



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
170705

FEB 07 2019

PetroQuest Energy, L.L.C.
400 E. Kaliste Saloom Rd., Suite 6000
Lafayette, LA 70508
Attn: Arthur M. Mixon, III

Dear Mr. Mixon:

Your letter dated January 15, 2019, submitting your replacement Outer Continental Shelf (OCS) Pipeline Right-of-Way Grant Bond No. 170705, in the amount of \$300,000, was received by our office on January 28, 2019. This bond, conditioned to cover principal's pipeline operations in the Gulf of Mexico, was executed on January 10, 2019, with PetroQuest Energy, L.L.C. as principal and Evergreen National Indemnity Company as surety.

This bond replaces your Outer Continental Shelf (OCS) Pipeline Right-of-Way Grant Bond No. SU11912, in the amount of \$300,000. This bond, conditioned to cover principal's pipeline operations in the Gulf of Mexico, was executed on April 19, 2017, with PetroQuest Energy, L.L.C. as principal, and Aspen American Insurance Company as surety.

The replacement bond, Bond No. 170705, conforms to the requirements of the leasing and operating regulations for submerged lands of the Outer Continental Shelf and is considered to be effective January 10, 2019, the date it was executed. The period of liability of Outer Continental Shelf (OCS) Pipeline Right-of-Way Grant Bond No. SU11912 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: Evergreen National Indemnity Company
5847 San Felipe, Suite 2800
Houston, TX 77057
Attn: Mr. E. Patrick Hennesy, III

Aspen American Insurance Company
5847 San Felipe, Suite 320
Houston, TX 77057
Attn: Ms. Kristin Darling

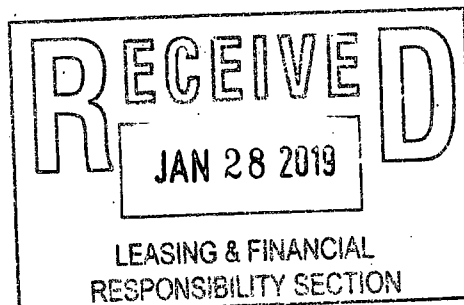
Sent Via Email To: dearly@petroquest.com , fmcclellan@lockton.com ,
astockton@lockton.com , pat.hennesy@jltus.com



PetroQuest
ENERGY, L.L.C.

January 15, 2019

United States Department of the Interior
Bureau of Ocean and Energy Management
Leasing and Financial Responsibility Section
1201 Elmwood Park Blvd
New Orleans, LA 70123-2394



Attn: Mail Stop GM266A

RE: Cancellation and Replacement of Bonds
Principal: PetroQuest Energy, L.L.C.
Types of Bonds: OCS Mineral Lessee's or Operator's Bond
Description: OCS Pipeline ROW Grant Bond
OCS Supplemental Bond
OCS Area Wide Bond

Dear Sir/Madam:

PetroQuest Energy, L.L.C. ("PetroQuest"), Company No. 2222, herein requests via this letter both the termination/cancellation of the below-described bonds and the replacement of the cancelled bonds with the below described replacement bonds.

Bonds to be Cancelled/Terminated:

	Surety Company	Bond Number	Description	Bond Amount
1.	Aspen American Insurance Company	SU11912	Effective 4/12/2017 Areawide Pipeline Right of Way Grant Bond	\$300,000
2.	Aspen American Insurance Company	SU11911	Effective 4/12/2017 Areawide OCS Mineral Lessee's or Operator Bond	\$3,000,000
3.	Aspen American Insurance Company	SU11839	Effective 7/16/2014 Supplemental OCS Mineral Lessee's or Operator's Supplemental Bond (OCS-G 27197)	\$150,000

Replacement Bond numbers correspond to the above numbered bonds to be cancelled:

	Surety Company	Bond Number	Description	Bond Amount
1.	Evergreen National Indemnity Company	170705	Areawide Pipeline Right of Way Grant Bond	\$300,000
2.	Evergreen National Indemnity Company	170704	Areawide OCS Mineral Lessee's or Operator Bond	\$3,000,000
3.	Evergreen National Indemnity Company	170706	Supplemental OCS Mineral Lessee's or Operator's Supplemental Bond (OCS-G 27197)	\$150,000

In summary:

- Evergreen Bond No. 170705 replaces SU11912
- Evergreen Bond No. 170704 replaces SU11911
- Evergreen Bond No. 170706 replaces SU11839

Contact information is as follows:

Principal: Desiree D. Early
337-232-7028
dearly@petroquest.com

Cancelled Surety: Florence M. McClellan
713-458-5409
fmcclellan@lockton.com

Autumn Stockton
713-458-5282
astockton@lockton.com

Replacement Surety: Pat Hennesy
713-325-7645
Pat.hennesy@jltus.com

Should you require anything further in connection with this request, please contact Desiree D. Early at 337-232-7028 or at dearly@petroquest.com

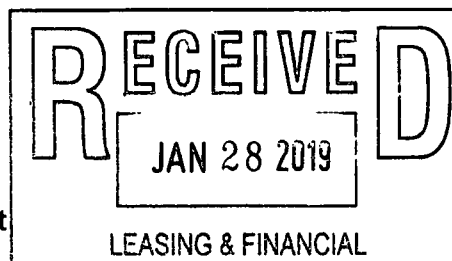
Sincerely,



Arthur M. Nixon, III
Executive Vice President-Operations & Production

Enclosures

U.S. Department of the Interior
Bureau of Ocean Energy Management



OMB Control No.: 1010-0006
Expiration Date: 6/30/2019

OUTER CONTINENTAL SHELF (OCS) PIPELINE RIGHT-OF-WAY GRANT BOND

Bond No.: 170705

Bond Type: ☒ Area GOM ☐ Additional Security (Check One) Amount: \$ 300,000.00

The Surety is the Company Guaranteeing Performance.

Name of Surety: Evergreen National Indemnity Company

Mailing Address: 6140 Parkland Blvd., 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 Pipeline Right-of-way (ROW) Grant Holder for Whom the Bond or additional security* is Issued.

Name of Principal: PetroQuest Energy, L.L.C.

Mailing Address: 400 E. Kaliste Saloom Rd., Suite 6000, Lafayette, LA 70508

Schedule A, the OCS area and pipeline ROW grant covered by this bond or additional security*, is comprised of (check one or both):

☒ The following OCS area[(see 30 CFR 550.1011(b))]: Gulf of Mexico

☐ The following pipeline ROW grant [see 30 CFR 550.1011(a)(2)]: _____

In addition to the Obligations of the Principal during the period of liability of this bond or additional security*, 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 or additional security*.

☒ 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 or additional security*.

☐ 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 or additional security* with the following exceptions or limitations (use an attached sheet if needed): _____

Definitions

For the purposes of this document:

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 USC 1331 et seq.

An **Instrument** includes any pipeline ROW grant, whereunder the Principal has the right, privilege, or license to conduct pipeline operations on the OCS.

A **Person** includes an individual, a public or private corporation, 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 the pipeline ROW grant holder will fulfill all Obligations for the entire pipeline ROW grant and to the same extent as though the Principal were the sole pipeline ROW grant holder for all pipeline ROW grants in Schedule A within an area 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 agrees to meet all existing and future Obligations of the Principal on the pipeline ROW grant(s) described in Schedule A or acquired within that area after the effective date of this document at a cost not to exceed \$ \$ 300,000.00 unless this sum has been increased or decreased by a rider to this bond or additional security*executed in the same manner as this bond or additional security*.
3. 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 or additional security*.

OUTER CONTINENTAL SHELF (OCS) PIPELINE RIGHT-OF-WAY GRANT BOND (Continued)

4. If the Regional Director terminates the period of liability of this bond or additional security*, 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 or additional security* in favor of the Surety.
5. If this bond or additional security* is cancelled, the Regional Director may reinstate this bond or additional security* 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 pipeline ROW grant(s) in accordance with BOEM specifications be materially false and the BOEM relied upon such representation in canceling the instrument.
6. The Surety waives any right of notice of this bond or other security* taking effect and agrees that this bond or additional security* will take effect upon delivery to BOEM.
7. The Surety's Obligations will remain in full force and effect, even if:
 - (a) Any person assigns the 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 modification of regulations or interpretations of regulations; 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 or additional security*, whether the termination is by operation of law or otherwise.
 - (d) The BOEM takes or fails to take any action in enforcing, as against any party to the Instrument, the performance of any other covenant, condition or agreement of the pipeline ROW grant, 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.
8. The Surety agrees to be bound under this bond or additional security* as to the interests in any Instrument retained by the Principal when the BOEM approves the transfer of any or all of the Instruments.
9. In the event of any default under a pipeline ROW grant, the Surety must perform the Obligations of the Principal upon demand by the BOEM.
10. If the 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 the BOEM joins the pipeline ROW grant holder or any other party.
11. 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 or additional security* is on a "solidary" or "joint and several" basis along with other guarantors or sureties.
12. The Surety agrees to give prompt notice to the 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.
13. The Surety's Obligation and liabilities under this Bond or additional security* 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 the BOEM.
14. The Surety hereby waives any defenses to liability on this bond or additional security* based on an unauthorized Principal signature.

*** Must be approved by the Regional Director**

OUTER CONTINENTAL SHELF (OCS) PIPELINE RIGHT-OF-WAY GRANT BOND (Continued)

Evergreen National Indemnity Company

Name of Surety

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

PetroQuest Energy, L.L.C.

Name of Principal

Signature of Person Executing for Principal

Arthur M. Mixon, III, Executive Vice President - Operations & Production

Name and title typed or printed

400 E. Kaliste Saloom Road, Suite 6000

Business Address

Lafayette, LA 70508

Business Address

Signed on this 10th day of January, 2019, in the State of TX, in the presence of:

Signature of Witness

Lauren Ayars

Name typed or printed

5847 San Felipe, Suite 2800

Address

Houston, TX 77057

Address

Signature of Witness

Desiree D. Early

Name typed or printed

400 E. Kaliste Saloom Road, Suite 6000

Address

Lafayette, LA 70508

Address

Note: The party signing 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 pipeline right-of-way grant holder, if a corporation, must affix their corporate seals.

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 (pipeline right-of-way holder). Responses are required to obtain or retain a benefit. Proprietary data are covered under 30 CFR 550.197. 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 (in the Alaska and Pacific Regions, this could take longer), 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.

EVERGREEN NATIONAL INDEMNITY COMPANY

MAYFIELD HEIGHTS, OH
POWER OF ATTORNEY

Bond No. **170705**

KNOW ALL MEN BY THESE PRESENTS: That the Evergreen National Indemnity Company, a corporation in the State of Ohio does hereby nominate, constitute and appoint:

E. Patrick Hennesy, III

its true and lawful Attorney(s)-In-Fact to make, execute, attest, seal and deliver for and on its behalf, as Surety, and as its act and deed, where required, any and all bonds, undertakings, recognizances and written obligations in the nature thereof, PROVIDED, however, that the obligation of the Company under this Power of Attorney shall not exceed TWENTY-FIVE MILLION AND 00/100 DOLLARS (\$25,000,000.00)

This Power of Attorney is granted and is signed by facsimile pursuant to the following Resolution adopted by its Board of Directors on the 23rd day of July, 2004:

"RESOLVED, That any two officers of the Company have the authority to make, execute and deliver a Power of Attorney constituting as Attorney(s)-in-fact such persons, firms, or corporations as may be selected from time to time.

FURTHER RESOLVED, that the signatures of such officers and the Seal of the Company 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 signatures or facsimile seal shall be valid and binding upon the Company; and any such powers so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the Evergreen National Indemnity Company has caused its corporate seal to be affixed hereunto, and these presents to be signed by its duly authorized officers this 1st day of June, 2017.

EVERGREEN NATIONAL INDEMNITY COMPANY



By:

Matthew T. Tucker, President

By:

David A. Canzone, CFO

Notary Public)
State of Ohio)

SS:

On this 1st day of June, 2017, before the subscriber, a Notary for the State of Ohio, duly commissioned and qualified, personally came Matthew T. Tucker and David A. Canzone of the Evergreen National Indemnity Company, to me personally known to be the individuals and officers described herein, and who executed the preceding instrument and acknowledged the execution of the same and being by me duly sworn, deposed and said that they are the officers of said Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of said Company, and the said Corporate Seal and signatures as officers were duly affixed and subscribed to the said instrument by the authority and direction of said Corporation, and that the resolution of said Company, referred to in the preceding instrument, is now in force.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at Cleveland, Ohio, the day and year above written.



PENNY M HAMM
NOTARY PUBLIC
STATE OF OHIO
Comm. Expires
04-04-2022

Penny M. Hamm, Notary Public
My Commission Expires April 4, 2022

State of Ohio)

SS:

I, the undersigned, Secretary of the Evergreen National Indemnity Company, a stock corporation of the State of Ohio, DO HEREBY CERTIFY that the foregoing Power of Attorney remains in full force and has not been revoked; and furthermore that the Resolution of the Board of Directors, set forth herein above, is now in force.

Signed and sealed this 10th day of January, 2019.



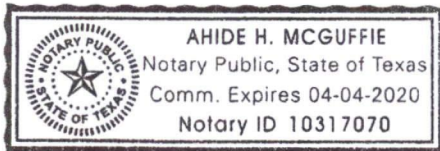
Wan C. Collier, Secretary

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 10th day of January, 2019.



(Personalized Seal)


Notary Public's Signature