



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
Bond No. 1144442

September 13, 2017

Mr. Thomas M. Clarke
Northstar Offshore Ventures LLC
11 Greenway Plaza, Suite 2800
Houston, TX 77046

Dear Mr. Clarke:

We acknowledge receipt of Slattery, Marino & Roberts' letter dated August 11, 2017, received by Bureau of Ocean Energy Management on August 11, 2017, submitting, on your behalf, your Bond Rider To Assume Liability, Bond Rider No. 1144442, to be attached to and form a part of Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Bond No. 1144442 in the amount of \$3,000,000 executed on August 7, 2017, with Northstar Offshore Ventures LLC as principal, and Lexon Insurance Company as surety, conditioned to cover principal's leasehold interest held now or hereafter in the Gulf of Mexico.

Bond Rider To Assume Liability, Bond Rider No. 1144442, executed on August 7, 2017, extends to and covers all liability associated with Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Bond No. 1138468 in the amount of \$3,000,000 executed on March 22, 2016, with Northstar Offshore Group, LLC as principal, and Lexon Insurance Company as surety, conditioned to cover principal's leasehold interest held now or hereafter in the Gulf of Mexico. The rider is effective August 7, 2017.

Therefore, the period of liability under Bond No. 1138468 is considered terminated and the bond is cancelled without residual liability, effective August 7, 2017, the effective date of the Bond Rider To Assume Liability, Bond Rider No. 1144442.

The rider has been attached to and now forms a part of the original Bond No. 1144442 maintained in the Leasing and Financial Responsibility Section.

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

Sincerely,

**BERNADETT
E THOMAS**

Digitally signed by
BERNADETTE THOMAS
Date: 2017.09.13
14:06:16 -05'00'

Bernadette Thomas, Acting Chief
Leasing and Financial Responsibility Section
Leasing and Plans

cc: Ms. Theresa Pickerrell
Lexon Insurance Company
10002 Shelbyville Road, Suite 100
Louisville, KY 40223

Sent Via Email To: bmacmillan@nstaroffshore.com , sgosnell@nstaroffshore.com ,
bprecious@smithmanus.com , breid@smithmanus.com

**U.S. DEPARTMENT OF THE INTERIOR
Bureau of Ocean Energy Management**

Bond No. 1138468

Lease No. Gulf of Mexico

Bond Type Areawide

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: Lexon Insurance Company

Mailing Address: 10002 Shelbyville Road, Suite 100, Louisville, KY 40223

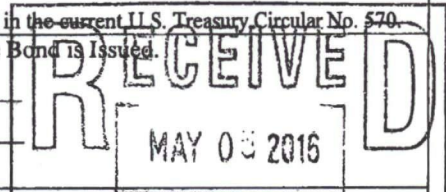
If a Corporation, Incorporated in the State of: Texas; County or Parish of: Travis

☒ 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: Northstar Offshore Group, LLC

Mailing Address: 11 Greenway Plaza, Suite 2800, Houston, TX 77046



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): _____

LEASING & FINANCIAL
RESPONSIBILITY SECTION

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

BOEM-2028 (March 2014)

Previous Editions are Obsolete.

Page 2 of 3

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.

Lexon Insurance Company

Name of Surety

Theresa Pickerell
Signature of Person Executing for Surety

Theresa Pickerell, Attorney-In-Fact

Name and Title (typed or printed)

10002 Shelbyville Road, Suite 100

Business Address

Louisville, KY 40223

Business Address

Northstar Offshore Group, LLC

Name of Principal

Brian H. Macmillan
Signature of Person Executing for Principal

Brian H. Macmillan, Senior Vice President Land & Business Development

Name and Title (typed or printed)

11 Greenway Plaza, Suite 2800

Business Address

Houston, TX 77046

Business Address

Signed on this 22nd day of March, 20 16, in the State of Kentucky, in the presence of:

Sandra L. Fusinetti
Signature of Witness

Sandra L. Fusinetti

Name (typed or printed)

2307 River Road, Suite 200

Address

Louisville, KY 40206

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.

Sherry J. Gosnell
Signature of Witness

SHERRY J. GOSNELL

Name (typed or printed)

11 Greenway Plaza, Suite 2800
Address

Houston TX 77046
Address

Assume Liability

Bond Rider Acceptance Checklist

PSR
8/18/17

Company Name Number: 3520 North Ave Offshore Ventures, LLC OCS-G: #114444

<input checked="" type="checkbox"/>	A. Request for board concurrence sent (Reduction Riders Only)
<input checked="" type="checkbox"/>	B. Rider is logged in the Bond Log
<input checked="" type="checkbox"/>	C. Ensure the request and the Bond Rider are filed with the appropriate BOEM Regional Office where the original existing bond was previously accepted and is currently being maintained;
<input checked="" type="checkbox"/>	1. Ensure the bond number stated in the Bond Rider matches the bond number stated in the originally executed bond; 2. Ensure the name of the Principal stated in the Bond Rider matches the name of the Principal stated in the originally executed bond, if not in conjunction with a corporate change-of-name of the Principal; 3. Ensure the name of the Surety company stated in the Bond Rider matches the name of the Surety company in the originally executed bond; 4. Ensure the collateral amount stated in the Bond Rider matches the collateral amount stated in the originally executed bond; 5. Ensure the OCS Number stated in the Bond Rider matches the originally executed bond when the bond is specific to a Lease, RUE or ROW;
<input checked="" type="checkbox"/>	D. Ensure the bond to which the Bond Rider is to be attached has not been terminated or cancelled.
<input checked="" type="checkbox"/>	E. Ensure the Bond Rider clearly identifies what is being modified and amended in the originally executed bond;
<input type="checkbox"/>	F. Ensure the Bond Rider includes an effective date;
<input checked="" type="checkbox"/>	G. Ensure the Principal, the Principal's authorized representative, or the Surety of the originally executed bond is providing the written request to accept the Bond Rider;
<input checked="" type="checkbox"/>	H. Ensure the Principal stated in the Bond Rider is not a newly created corporation as a result of a merger, a merger with change-of-name, reorganization, or similar action. In these cases, the change-of-name of the Principal cannot be effected on Bond Rider, a new bond will be required from the Principal;
<input checked="" type="checkbox"/>	I. Ensure the Principal (if a corporation, or if required in accordance to the qualification records established with BOEM) has properly affixed its corporate seal to the Bond Rider;
<input checked="" type="checkbox"/>	J. Ensure the person who signed the Bond Rider on behalf of the Principal is currently listed as an authorized official as evidenced in the qualification records established with BOEM;
<input checked="" type="checkbox"/>	K. Ensure the Surety (if a corporation) has properly affixed its corporate seal to the Bond Rider.
<input checked="" type="checkbox"/>	L. Ensure the person signing the Bond Rider for the Surety has attached a corporate resolution and power of attorney stating his/her authority to execute and undertake bond obligations;
<input checked="" type="checkbox"/>	M. Ensure the witnesses, if any, for both the Principal and the Surety have each signed and provided their respective addresses on the Bond Rider;
<input checked="" type="checkbox"/>	N. Ensure the Bond Rider is filed within the prescribed timeframe (if/when required or mandated).

~~Incorrect title~~

9/5 Return per

9/6 file was correct
on file signed per
Tahanna. #1