

Houston Energy, L.P.

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Houston, Texas 77002
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salford@houstonenergyinc.com

RECEIVED
ADJUDICATION SECTION
FEB 13 2024



February 12, 2024

Via Electronic Mail

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

RE: Non-Required Document
Overriding Royalty and Acknowledgement of
Carried Working Interest in Oil and Gas Lease
OCS-G 36438 Green Canyon, Block 437
Offshore, Louisiana

Ladies and Gentlemen:

Enclosed please find two pdf originals of the following document:

Title of Document: Assignment of Overriding Royalty and Acknowledgement of Carried Working Interest in Oil and Gas Lease

Identities of Parties to Document: By and between Kosmos Energy Gulf of Mexico Operations, LLC, as Assignor and Houston Energy, L.P., as Assignee

Lease Affected: OCS-G 36438

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

Service Fees: Pay.Gov receipt enclosed in amount of \$34.00

Once this document has been processed as requested, I would appreciate your stamping and returning a copy to my attention at salford@houstonenergyinc.com.

If you should have any questions, please contact me at 713.586.5746.

Sincerely,

Houston Energy, L.P.

Sue A. Alford

Attachment

ASSIGNMENT OF
OVERRIDING ROYALTY AND ACKNOWLEDGEMENT OF CARRIED WORKING INTEREST
IN
OIL AND GAS LEASE
OCS-G 36438

THE UNITED STATES OF AMERICA

OUTER CONTINENTAL SHELF

§ KNOW ALL MEN BY THESE PRESENTS:

THAT, **Kosmos Energy Gulf of Mexico Operations, LLC**, a Delaware limited liability company (hereinafter called "Assignor"), whose address is Energy Crossing II, 15011 Katy Freeway, Suite 700, Houston, Texas 77094, is currently the owner of a forty percent (40%) record title interest in the oil and gas lease described on the attached Exhibit "A" (hereinafter called the "Lease").

WHEREAS, by Assignment of Record Title Interest in Federal OCS Oil & Gas Lease dated effective June 1, 2019, by and between Houston Energy, L.P., as assignor, and Kosmos Energy Gulf of Mexico Operations, LLC, as assignee (the "Initial Assignment"), Houston Energy, L.P. assigned to Kosmos Energy Gulf of Mexico Operations, LLC a twenty percent record title interest in the Lease and retained an overriding royalty interest as well as a carried interest (two percent of the Record Title and herein the "Initial Carried Interest") in the first well drilled on the Lease. Said Assignment of Record Title Interest was approved by the Bureau of Ocean Energy Management ("BOEM") on November 21, 2019 and recorded under File Number 2020-00000359, Book 1420, Page 274 of the Conveyance Records of Plaquemines Parish, Louisiana.

WHEREAS, to fulfill contractual obligations, Kosmos intends to assign to **Houston Energy, L.P.**, a Texas limited partnership (hereinafter called "Assignee"), whose address is Two Allen Center, 1200 Smith, Suite 2400, Houston, Texas, 77002, an additional overriding royalty interest in the Lease and to acknowledge in this assignment ("Assignment") that an additional carried working interest in the amount of a two percent (2%) record title interest (the "Carried Working Interest") is assignable to Assignee, or its assignee, in the Lease upon the occurrence of a certain event, as hereinafter provided.

NOW, THEREFORE, effective as of January 1, 2024, and for and in consideration of One Hundred Dollars (\$100.00) cash and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor, subject to the further terms hereof, does hereby (i) assign to Assignee an overriding royalty interest in the Lease (hereinafter called the "Overriding Royalty") equal to six-tenths of one percent of eight-eighths (0.6% of 8/8ths) and (ii) acknowledge that Assignor's record title interest is burdened by the additional Carried Working Interest as detailed hereinafter.

The Overriding Royalty 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 allocable to the Lease lost or utilized in the drilling, reworking, producing or conducting other operations on the Lease, gathering, transportation and processing, shall be specifically deducted from the gross production prior to calculating the volume for the Overriding Royalty. The Overriding Royalty 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 such Overriding Royalty shall never be calculated, paid or determined on a basis in excess of the gross proceeds of production received by Assignor 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 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.

The Overriding Royalty shall be subject to proportionate reduction on account of the failure of leasehold or mineral title for the Lease. If the Lease is pooled, combined into a joint development area, or unitized, then the Overriding Royalty 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 Assignee, the amount of production to be allocated to the Lease from each pool, joint development area, or unit shall be that proportion of the total production that the portion of the Lease included within such pool, joint development area, or unit bears to the total of all the lands contained within such pool, joint development area, or unit.

After the conclusion of drilling operations on the first well on the Lease and either subsequent rig release from such well if the well is temporarily abandoned or then plugged and abandoned (provided if a completion is to be attempted before rig release, then prior to any pre-completion or completion operations), Assignor, effective as of such time, will transfer, convey, sell and assign unto Assignee the Carried Working Interest in and to the Lease, and a like interest, in and to the well and, if any, all movables, platforms, equipment, pipelines, flowlines and all other fixtures and other material located on, appurtenant to or used or useful in connection with the Lease (and acquired for such purpose) or the operation thereof. Such assignment shall be on a mutually acceptable form subject to the approval of the BOEM. The Initial Carried Interest will be similarly determined and assigned (and can be assigned jointly with the Carried Working Interest). Such assignment(s) of carried working interests will be in full satisfaction of requirements under the LEA and Confidentiality Agreement referenced below as regards carried interests due Assignee.

This Assignment (as well as the contemplated assignment of the Initial Carried Interest and the Carried Working Interest) will be made subject to all of the following:

- a) All of the terms and conditions contained in the Lease;
- b) Any applicable operating agreement;
- c) Confidentiality Agreement effective July 12, 2018 by and between Houston Energy, L.P., and Deep Gulf Energy III, LLC (now Assignor);
- d) Lease Exchange Agreement effective June 1, 2019 (the "LEA"), by and between Assignor (successor in interest to Deep Gulf Energy III, LLC) and Houston Energy, L.P.; and
- e) All of the applicable rules, regulations and/or laws of any federal, state or municipal agency or body having jurisdiction over the Lease.

As to the assignment(s) of the Initial Carried Interest and the Carried Working Interest, in it Assignee, or its assignee, shall assume its share of obligations under the Lease (and any applicable operating agreement), and shall bear its proportionate share of the lessor royalty and the overriding royalty assigned to Assignee by this Assignment and reserved to Assignee in the Initial Assignment.

Should any terms of this Assignment conflict with the terms of the LEA, the terms and conditions of the LEA shall control. There shall be no merger of the LEA with this Assignment; rather, the LEA shall survive the granting of this Assignment.

This Assignment is made without warranty of title or any other type of warranty (express, statutory or implied) except, other than the matters expressly set out in the LEA and this Assignment, to claims by persons claiming the same property, or any part thereof, by, through or under the Assignor, but not otherwise, but with full subrogation and substitution in and to all actions in warranty as to the interest assigned.

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 and the rights, titles, interests, and obligations assigned, excepted, or retained in this Assignment, shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the Assignor and Assignee. The covenants, obligations and agreements contained in this Assignment shall be construed as covenants running with the land and the Lease.

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 signature blocks below, but effective as of January 1, 2024.

SIGNATURE PAGES TO FOLLOW

WITNESSES

Natalie Crossan

Natalie Crossan
(Printed Name of Witness)

Blaine Killian

BLAINE KILLIAN
(Printed Name of Witness)

ASSIGNOR

Kosmos Energy Gulf of Mexico Operations,
LLC (3362)

Thomas E. Young
Thomas E. Young
Vice President, Land and Business
Development and Secretary

Date: 2/7/2024

ACKNOWLEDGMENT

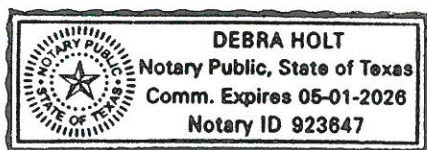
STATE OF TEXAS

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COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared **Thomas E. Young**, known to me to be the person whose name is subscribed to the foregoing instrument as Vice President, Land and Business Development and Secretary of Kosmos Energy Gulf of Mexico Operations, 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 7th day of February, 2024.



Debra Holt
Notary Public - State of Texas

WITNESSES

Martha Ann Moore
Martha Ann Moore
(Printed Name of Witness)
Matthew Meyer
Matthew Meyer
(Printed Name of Witness)

ASSIGNEE

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

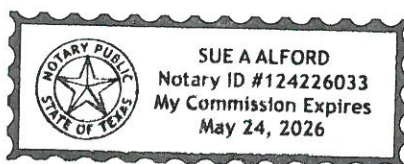
[Signature]
Heath Suire
Offshore Land Manager
Date: 2/12/2024

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, its General Partner of Houston Energy, 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 12th day of February, 2024.



[Signature]
Notary Public - State of Texas

EXHIBIT "A"

Attached to and made a part of that certain Assignment of Overriding Royalty and Acknowledgement of Carried Working Interest in Oil and Gas Lease made effective January 1, 2024, by and between Kosmos Energy Gulf of Mexico Operations, LLC, as Assignor and Houston Energy, L.P., as Assignee

Oil and Gas Lease of Submerged Lands bearing Serial number OCS-36438 effective December 1, 2018, between the United States of America, as Lessor, and Deep Gulf Energy III, LLC, as Lessee, described as all of Block 437, Green Canyon, OCS Official Protraction Diagram, NG 15-03, covering approximately 4,312.84 acres.