



## 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  
OCS-G 2601

OCT 11 2018

Ms. Carolyn Savoy  
Talos Energy Offshore LLC  
333 Clay St., Suite 3300  
Houston, TX 77002

Dear Ms. Savoy:

Your letter dated September 27, 2018, submitting your replacement Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Supplemental Bond No. EACX084000126, in the amount of \$3,065,000, was received by our office on September 27, 2018. This bond, conditioned to cover Lease OCS-G 2601, all of Block 57, Eugene Island Area, was executed on July 31, 2018, with Talos Energy Offshore LLC as principal and Endurance Assurance Corporation as surety.

This bond replaces your Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Supplemental Bond No. **SUR20000160** in the amount of \$3,065,000. This bond, conditioned to cover Lease OCS-G 2601, all of Block 57, Eugene Island Area, was executed on July 31, 2014, with Talos Energy Offshore LLC as principal, and Ironshore Indemnity Inc. as surety.

The replacement bond, Bond No. EACX084000126, 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 31, 2018, the date it was executed. The period of liability of Outer Continental Shelf (OCS) Mineral Lessee's or Operator's Bond No. SUR20000160 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: Ms. Diane Hunter  
Endurance Assurance Corporation  
12890 Lebanon Road  
Mt. Juliet, TN 37122

Ms. Tracy L. Carlile  
Ironshore Indemnity Inc.  
12890 Lebanon Road  
Mt. Juliet, TN 37122

Sent Via Email To: [Ash.Shepherd@talosenergy.com](mailto:Ash.Shepherd@talosenergy.com) , [mtyson@talosenergy.com](mailto:mtyson@talosenergy.com) ,  
[akoletar@mcgriff.com](mailto:akoletar@mcgriff.com)



September 27, 2018

VIA UPS

Bureau of Ocean Energy Management  
Attn: Leasing & Financial Responsibility Section, Kathleen Lee  
1201 Elmwood Park Blvd., Mail Stop GM 266A  
New Orleans, Louisiana 70123-2394

**Re: Replacement Bonds  
Endurance Assurance Corporation (Surety)**

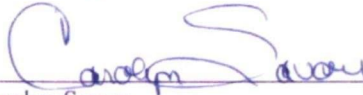
Dear Ms. Lee:

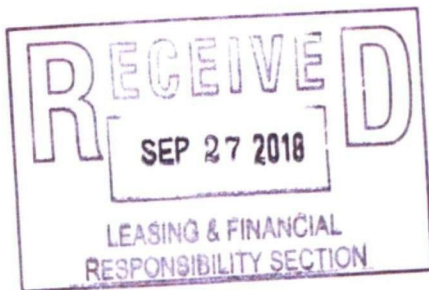
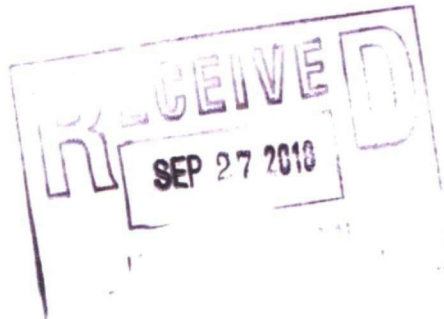
Please find originals of Bonds listed on attached Exhibit A that were returned, by BOEM, (via letter dated September 17, 2018) to have the Principal (Talos Energy Offshore LLC) thereunder witness the Bonds.

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

Sincerely,

Talos Energy Offshore LLC

  
\_\_\_\_\_  
Carolyn Savoy  
Senior Landman and Special Projects Manager



## EXHIBIT A

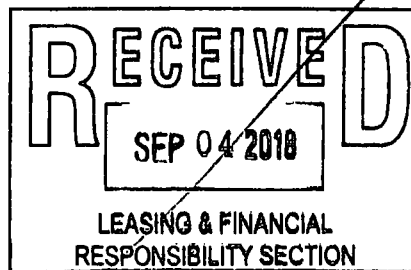
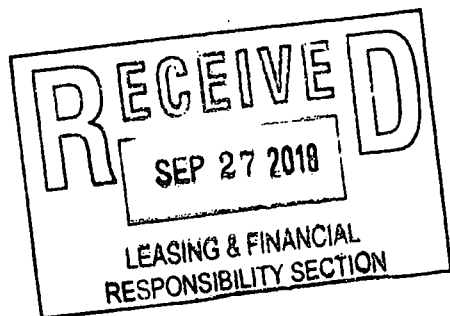
Endurance Bond No.	
EACX084000050	OCS Mineral Lessee's or Operator's Bond For Vermilion 87 RUE, Lease #OCS-G30297. Replaces Bond No. SUR24000008
EACX084000095	OCS Mineral Lessee's or Operator's Supplemental Bond For Ship Shoal 110 RUE OCS-G 30296. Replaces Bond No. SUR24000007
EACX084000126	OCS Mineral Lessee's or Operator's Supplemental Bond for All of Block 57, Eugene Island, OCS-G 2601. Replaces Bond No. SUR20000160
EACX084000127	OCS Mineral Lessee's Or Operator's Supplemental Bond For All of Block 314, Main Pass Area, S&E Add. OCS-G 33693. Replaces Bond No. SUR20000161
EACX084000128	OCS Mineral Lessee's or Operator's Supplemental Bond For All of Block 21 South Pelto Area, OCS-G 24977. Replaces Bond No. SUR20000162
EACX084000129	OCS Mineral Lessee's or Operator's Supplemental Bond For All of Block 22, South Pelto Area, OCS-G 18054. Replaces Bond No. SUR20000163
EACX084000131	OCS Mineral Lessee's or Operator's Supplemental Bond For That Portion of Block 67, Ship Shoal Area, OCS-G 14493. Replaces Bond No. SUR20000165
EACX084000130	OCS Mineral Lessee's Or Operator's Supplemental Bond For All of Block 23, South Pelto Area, OCS-G 1238. Replaces Bond No. SUR20000164
EACX084000132	OCS Mineral Lessee's or Operator's Supplemental Bond For All of Block 109, Ship Shoal Area, OCS-G 21655. Replaces Bond No. SUR20000167
EACX084000133	OCS Mineral Lessee's or Operator's Supplemental Bond For All of Block 111, Ship Shoal Area, OCS-G 24924. Replaces Bond No. SUR20000169
EACX084000134	OCS Mineral Lessee's or Operator's Supplemental Bond For W1/2 of Block 120, Ship Shoal Area, OCS-G 24926. Replaces Bond No. SUR20000170
EACX084000138	OCS Mineral Lessee's or Operator's Supplemental Bond For All of Block 34, South Timbalier & Bay Marchand Areas OCS-G 4842. Replaces Bond No. SUR20000174
EACX084000139	OCS Mineral Lessee's or Operator's Supplemental Bond For All of Block 75, South Timbalier Area, OCS-G 22738. Replaces Bond No. SUR20000176
EACX084000137	OCS Mineral Lessee's or Operator's Supplemental Bond For All of Block 30, South Timbalier & Bay Marchand Areas, OCS-G 13928. Replaces Bond No. SUR20000173
EACX084000135	OCS Mineral Lessee's Or Operator's Supp. Bond For NW1/4;W1/2W1/2NE1/4;N1/2NE1/4 SW1/4; NW1/4/SW1/4 Of Block 198, Ship Shoal Area, OCS-G 12355. Replaces Bond No. SUR20000171
EACX084000136	OCS Min. Lessee's Or Op. Supp. Bond For E1/2NE1/4; E1/2W1/2NE1/4; NE1/4SE1/4; N1/2SE1/4SE1/4; NE1/4NW1/4SE1/4 Of Blk 199, Ship Shoal Area, OCS-G 12358. Replaces Bond No. SUR20000172
EACX084000143	OCS Mineral Lessee's or Operator's Supplemental Bond For All of Block 51, Vermilion Area, OCS-G 22605. Replaces Bond No. SUR20000180
EACX084000140	OCS Mineral Lessee's or Operator's Supplemental Bond For All of Block 100, South Timbalier & Bay Marchand Areas, OCS-G 5599. Replaces Bond No. SUR20000177
EACX084000142	OCS Mineral Lessee's or Operator's Supplemental Bond for N1/2 of Block 46, Vermilion Area, OCS 079. Replaces Bond No. SUR20000179
EACX084000141	OCS Mineral Lessee's Or Operator's Supplemental Bond For All of Block 111, South Timbalier & Bay Marchand Areas, OCS-G 5602. Replaces Bond No. SUR20000178
EACX084000144	OCS Mineral Lessee's or Operator's Supplemental Bond For All of Block 96, Vermilion Area, OCS-G 32140. Replaces Bond No. SUR20000182
EACX084000145	OCS Mineral Lessee's or Operator's Supplemental Bond For All of Block 127, Vermilion Area, OCS-G 22621. Replaces Bond No. SUR20000183

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. EACX084000126

OCS Lease/RUE/ROW No. OCS-G 2601

Bond Type Supplemental

Amount \$ 3,065,000.00

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

The Surety is the entity Guaranteeing Performance.

Name of Surety: Endurance Assurance Corporation

Mailing Address: 4 Manhattanville Road  
Purchase, New York 10577

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: Talos Energy Offshore LLC

Mailing Address: 333 Clay Street, Suite 3300  
Houston, Texas 77002

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

The following lease/RUE/ROW: All of Block 57, Eugene Island Area, as shown on OCS Louisiana Leasing Map, LA4.

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:

- 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.
- 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 the bond as if no cancellation had occurred if 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

BOEM-2028A (June 2016), Previous Editions are Obsolete.  
LEASING & FINANCIAL RESPONSIBILITY SECTION

RECEIVED  
SEP 04 2018  
LEASING & FINANCIAL RESPONSIBILITY SECTION

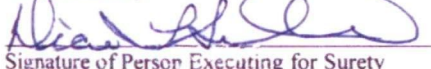


Obligations of the lease in accordance with BOEM specifications be materially false and BOEM relied upon such representation in canceling the instrument.

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 of Person Executing for Surety

Diane Hunter, Attorney-in-Fact

Name and Title (typed or printed)

12890 Lebanon Road

Business Address

Mt. Juliet, Tennessee 37122

Business Address

Talos Energy Offshore LLC

Name of Principal



Signature of Person Executing for Principal

Michael L. Harding, Senior Vice President + CFO

Name and Title (typed or printed)

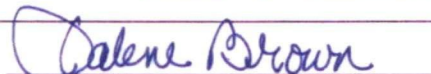
333 Clay Street, Suite 3300

Business Address

Houston, Texas 77002

Business Address

Signed on this 31st day of July, 2018, in the State of Tennessee, in the presence of:



Signature of Witness

Jalene Brown

Name (typed or printed)

12890 Lebanon Road

Address

Mt. Juliet, Tennessee 37122

Address



Signature of Witness

Carolyn Savoy

Name (typed or printed)

333 Clay Street, Suite 3300

Address

Houston, Texas 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.

**BOEM-2028A (June 2016)**

Previous Editions are Obsolete.

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 CHRISTOPHER L. DOBBS, JALENE BROWN, TRACY L. GARLILE, KIM RICHARDS, DIANE HUNTER its true and lawful Attorney(s)-in-fact, at MT. JULIET in the State of TN 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".

This Power of Attorney is signed and sealed 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 such directors 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 1st day of November, 2017 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: PURCHASE COUNTY OF WESTCHESTER

On the 1st day of November, 2017, 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 12/07/2019

CERTIFICATE

STATE OF NEW YORK ss: PURCHASE COUNTY OF WESTCHESTER

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 be it further

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.

3. 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 31st day of July, 2018.

(Corporate Seal)

Christopher Donelan (Signature)

CHRISTOPHER DONELAN, PRESIDENT



**ENDURANCE ASSURANCE CORPORATION**  
**Balance Sheet - Statutory Basis**  
**December 31, 2017**

**Assets:**

Bonds	\$ 1,017,941,883
Common stocks of subsidiaries	495,159,214
Other invested assets	18,251,701
Cash, cash equivalents, and short-term assets	94,257,682
Receivable for securities	<u>13,105</u>
Total cash and invested assets	<u>1,625,623,585</u>

Agents' balances or uncollected premiums	360,112,421
Reinsurance recoverable on loss and loss adjustment expense payments	9,044,841
Funds held by or deposited with reinsurance companies	15,865,750
Net deferred tax assets	23,360,063
Net deposit assets	13,159,195
Current federal income tax recoverable	6,274,501
Investment income due and accrued	5,094,425
Other admitted assets	<u>480,522</u>
Total admitted assets	<u>\$ 2,059,015,303</u>

**Liabilities:**

Loss and loss adjustment expenses	\$ 604,289,380
Reinsurance payable on paid loss and loss adjustment expenses	5,435,818
Unearned premiums	283,094,767
Ceded reinsurance premiums payable	176,734,568
Commissions payable, contingent commissions and other similar items	(4,812,114)
Amounts withheld or retained by company for account of others	28,904,629
Other expenses payable	24,213,227
Net deposit liability	8,816,664
Payable to parent, subsidiaries and affiliates	8,139,892
Provision for reinsurance	18,098,492
Other liabilities	<u>14,621,770</u>
Total Liabilities	<u>1,167,537,093</u>

**Capital and surplus:**

Special surplus funds - retroactive reinsurance gain	1,286,508
Common capital stock	5,000,000
Gross paid in and contributed surplus	1,214,000,000
Unassigned deficit	<u>(328,808,298)</u>
Total capital and surplus	<u>891,478,210</u>

Total liabilities and capital and surplus	<u>\$ 2,059,015,303</u>
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I, Stan Osofsky, Treasurer of Endurance Assurance Corporation (the "Company") do hereby certify that to the best of my knowledge and belief, the foregoing is a full and true Statutory Statement of Admitted Assets, Liabilities, Capital and Surplus of the Company as of December 31, 2017 prepared in conformity with accounting practices prescribed or permitted by the State of Delaware Department of Insurance. The foregoing statement should not be taken as a complete statement of financial condition of the Company. Such a statement is available upon request at the Company's office located at 4 Manhattanville Road, 3rd floor, Purchase, NY 10577.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company.

Stan Osofsky

Subscribed and sworn to before me this 26<sup>th</sup> day of March 2018

NICHOLAS JAMES BENENATI  
 NOTARY PUBLIC-STATE OF NEW YORK  
 NO 01BE6333911  
 QUALIFIED IN NEW YORK COUNTY  
 MY COMMISSION EXPIRES 12-07-2019

*Nicholas James Benenati*