



United States Department of the Interior

BUREAU OF OCEAN ENERGY MANAGEMENT

Gulf of Mexico OCS Region
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394

NOV 05 2018

In Reply Refer To: MS GM 266A
OCS-G 29174

Mr. J. Hunter Coates
Whitney Oil & Gas, LLC
920 Memorial City Way, Suite 200
Houston, TX 77024

Dear Mr. Coates:

Your letter dated October 9, 2018, submitting your replacement Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Supplemental Bond No. 180109, in the amount of \$200,000 was received by our office on October 12, 2018. This bond, conditioned to cover Right-of-Way OCS-G 29174, was executed on July 5, 2018, with Whitney Oil & Gas, LLC as principal and Evergreen National Indemnity Company as surety.

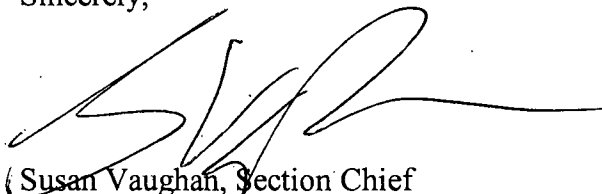
This bond replaces your Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Supplemental Bond No. RLB0016466 in the amount of \$100,000. This bond, conditioned to cover Right-of-Way OCS-G 29174, was executed on May 2, 2016, with Whitney Oil & Gas, LLC as principal, and RLI Insurance Company as surety.

Attached to and forming a part of Bond No. RLB0016466, is Rider No. 1, executed on September 20, 2016, which increases the amount of this bond by \$100,000 for a total penal sum of \$200,000. The rider is effective September 20, 2016.

The replacement bond, Bond No. 180109, conforms to the requirements of the leasing and operating regulations for submerged lands of the Outer Continental Shelf and is considered to be effective July 5, 2018, the date it was executed. The period of liability of Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Supplemental Bond No. RLB0016466 is considered to have terminated and the bond is considered cancelled without residual liability on the same date.

Should you need further assistance, please contact Kathleen Lee at (504) 736-5774 or boemgomrfinancialassurance@boem.gov.

Sincerely,



(Susan Vaughan, Section Chief
Leasing and Financial Responsibility Section
Leasing and Plans

cc: Ms. Patricia A. Temple
Evergreen National Indemnity Company
6140 Parkland Boulevard, Suite 321
Mayfield Heights, OH 44124

Mr. E. Patrick Hennesy, III
RLI Insurance Company
2925 Richmond Avenue, Suite 1600
Houston, TX 77098

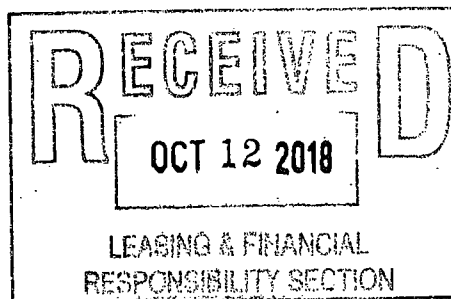
Sent Via Email To: hcoates@whitneyoilco.com , mboo@mcgriff.com ,
greg.chilson@rlicorp.com , aort@evergreenbonds.com



Whitney Oil & Gas, LLC
920 Memorial City Way
Suite 200
Houston, TX 77024

October 9, 2018

Dr. Erin O'Reilly Vaughan
Chief, Leasing and Financial Responsibility
Bureau of Ocean Energy Management, GOM Region
Office of Leasing and Plans
1201 Elmwood Park Blvd, MS GM 266A
New Orleans, LA 70123-2394



Re: Replacement in Kind of OCS Supplemental Bonds

Dear Ms. Vaughan,

Please find that enclosed bonds for replacement in kind of existing bonds listed below.

Replacement Bond No.	Current Bond No.	Bond Amount	Field	Description
180111	RLB0016547	\$ 530,000.00	EI 142	OCS Mineral Lessee's or Operator's Supplemental Bond OCS-G30331 - All of Block 142, Eugene Island Area
180101	RLB0016458	\$ 200,000.00	EI	OCS Supplemental Bond - OCS ROW G12732
180102	RLB0016459	\$ 200,000.00	EI	OCS Supplemental Bond - OCS ROW G13740
180103	RLB0016460	\$ 200,000.00	EI	OCS Supplemental Bond - OCS ROW G26933
180104	RLB0016461	\$ 200,000.00	EI	OCS Supplemental Bond - OCS ROW G26934
180105	RLB0016462	\$ 200,000.00	EI	OCS Supplemental Bond - OCS ROW G28210
180106	RLB0016463	\$ 200,000.00	EI	OCS Supplemental Bond - OCS ROW G28515
180107	RLB0016464	\$ 200,000.00	EI	OCS Supplemental Bond - OCS ROW G28516
180108	RLB0016465	\$ 200,000.00	EI	OCS Supplemental Bond - OCS ROW G29111
180109	RLB0016466	\$ 200,000.00	EI	OCS Supplemental Bond - OCS ROW G29174
180110	RLB0016467	\$ 200,000.00	EI	OCS Supplemental Bond - OCS ROW G29220



If you have any questions, please feel free to contact me at 832.786.7172 or by email at hcoates@whitneyoilco.com. Upon approval and acceptance of these new bonds, please contact the following people:

Hunter Coates, CEO – hcoates@whitneyoilco.com

Marc Boots, Broker – Mboo@McGriff.com

Greg Chilson, RLI - Greg.Chilson@rlicorp.com

Aaron Ort, Evergreen – aort@evergreenbonds.com

Thank you for your help with this matter.

Kindest regards,

J. Hunter Coates

CEO

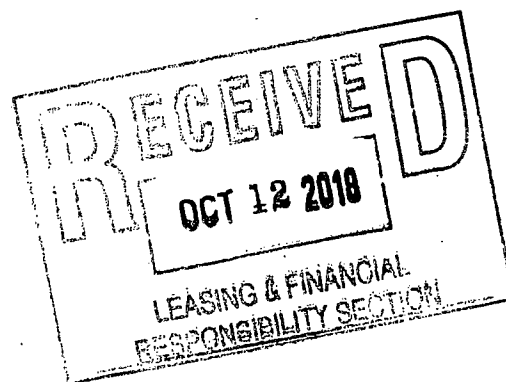
Whitney Oil & Gas, LLC

Cover Page
**OUTER CONTINENTAL SHELF (OCS)
MINERAL LESSEE'S OR OPERATOR'S
SUPPLEMENTAL BOND**

Form BOEM-2028A

This form dated June 2016 supersedes all previous versions of form BOEM-2028A

Paperwork Reduction Act of 1995 (PRA) Statement: The PRA (44 U.S.C. 3501 *et seq.*) requires us to inform you that BOEM collects this information to hold the surety liable for the obligations and liability of the Principal (lessee or operator). Responses are mandatory. No proprietary information is collected. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number. Public reporting burden for this form is estimated to average 15 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Comments regarding the burden estimate or any other aspect of this form should be directed to the Information Collection Clearance Officer, Bureau of Ocean Energy Management, 45600 Woodland Road, Sterling, VA 20166.



U.S. DEPARTMENT OF THE INTERIOR

Bureau of Ocean Energy Management

Bond No. 180109

OCS Lease/RUE/ROW No. G29174

Bond Type Supplemental

Amount \$ 200,000.00

OUTER CONTINENTAL SHELF (OCS) MINERAL LESSEE'S OR OPERATOR'S SUPPLEMENTAL BOND

The Surety is the entity Guaranteeing Performance.

Name of Surety: Evergreen National Indemnity Company

Mailing Address: 6140 Parkland Boulevard, Suite 321

Mayfield Heights, OH 44124

If a Corporation, Incorporated in the State of: Ohio; County or Parish of: Cuyahoga

☒ Check here if Surety is certified by U.S. Treasury as an acceptable surety on Federal Bonds and listed in the current U.S. Treasury Circular No. 570.

The Principal is the Lessee or Designated Operator for Whom the Bond is Issued.

Name of Principal: Whitney Oil & Gas, LLC

Mailing Address: 920 Memorial City Way, Suite 200

Houston, TX 77024

Schedule A, the lease/RUE/ROW covered by this bond, is composed of: (add legal description)

The following lease/RUE/ROW: A 200 foot wide right-of-way to operate and maintain a 6.625-inch pipeline, 3.12 miles in length, to transport gas and condensate from Platform A in Block 143 to a 30-inch subsea tie-in with pipeline segment number 3550 in Block 146, all in Eugene Island Area.

In addition to the Obligations of the Principal during the period of liability of this bond, the Surety also accepts the following Obligations: (Check one)

☐ No Obligations other than the Obligations of the Principal during the period of liability of this bond.

☒ All Obligations of all previous Sureties or guarantors even if the Obligations are not Obligations of the Principal during the period of liability of this bond.

☐ All Obligations of all previous Sureties or guarantors even if the Obligations are not Obligations of the Principal during the period of liability of this bond with the following exceptions or limitations (use an attached rider).

Definitions

For the purposes of this document:

A **Principal** includes an entity holding an interest in the oil & gas lease in one or more of the following ways: (1) as an approved record title owner of all or a portion of the lease, (2) as an approved operating rights owner of all or a portion of the lease, or (3) as a designated operator or designated agent in all or a portion of the lease.

A **Lessee** includes an approved record title owner of all or a portion of the lease or an approved operating rights owner of all or a portion of the lease.

An **Obligation** includes any obligation arising from any regulations of the Department of the Interior or any Instrument issued, maintained, or approved under the OCS Lands Act (43 U.S.C. 1331 et seq.).

An **Instrument** includes individually or collectively any lease, operating agreement, designation of operator or agent, storage agreement, compensatory royalty agreement, transfer of operating rights, permit, license, or easement, whereunder the Principal has the right, privilege, or license to conduct operations on the OCS.

A **Person** includes an individual, a public or private entity, a State, a political subdivision of a State, any association of individuals, corporations, States, or subdivisions of States, or a government agency.

By signing below, the Principal verifies that the information above is correct and agrees to the following:

The Principal as agent on behalf of all lessees, operating rights owners, and operators will fulfill all Obligations for the entire leasehold and to the same extent as though the Principal were the sole lessee for the lease/RUE/ROW in Schedule A.

By signing below, the Surety verifies that the information above is correct and agrees to the following:

1. The Surety does hereby absolutely and unconditionally bind itself to the United States of America acting through and by the Bureau of Ocean Energy Management (BOEM), or such other official designated by the Secretary of the Interior for this purpose, for the payment of all of the cost of the plugging and abandonment Obligations.
2. The Surety will be responsible for all Obligations of the Principal in existence at the time this document becomes effective and all Obligations that accrue after that date and until all Obligations are met or until the Regional Director terminates the period of liability of this bond.
3. If the Regional Director terminates the period of liability of this bond, the Surety will remain responsible for Obligations that accrued during the period of liability until the Regional Director issues a written cancellation of the bond in favor of the Surety.
4. If this bond is cancelled, the Regional Director may reinstate this bond as if the cancellation had occurred, in any payment of any Obligation of the Principal(s) is rescinded or must be restored pursuant to any insolvency, bankruptcy, reorganization, or receivership, or should the representation of the Principal that it has paid its financial Obligations or performed the other

Obligations of the lease in accordance with BOEM specifications be materially false and BOEM relied upon such representation in canceling the instrument.

5. The Surety waives any right of notice of this bond taking effect and agrees that this bond will take effect upon delivery to BOEM.
6. The Surety's Obligations will remain in full force and effect, even if:
 - (a) Any person assigns all or part of any interest in an Instrument covered by this document.
 - (b) Any person modifies an Instrument or Obligation under an Instrument in any manner including modifications that result from a commitment to a unit, cooperative, communitization, or storage agreement; suspension of operations or production; suspension or changes in rental, minimum royalty, or royalties; modification of regulations or interpretations of regulations; creation or modification of compensatory royalty agreements or payments; or creation of any mortgage, pledge, or other grant of security interest in the Instruments.
 - (c) Any person, event, or condition terminates any Instrument covered by this bond, whether the termination is by operation of law or otherwise.
 - (d) BOEM takes or fails to take any action in enforcing, as against any party to the Instrument, the payment of rentals or royalties or the performance of any other covenant, condition or agreement of the lease, or giving notice of or making demand with respect to such nonperformance.
 - (e) The Surety suffers any loss by reason of any law limiting, qualifying, or discharging the Principal's Obligation.
7. The Surety agrees to be bound under this bond as to the interests in any Instrument retained by the Principal when BOEM approves the transfer of any or all of the Instruments or interests in the Instruments.
8. In the event of any default under a lease, the Surety must provide payment of all of the cost of the Obligations of the Principal upon demand by BOEM.
9. If BOEM decides to commence suit to enforce its rights, it may commence and prosecute any claim, suit, action, or other proceeding against the Principal and Surety, or either of them, whether or not BOEM joins the lessees or any other party.
10. In the event there is more than one Surety for the Principal's performance of the Obligations, as to any Instrument, the Surety's Obligation and liability under this bond is on a "solidary" or "joint and several" basis along with other guarantors or sureties.
11. The Surety agrees to give prompt notice to BOEM and the Principal of any action filed alleging the insolvency or bankruptcy of the Surety or the Principal, or alleging any violation that would result in suspension or revocation of the Surety's charter or license to do business.
12. The Surety's Obligation and liabilities under this Bond are binding upon the Surety's successors and assigns. Nothing in this document permits assignment of the Surety's Obligation without the written consent of BOEM.
13. The Surety hereby waives any defenses to liability on this bond based on an unauthorized Principal signature.

Evergreen National Indemnity Company

Name of Surety



Signature of Person Executing for Surety

Patricia A. Temple, Attorney-In-Fact

Name and Title (typed or printed)

6140 Parkland Boulevard, Suite 321

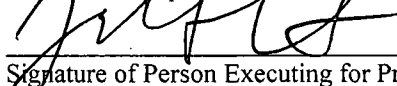
Business Address

Mayfield Heights, OH 44124

Business Address

Whitney Oil & Gas, LLC

Name of Principal



Signature of Person Executing for Principal

D. Hunter Coates, CEO

Name and Title (typed or printed)

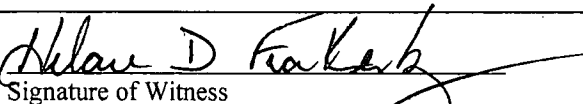
920 Memorial City Way, Suite 200

Business Address

Houston, TX 77024

Business Address

Signed on this 5th day of July, 2018, in the State of Ohio, in the presence of:



Signature of Witness

Hilarie D. Frankenberry

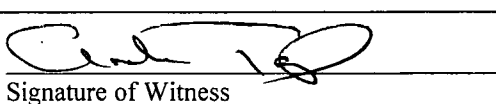
Name (typed or printed)

6140 Parkland Boulevard, Suite 321

Address

Mayfield Heights, OH 44124

Address



Signature of Witness

Annalisa Taylor

Name (typed or printed)

920 Memorial City Way, Suite 200

Address

Houston, TX 77024

Address

Note: The person executing for the Surety must attach a corporate resolution and power of attorney stating his or her authority to undertake this Obligation, pursuant to the acts of the corporate board of directors and the laws of the State of incorporation. The corporation executing this bond as Surety and the Principal, if a corporation, must affix their corporate seals.

BOEM-2028A (June 2016)

Previous Editions are Obsolete.