



# 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

In Reply Refer To: MS GM 266A  
EACX191000011

**FEB 07 2019**

Peregrine Oil & Gas II, LLC  
675 Bering Drive, Suite 620  
Houston, TX 77057  
Attn: Mr. Timothy A. Austin

Dear Mr. Austin:

Your letter dated December 20, 2018, submitting your replacement Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Bond No. **EACX191000011**, in the amount of \$3,000,000, was received by our office on December 21, 2018. This bond, conditioned to cover principal's leasehold interest held now or hereafter in the Gulf of Mexico, was executed on December 17, 2018, with Peregrine Oil & Gas II, LLC as principal and Endurance Assurance Corporation as surety.

This bond replaces your Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Bond No. RLB0014127, in the amount of \$3,000,000. This bond, conditioned to cover principal's leasehold interest held now or hereafter in the Gulf of Mexico, was executed on December 8, 2011, with Peregrine Oil & Gas II, LLC as principal, and RLI Insurance Company as surety.

The replacement bond, Bond No. EACX191000011, conforms to the requirements of the leasing and operating regulations for submerged lands of the Outer Continental Shelf and is considered to be effective December 17, 2018, the date it was executed. The period of liability of Outer Continental Shelf (OCS) ) Mineral Lessee's or Operator's Bond No. RLB0014127 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](mailto:boemgomrfinancialassurance@boem.gov).

Sincerely,

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

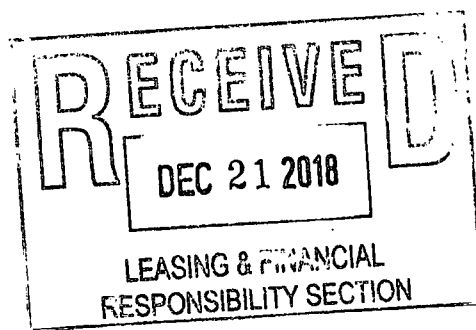
cc: Endurance Assurance Corporation  
5847 San Felipe, Suite 2800  
Houston, TX 77057  
Attn: Mr. E. Patrick Hennesy, III

RLI Insurance Company  
2925 Richmond Avenue, Suite 1600  
Houston, TX 77098  
Attn: Mr. Trent Colan

Sent Via Email To: [tim@peregrineoilandgas.com](mailto:tim@peregrineoilandgas.com) , [trent.colan@rlicorp.com](mailto:trent.colan@rlicorp.com) ,  
[pat.hennesy@jltus.com](mailto:pat.hennesy@jltus.com) , [amarino@smr-lawfirm.com](mailto:amarino@smr-lawfirm.com)



December 20, 2018



Ms. Kathleen Lee  
Bureau of Ocean Energy Management  
Leasing & Financial Responsibility Unit  
1201 Elmwood Park Boulevard  
New Orleans, Louisiana 70123-2394

Re: Requesting Cancellation of Areawide Bond currently on file  
for Peregrine Oil & Gas II, LLC (GOM #2967)

Dear Ms. Lee:

On February 29, 2012, Peregrine Oil & Gas II, LLC (GOM # 2967) submitted the following Areawide Bond to the Bureau of Ocean Energy Management ("BOEM") to cover general areawide obligations in the Gulf of Mexico;

1. Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Bond by RLI Insurance Company, as Surety and Peregrine Oil & Gas II, LLC, as Principal, Bond No. RLB0014127 covering the Gulf of Mexico, in the amount of \$3,000,000, hereinafter referred to as the "Peregrine Areawide Bond".

We request that the above referenced Peregrine Areawide Bond be fully released and canceled pursuant to the filing of the following:

2. Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Bond dated December 17, 2018, by Endurance Assurance Corporation, as Surety and Peregrine Oil & Gas II, LLC, as Principal, bearing Bond No. EACX191000011 in the amount of \$3,000,000 covering the Gulf of Mexico. This bond replaces and supercedes Bond No. RLB0014127. This bond hereinafter referred to as the "Peregrine Replacement Bond."

Once you have reviewed and approved the Peregrine Replacement Bond, please mark cancelled on the Peregrine Areawide Bond and send a letter to me acknowledging the cancellation of the Peregrine Areawide Bond.

If you have any questions regarding the above, or need additional information, we have provided the following contact information for each of the parties:

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Ms. Kathleen Lee  
Bureau of Ocean Energy Management  
December 20, 2018  
Page 2

For the Principal - Peregrine Oil & Gas II, LLC  
Timothy A. Austin  
675 Bering Drive, Suite 620  
Houston, Texas 77057  
Email: [tim@peregrineoilandgas.com](mailto:tim@peregrineoilandgas.com)  
Phone Number: (713)-589-6807

For the Surety – RLI Insurance Company  
Trent Colan  
2925 Richmond Avenue, Suite 1600  
Houston, TX 77098  
Email at [Trent.Colan@rlicorp.com](mailto:Trent.Colan@rlicorp.com)  
Phone Number: (713)-961-5732

For the Surety – Endurance Assurance Corporation  
Patrick Hennesy – Broker  
JLT Speciality USA  
5847 San Felipe, Suite 2800  
Houston, Texas 77057  
Email: [pat.hennesy@jltus.com](mailto:pat.hennesy@jltus.com)  
Phone Number: (713)-325-7645

If you have any questions regarding the above, or need additional information, please contact Anthony C. Marino at (504)-585-7800 or by email at [amarino@smr-lawfirm.com](mailto:amarino@smr-lawfirm.com) or the undersigned.

Very truly yours,



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Timothy A. Austin  
Vice President Business Development and Land

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

**Form BOEM-2028**

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

**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. EACX191000011  
Bond Type Areawide

Lease No. Gulf of Mexico  
Amount \$ 3,000,000.00

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

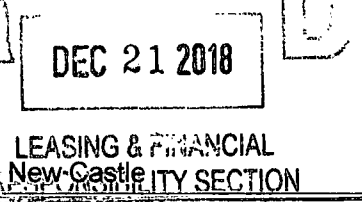
The Surety is the entity Guaranteeing Performance.

Name of Surety: Endurance Assurance Corporation

Mailing Address: 12890 Lebanon Road  
Mt. Juliet, TN 37122

If a Corporation, Incorporated in the State of: Delaware

; County or Parish of: New Castle



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: Peregrine Oil & Gas II, LLC

Mailing Address: 675 Bering Drive, Suite 620  
Houston, TX 77057

Schedule A, the region or leases covered by this bond, is composed of: (Check one and add legal description)

The following region: Gulf of Mexico

The following lease(s): \_\_\_\_\_

Check here if additional lease information is continued on attached sheet.

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:**

Unless as otherwise indicated on Schedule A, the Principal will fulfill all Obligations for the entire leasehold and to the same extent as though the Principal were the sole lessee for all leases in Schedule A or for all leases for which the Principal has an interest within a region designated 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 performance of all present and future 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 no cancellation had occurred if any payment of any obligations 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.

**Endurance Assurance Corporation**

Name of Surety

*[Signature]*

Signature of Person Executing for Surety

**E. Patrick Hennesy III, Attorney-in-Fact**

Name and Title (typed or printed)

**5847 San Felipe, Suite 2800**

Business Address

**Houston, TX 77057**

Business Address

**Peregrine Oil & Gas II, LLC**

Name of Principal

*[Signature]*

Signature of Person Executing for Principal

**J. Lawson Fancher, Principal**

Name and Title (typed or printed)

**675 Bering Drive, Suite 620**

Business Address

**Houston, TX 77057**

Business Address

Signed on this 17th day of December, 2018, in the State of TX, in the presence of:

Signature of Witness

**William Hoke**

Name (typed or printed)

**5847 San Felipe, Suite 2800**

Address

**Houston, TX 77057**

Address

Signature of Witness

**Timothy A. Austin**

Name (typed or printed)

**675 Bering Drive, Suite 620**

Address

**Houston, TX 77057**

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.

ENDURANCE ASSURANCE CORPORATION

POWER OF ATTORNEY

Know all Men by these Present, that ENDURANCE ASSURANCE CORPORATION, a Delaware corporation (the "Corporation"), with offices at 4 Manhattanville Road, 3rd Floor, Purchase, NY 10577, has made, constituted and appointed and by these presents, does make, constitute and appoint E. Patrick Hennesy III its true and lawful Attorney(s)-in-fact, at Houston in the State of TX and each of them to have full power to act without the other or others, to make, execute and deliver on its behalf, as surety or co-surety; bonds and undertakings given for any and all purposes, also to execute and deliver on its behalf as aforesaid renewals, extensions, agreements, waivers, consents or stipulations relating to such bonds or undertakings provided, however, that no single bond or undertaking so made, executed and delivered shall obligate the Corporation for any portion of the penal sum thereof in excess of the sum of TEN MILLION Dollars (\$10,000,000).

Such bonds and undertakings for said purposes, when duly executed by said attorney(s)-in-fact, shall be binding upon the Corporation as fully and to the same extent as if signed by the President of the Corporation under its corporate seal attested by its Corporate Secretary.

This appointment is made under and by authority of certain resolutions adopted by the Board of Directors of the Corporation by unanimous written consent on the 9th of January, 2014, a copy of which appears below under the heading entitled "Certificate".

The Power of Attorney, signed and sealed by facsimile under and by authority of the following resolution adopted by the Board of Directors of the Corporation by unanimous written consent on January 9, 2014 and said resolution has not since been revoked, amended or repealed:

RESOLVED, that in granting powers of attorney pursuant to certain resolutions adopted by the Board of Directors of the Corporation by unanimous written consent on January 9, 2014, the signature of each director and officers and the seal of the Corporation may be affixed to any such power of attorney or any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signature or seal shall be valid and binding upon the Corporation in the future with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF the Corporation has caused these presents to be duly signed and its corporate seal to be hereunto affixed and attested this 27th day of June of 2018 at Purchase, New York.

(Corporate Seal)
ATTEST

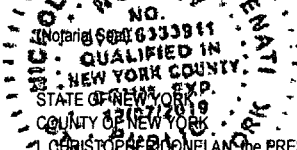
Marianne L. Wilbert signature
MARIANNE L. WILBERT, SENIOR VICE PRESIDENT

ENDURANCE ASSURANCE CORPORATION

By Sharon L. Sims signature
SHARON L. SIMS, SENIOR VICE PRESIDENT

STATE OF NEW YORK ss: MANHATTAN
COUNTY OF NEW YORK

On the 27th day of June of 2018 before me personally came SHARON L. SIMS, SENIOR VICE PRESIDENT to me known, who being by me duly sworn, did depose and say that (s)he resides in SCOTCH PLAINS, NEW JERSEY that (s)he is a SENIOR VICE PRESIDENT OF ENDURANCE ASSURANCE CORPORATION, the Corporation described in and which executed the above instrument; that (s)he knows the seal of said Corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Corporation; and that (s)he signed his (her) name thereto by like order.



Nicholas James Benenati signature

Nicholas James Benenati, Notary Public - My Commission Expires 12/6/2019

CERTIFICATE

I, CHRISTOPHER DONELAN, the PRESIDENT of ENDURANCE ASSURANCE CORPORATION, a Delaware Corporation (the "Corporation"), hereby certify:

- 1. That the original power of attorney of which the foregoing is a copy was duly executed on behalf of the Corporation and has not since been revoked, amended or modified; that the undersigned has compared the foregoing copy thereof with the original power of attorney, and that the same is a true and correct copy of the original power of attorney and of the whole thereof;
2. The following are resolutions which were adopted by the Board of Directors of the Corporation by unanimous written consent on January 9, 2014 and said resolutions have not since been revoked, amended or modified:

\*RESOLVED, that each of the individuals named below is authorized to make, execute, seal and deliver for and on behalf of the Corporation any and all bonds, undertakings or obligations in surety or co-surety with others: CHRISTOPHER DONELAN, SHARON L. SIMS, MARIANNE L. WILBERT

And he further certifies that the above resolutions are true and correct copies of the resolutions as so recorded and of the whole thereof.
RESOLVED, that each of the individuals named above is authorized to appoint attorneys-in-fact for the purpose of making, executing, sealing and delivering bonds, undertakings or obligations in surety or co-surety for and on behalf of the Corporation."

The undersigned further certifies that the above resolutions are true and correct copies of the resolutions as so recorded and of the whole thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal this 17th day of December, 2018.

(Corporate Seal)

Christopher Donelan signature
CHRISTOPHER DONELAN, PRESIDENT



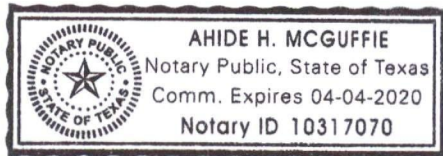


**CERTIFICATE OF ACKNOWLEDGMENT**

State of Texas  
County of Harris

Before me, Ahide H. McGuffie, on this day personally appeared E. Patrick Hennesy III, known to me (or proved to me on the oath of \_\_\_\_\_ or through (description of identity card or other document) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 17th day of December, 2018.



(Personalized Seal)

*Ahide H. McGuffie*  
Notary Public's Signature