS, pursuant to the terms of that certain Master License Agreement dated effective March 7, 2002 and that certain Supplement Agreement Number 999180-3D-J1307014 dated July 9, 2013 by and between Houston Energy and WesternGeco L.L.C. ("WG"), the Assignors are obligated to assign to WG an overriding royalty interest in and to the Lease;

WHEREAS, pursuant to that certain Purchase and Sale Agreement, dated effective December 1, 2022, WG conveyed to HEQ Royalties, LLC all of WG's right, title and interest in and to such overriding royalty interest, if any, and the right to receive an assignment of such overriding royalty interest from the Assignors, if any; and

WHEREAS, Assignors desire to assign to **HEQ Royalties, LLC**, a Delaware limited liability company, whose address is 1200 Smith, Suite 2400, Houston, Texas 77002 (hereinafter referred to as "Assignee") such overriding royalty interest in and to the Lease.

**NOW, THEREFORE**, effective as of December 1, 2022 ("Effective Date"), 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, as to each Assignor's respective record title interest indicated above, an overriding royalty interest equal to 1% of 8/8ths in and to the Lease (hereinafter referred to as the "ORRI"), subject to proportionate reduction as described below.

The ORRI shall be due only with respect to oil, gas and other minerals produced, saved and marketed from or attributable to the Lease, it being understood that any oil, gas or other minerals utilized in the drilling, rework, producing or other operations on such Lease shall be specifically deducted from the gross production prior to calculating the volume for the ORRI. The ORRI shall be free and clear of any cost of drilling or production, 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 the ORRI 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 ORRI 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"), 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.

Assignors shall have the right to pool, unitize, communitize, form joint development areas, surrender, or permit to expire, the Lease without the necessity or joinder of the Assignee, or any subsequent holder of the ORRI and Assignors shall not be in any manner obligated to maintain, preserve or continue in effect the Lease in any manner whatsoever, or to drill or rework any well on the Lease or conduct any operation whatsoever thereunder.

The ORRI shall be subject to proportionate reduction (i) on account of the failure of leasehold or mineral title for the Lease; (ii) in the event the Lease relates to less than the entirety of the minerals; or (iii) if an Assignor's leasehold interest in the Lease relates to less than the entirety of the leasehold interest in the Lease, then the ORRI herein conveyed shall be proportionately reduced and shall be payable to Assignee in the proportion that Assignor's interest

in a Lease bears to the entire interest of such Lease. It is the intent of the parties hereto that the ORRI shall be calculated as follows: Houston Energy bears 5% of 1% of 8/8 and Red Willow bears 95% of 1% of 8/8.

If the Lease is pooled, combined into a joint development area, or unitized, then the ORRI shall be computed only on the proportionate part of production from any pooled, combined or unitized portion of the 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.

Assignors shall never be under an obligation to Assignee, to maintain the Lease in force and effect by the payment of rentals, the drilling of wells or otherwise; the ORRI being due and payable out of production if and when it should be obtained by Assignors, its successors and assigns.

Subject to the matters set forth herein, each Assignor, to the extent of its interest conveyed hereunder, hereby agrees to warrant and forever defend title to the ORRI 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. All payment and performance obligations of each Assignor owed to Assignee pursuant to this Assignment to pay its share of the ORRI shall be several and not joint, it being the intention of the parties to this Assignment that nothing herein shall be construed as creating any joint and several liabilities or solidary obligations of the Assignors with respect to any such payment and performance obligations.

WG, without assuming any responsibility or liability for the overriding royalty interest conveyed herein, joins in the execution of this Assignment for the sole purpose of acknowledging its consent to execution of this Assignment between Assignors and Assignee.

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 as of the Effective Date.

***SIGNATURE PAGES TO FOLLOW***



WITNESSES:

ASSIGNOR:

Martha Ann Moore  
Martha Ann Moore

**Houston Energy, L.P.**  
By: Sewanee Investments, LLC, its General Partner

By: Heath Suire  
Offshore Land Manager

Matthew Meyers  
Matthew Meyers

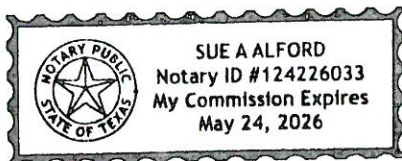
Date: 4/27/2023

ACKNOWLEDGMENT

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

BEFORE ME, the undersigned authority, on this day personally appeared **Heath Suire**, known to me to be the person whose name is subscribed to the foregoing instrument as **Offshore Land Manager** of Sewanee Investments, LLC, the 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 limited partnership, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 27<sup>th</sup> day of April 2023.





Sue A Alford  
Notary Public - State of Texas

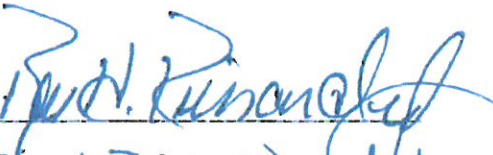
WITNESSES:

ASSIGNOR:

Red Willow Offshore, LLC

  
Dan Greaser  
(Printed Name of Witness)

By:   
Richard L. Smith  
Executive Vice President

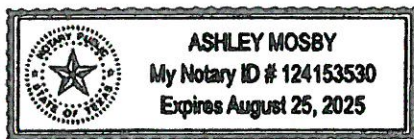
  
REX H. RICHARDSON, JR.  
(Printed Name of Witness)

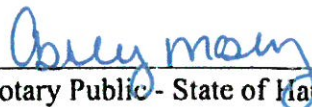
ACKNOWLEDGMENT

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 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 1 day of May 2023.



  
Notary Public - State of Texas

WITNESSES:

Martha Ann Moore  
Martha Ann Moore

Matthew Meyers  
Matthew Meyers

ASSIGNEE:

HEQ Royalties, LLC

By: Heath Suire  
Heath Suire  
Vice President

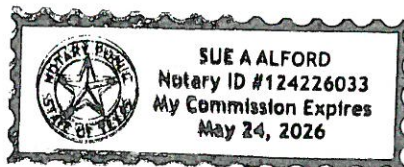
Date: 4/27/2023

ACKNOWLEDGMENT

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

BEFORE ME, the undersigned authority, on this day personally appeared **Heath Suire**, known to me to be the person whose name is subscribed to the foregoing instrument as **Vice President** of **HEQ Royalties, LLC**, a Delaware limited liability company, and acknowledged to me that he executed the same for and on behalf of said limited liability company, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 27<sup>th</sup> day of April 2023.



Sue A. Alford  
Notary Public - State of Texas



**WITNESSES:**

Kevin Gravel

Kevin Gravel  
(Printed Name of Witness)

Joey Bruns  
(Printed Name of Witness)

**JOINDER:**

**WESTERNGECO L.L.C.**

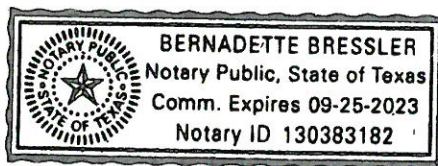
By: Will Gowans  
Vice President

**ACKNOWLEDGMENT**

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

**BEFORE ME**, the undersigned authority, on this day personally appeared **Will Gowans**, known to me to be the person whose name is subscribed to the foregoing instrument as **Vice President of WesternGeco L.L.C.**, a Delaware 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 18 day of April, 2023.



Bressler  
Notary Public - State of Texas  
Notary Name: Bernadette Bressler  
My Commission expires: 09-25-2023