



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
ES00002000

APR 05 2019

Talos Resources LLC
333 Clay St., Suite 3300
Houston, TX 77002
Attn: John Ashland Shepherd

Dear Mr. Shepherd:

Your letter dated March 26, 2019, submitting replacement Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Bond No. **ES00002000**, in the amount of \$3,000,000, was received by our office on March 29, 2019. This bond, conditioned to cover principal's leasehold interest held now or hereafter in the Gulf of Mexico, was executed on March 14, 2019, with Talos Resources LLC as principal and Everest Reinsurance Company as surety.

This bond replaces your Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Bond No. RLB0012045, 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 August 25, 2008, with Stone Energy Offshore, L.L.C. as principal, and RLI Insurance Company as surety.

Attached to and forming a part of Bond No. RLB0012045, is Rider No. 1, executed on July 5, 2018, which changes the name of the principal from Stone Energy Offshore, L.L.C. to Talos Resources LLC. The rider is effective May 10, 2018.

The replacement bond, Bond No. ES00002000, conforms to the requirements of the leasing and operating regulations for submerged lands of the Outer Continental Shelf and is considered to be effective March 14, 2019, the date it was executed. The period of liability of Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Bond No. RLB0012045 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

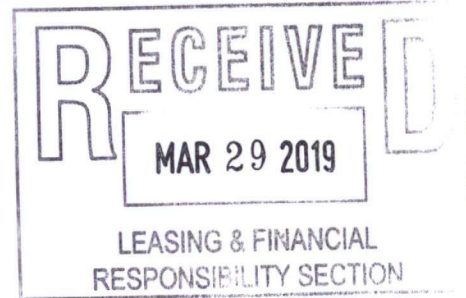
cc: Everest Reinsurance Company
P.O. Box 830
Liberty Corner, NJ 07938
Attn: Richard Covington

RLI Insurance Company
8 Greenway Plaza, Suite 400
Houston, TX 77046
Attn: Paul M. O'Sullivan

Sent Via Email To: Carolyn.Savoy@talosenergy.com , jessica.mann@everestre.com ,
energy.surety@rlicorp.com , akoletar@mcgriff.com

March 26, 2019

U.S. Department of the Interior,
Bureau of Ocean Energy Management
Leasing and Financial Responsibility Section, MS GM2
1201 Elmwood Park Blvd.
New Orleans, LA 70123



**Re: Filing of New Bond (Bond ES00002000)
To Replace Existing Bond (Bond RLB0012045)**

Dear Sir or Madam:

Attached please find OCS Pipeline ROW Grant Bond, Bond Number ES00002000 in the amount of \$3,000,000.00 posted in favor of the US, DOI, BOEM by Talos Resources LLC (as Principal) and Everest Reinsurance Company, (as Surety).

This bond is filed to replace Oil and Gas Bond, Bond Number RLB0012045, in the amount of \$3,000,000.00 originally filed on August 25, 2008 posted in favor of the US, DOI, BOEM by Stone Energy Offshore, L.L.C., amended to Talos Resources LLC (as Principal) and RLI Insurance Company (as Surety).

We hereby respectfully request that the BLM accept Bond Number ES00002000 as a replacement for the existing Bond, Bond Number RLB0012045 as of the effective date of the replacement bond and simultaneously release Bond Number RLB0012045 effective the same day.

As this request is accepted and processed, please provide notification via email to the following parties:

Carolyn Savoy, Talos Petroleum, LLC: Carolyn.Savoy@talosenergy.com
Jessica Mann, Everest Insurance: Jessica.Mann@everestre.com
Ashley Koletar, McGriff, Seibels & Williams of Texas, Inc.: akoletar@mcgriff.com

Should you have any questions in this matter, please contact our office at (713) 335-6973 or by email at Carolyn.Savoy@talosenergy.com.

Sincerely,

John Ashland Shepherd
Director 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. ES00002000

Lease No. Gulf of Mexico

Bond Type Development

Amount \$3,000,000.00

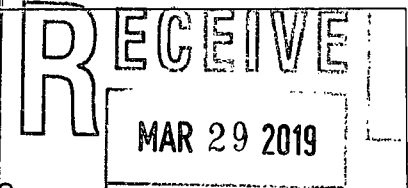
OUTER CONTINENTAL SHELF (OCS) MINERAL LESSEE'S OR OPERATOR'S BOND

The **Surety** is the entity Guaranteeing Performance.

Name of Surety: Everest Reinsurance Company

Mailing Address: P.O. Box 830
Liberty Corner, NJ 07938

If a Corporation, Incorporated in the State of: Delaware; County or Parish of: Somerset



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: Talos Resources LLC

Mailing Address: 333 Clay St., Suite 3300
Houston, TX 77002

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): _____

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	<p>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.</p> <p>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.</p> <p>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 <i>et seq.</i>).</p> <p>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.</p> <p>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.</p>
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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:

- 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.
- 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.
- 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.
- 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.

Everest Reinsurance Company

Name of Surety


Signature of Person Executing for Surety

Richard Covington, Attorney-In-Fact

Name and Title (typed or printed)

P.O. Box 830

Business Address

Liberty Corner, NJ 07938

Business Address

Talos Resources LLC

Name of Principal


Signature of Person Executing for Principal

John Ashland Shepherd, Director Land

Name and Title (typed or printed)

333 Clay St., Suite 3300

Business Address

Houston, TX 77002

Business Address

Signed on this 14th day of March, 2019, in the State of Texas, in the presence of:


Signature of Witness

Melanie Hill

Name (typed or printed)

818 Town & Country Blvd., Suite 500

Address

Houston, TX 77024

Address


Signature of Witness

Carolyn Savoy

Name (typed or printed)

333 Clay St., Suite 3300

Address

Houston, TX 77002

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.

POWER OF ATTORNEY
EVEREST REINSURANCE COMPANY
DELAWARE

KNOW ALL PERSONS BY THESE PRESENTS: That Everest Reinsurance Company, a corporation of the State of Delaware ("Company") having its principal office located at 477 Martinsville Road, Liberty Corner, New Jersey 07938, do hereby nominate, constitute, and appoint:

Marc W. Boots, Ashley Koletar, Joseph R. Aulbert, Ryan Varela, Vickie Lacy, Maria D. Zuniga, Richard Covington

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 and undertakings in the nature thereof, for the penal sum of no one of which is in any event to exceed UNLIMITED, reserving for itself the full power of substitution and revocation.

Such bonds and undertakings, when duly executed by the aforesaid Attorney(s)-in-fact shall be binding upon the Company as fully and to the same extent as if such bonds and undertakings were signed by the President and Secretary of the Company and sealed with its corporate seal.

This Power of Attorney is granted and is signed by facsimile under and by the authority of the following Resolutions adopted by the Board of Directors of Company ("Board") on the 28th day of July 2016:

RESOLVED, that the President, any Executive Vice President, and any Senior Vice President and Anthony Romano are hereby appointed by the Board as authorized to make, execute, seal and deliver for and on behalf of the Company, any and all bonds, undertakings, contracts or obligations in surety or co-surety with others and that the Secretary or any Assistant Secretary of the Company be and that each of them hereby is authorized to attest to the execution of any such bonds, undertakings, contracts or obligations in surety or co-surety and attach thereto the corporate seal of the Company.

RESOLVED, FURTHER, that the President, any Executive Vice President, and any Senior Vice President and Anthony Romano are hereby authorized to execute powers of attorney qualifying the attorney named in the given power of attorney to execute, on behalf of the Company, bonds and undertakings in surety or co-surety with others, and that the Secretary or any Assistant Secretary of the Company be, and that each of them is hereby authorized to attest the execution of any such power of attorney, and to attach thereto the corporate seal of the Company.

RESOLVED, FURTHER, that the signature of such officers named in the preceding resolutions and the corporate seal of the Company may be affixed to such powers of attorney or to any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be thereafter valid and binding upon the Company with respect to any bond, undertaking, contract or obligation in surety or co-surety with others to which it is attached.

IN WITNESS WHEREOF, Everest Reinsurance Company has caused their corporate seals to be affixed hereto, and these presents to be signed by their duly authorized officers this 28th day of July 2016.



Nicole Chase

Attest: Nicole Chase, Assistant Secretary

Everest Reinsurance Company

Anthony Romano

By: Anthony Romano, Vice President

On this 28th day of July 2016, before me personally came Anthony Romano, known to me, who, being duly sworn, did execute the above instrument; that he knows the seal of said Company; that the seal affixed to the aforesaid instrument is such corporate seal and was affixed thereto; and that he executed said instrument by like order.

LINDA BOISSELLE
Notary Public, State of New York
No 01B06239736
Qualified in Queens County
Term Expires April 25, 2019

Linda Boisselle

Linda, Boisselle, Notary Public

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company, at the Liberty Corner, this 14th day of March 2019.

