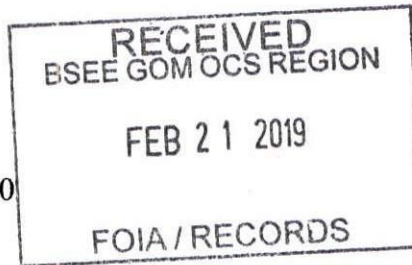


In Reply Refer To: GE 973E

Mr. Benjamin Smith
Monforte Exploration L.L.C.
2925 Richmond Avenue, Suite 1200
Houston, Texas 77098



January 11, 2019

Dear Mr. Smith:

By letter dated November 29, 2018, and additional correspondence dated December 14, 2018, through January 8, 2019, Monforte Exploration L.L.C. (Monforte) requests a Suspension of Production (SOP) for Lease OCS-G 9627 (the Lease), Ship Shoal Block 277 (SS 277). An SOP held the Lease through November 30, 2018.

Production from the Lease ceased on May 22, 2017. Monforte states that it completed all work necessary to restore production to the Lease except repairs to the compressor. Monforte states that production from the Lease will resume as soon as the compressor is operational, but in any event no later than March 31, 2019.

Monforte previously indicated that production would be restored by July 31, 2018, then repeatedly revealed additional work needed and repeatedly extended the timeline. Monforte eventually submitted a proposed schedule to Bureau of Safety and Environmental Enforcement (BSEE) that was represented as a complete list of work needed to restore production to the Lease. Monforte claimed it would perform that work and restore production to the Lease by the end of November 2018. On September 24, 2018, BSEE approved an SOP and a proposed schedule of work based on Monforte's representations. However, Monforte now acknowledges that a corrosion survey was needed in addition to the activities disclosed in its approved schedule of work and, upon performing that survey, additional deficiencies were identified and additional work was initiated. Monforte again alleges that it will restore production to the Lease promptly if yet another SOP is granted.

During our meeting on December 19, 2019, you were advised that knowingly or willfully submitting false, inaccurate, or misleading written information to BSEE could be subject to civil and/or criminal penalties (30 CFR 250.1460 and 250.1480). During that meeting, and in updates provided by correspondence dated January 8, 2019, you stated that the only remaining tasks to restore production in paying quantities to the Lease are (1) calibrating the gas royalty meters, (2) initiating flow to the SS 277 A platform from another company's well on an adjacent lease, (3) starting the compressor, and (4) initiating flow from Well A001 and/or Well A002 on the Lease. You indicated that minor repairs may be needed to restart the compressor, but stated that those cannot be identified until gas is flowing on the facility, and that any such repairs would not take more than one week at a maximum. You also indicated that potential weather delays and time to get necessary personnel to the platform were factored into your proposed timeline and that, with

all these considerations factored in, Monforte could and would restore production to the Lease by March 31, 2019.

An SOP for Lease OCS-G 9627 is hereby approved, pursuant to 30 CFR 250.174(a), from December 1, 2018, through March 31, 2019. Be advised, however, that Monforte has already had excessive time – since May 2017 – to restore production to the Lease, and we do not intend to grant an additional SOP if Monforte fails to restore production from the Lease by March 31, 2019.

Monforte must notify BSEE when production resumes from the Lease. If you have any questions regarding this matter, contact Mr. Patrick Roberts at (504) 736-2476 or Patrick.Roberts@bsee.gov.

Sincerely,

(Org. Signed) Richie D. Baud

Richie D. Baud
Regional Supervisor
Production and Development