

**NINETEENTH JUDICIAL DISTRICT COURT  
PARISH OF EAST BATON ROUGE  
STATE OF LOUISIANA**

**DOCKET NO.** \_\_\_\_\_

**DIVISION** \_\_\_\_\_

**STATE OF LOUISIANA, through the DEPARTMENT OF NATURAL RESOURCES,  
OFFICE OF CONSERVATION**

v.

**RLI INSURANCE COMPANY, L.L.C., SOMPO INTERNATIONAL INSURANCE, AND  
LEXON INSURANCE COMPANY, LEXON SURETY GROUP, L.L.C., NORTHSTAR  
OFFSHORE VENTURES, L.L.C., AND SANARE ENERGY PARTNERS**

**FILED:** \_\_\_\_\_

**DEPUTY CLERK:** \_\_\_\_\_

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**PETITION FOR SPECIFIC PERFORMANCE**

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NOW INTO COURT, through undersigned counsel, comes the State of Louisiana, *ex rel.* Jeff Landry, Attorney General, through the Department of Natural Resources, Office of Conservation (herein "State" or "Conservation"), who respectfully petitions this Honorable Court for a judgment granting relief in favor of the State. On information and belief, the State makes the following allegations:

1.

The Plaintiff is:

The **State of Louisiana, Department of Natural Resources, Office of Conservation**, acting through Attorney General, Jeff Landry, who brings this action under La. Const. Art. IX, Sec. 1 and La. R.S. 30:1, *et seq.* The State is a juridical person, having its seat of government in East Baton Rouge Parish, State of Louisiana.

2.

The Plaintiff, under the above-cited legislation, is charged with the duty to protect, conserve, and replenish the natural resources of the State. The Attorney General, as chief legal

*St. Tammany Parish Govt. v. Welsh*, 2015-1152 (La. App. 1 Cir. 3/9/16), 199 So.3d 3; *see also* La. R.S. 30:1-4.

4.

Jurisdiction is proper pursuant to La. R.S. 13:3201. Venue is proper in the Parish of East Baton Rouge pursuant to La. R.S. 30:93(B), La. C.C.P. Arts. 74.4, 76, and 76.1.

5.

Made Defendants herein are:

**RLI Insurance Company, L.L.C. (herein “RLI”)**, a corporation having its principal place of business at 2925 Richmond Avenue, Houston, Texas 77098; and

**Sompo International Insurance (herein “Sompo”)**, a corporation having its principal place of business at 12890 Lebanon Road, Mt. Juliet, Tennessee 37122; and

**Lexon Insurance Company (herein “Lexon”)**, a Texas corporation having its principal place of business at 10002 Shelbyville Road, Suite 100, Louisville, Kentucky 40223 and;

**Lexon Surety Group, L.L.C. (herein “Lexon Surety”)**, a Limited Liability Company having its primary business office at 12890 Lebanon Road, Mt. Juliet, Tennessee 37122; and

**Northstar Offshore Ventures, L.L.C. (herein “New Northstar”)**, a Limited Liability Company Company having its primary business office at 11 Greenway Plaza, Suite 2800, Houston, Texas 77046; and

**Sanare Energy Partners (herein “Sanare”)**, a Limited Liability Company having its primary business office at 11 Greenway Plaza, Suite 2800, Houston, Texas 77046.

6.

On or about October 11, 2012, RLI and Northstar Offshore Group, L.L.C. (herein, “Northstar”), executed Performance Bond No. RLB0014817 in the amount of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00), in accordance with La. R.S. 30:4.3 (Exhibit 1). Conservation approved the Performance Bond No. RLB0014817 on October 18, 2012. (Exhibit 1)

terms of the Leases, the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or any and all other state and federal agencies having jurisdiction over such matters and the Laws of the State of Louisiana as now written or as they may be hereafter amended.

**8.**

Performance Bond No. RLB0014817 (as amended) contains attachments identified as “Exhibit A” that list the oil and gas wells in Cameron Parish covered by the Performance Bond.  
(Exhibit 1)

**9.**

There were several amendments to Exhibit A of Performance Bond No. RLB0014817 adding wells to and removing wells from the list of secured wells. (Exhibit 1)

**10.**

On March 22, 2016, Northstar and Lexon Insurance Company, executed Performance Bond No. 1138467 in the amount of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00), in accordance with La. R.S. 30:4.3 (Exhibit 2).

**11.**

The purpose of the bond is to bind Northstar and Lexon in their agreement to:

...[G]uarantee[s] the Principal’s agreement to plug and abandon the Subject wells, to remove all platforms, pilings, facilities, pits and to restore the surface pursuant to the Leases, the Rules, Regulations and Orders of the Commissioner of Conservation/Laws of the State of Louisiana and to pay all costs and expenses associated therewith in full compliance with the terms of the Leases, the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or any and all other state and federal agencies having jurisdiction over such matters and the Laws of the State of Louisiana as now written or as they may be hereafter amended.

**12.**

Performance Bond No. 1138467 contains an attachment identified as “Exhibit A” that lists the oil and gas wells in Cameron Parish covered by the Performance Bond (Exhibit 2).

**13.**

**14.**

On June 22, 2016, Conservation received a letter from Laurisa Arnett at RLI requesting that Lexon Performance Bond No. 1138467 replace RLI Performance Bond RLB0014817, and that the RLI bond be officially released (Exhibit 4).

**15.**

On June 27, 2016, Conservation notified Northstar that the laws governing financial security of wells had changed requiring an increase to the bond amounts from One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00) to Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000.00). (Exhibit 5)

**16.**

As of August 5, 2016, Northstar had not provided the increased security and the Office of Conservation could not release RLB0014817 until additional financial security was received. (Exhibit 6)

**17.**

On August 31, 2016, the Office of Conservation notified RLI of the change in financial security laws and that RLI Bond RLB0014817 could not be released until additional security was provided. (Exhibit 7)

**18.**

On August 31, 2016, Laurisa Arnett of RLI acknowledged that RLB0014817 could not be released, and as a result, was still effective security for the Northstar wells covered by its terms. (Exhibit 7)

**19.**

On November 29, 2016, Conservation inquired about the updated status of Lexon Performance Bond 1138467. (Exhibit 8)

**20.**

On January 26, 2017, Northstar sent an e-mail to the Office of Conservation explaining

22.

On November 16, 2017, the Southern District of Texas entered an order entitled "Order Granting Debtor's Motion to Reject Certain Executory Contracts Related to the Debtor's West Cameron 2 (Creole) Property and Abandonment of Any Interests Related Thereto," (*see* order excerpts attached hereto as Exhibit 10).

23.

On or about June 1, 2018, Lexon Surety Group and/or Lexon Insurance Company was acquired, in whole or in part, by Sompo International Insurance.

24.

The language of the RLI bond, RLB0014817, requires payment of the bond amount to the penal limit or the undertaking of actual plugging and abandoning operations by RLI. In this regard, page four of the RLI bond provides:

Whenever the Principal fails, neglects or refuses to carry out its obligation to plug and abandon any one or more or all of the Subject Wells, remove platforms or restore the surface of the Lease (or Subject Tract related to the Subject Well), ***or to pay the cost thereof***, when and if it is required to do so under the terms of the Leases, and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and the Obligee has presented to the Surety a written notice of default, sent by Certified Mail, by the Principal of its obligations and such condition has persisted for sixty (60) days following the date of such written notice of default, then the surety shall within thirty (30) days:

- (1) Pay the Obligee an amount equal to the estimated cost of plugging and abandonment and restoration, subject to the penal limit of the bond and/or the itemized schedule set forth on Exhibit A; in the event of plugging and abandoning less than all of the Subject Wells and restoration of the surface of less than all of the sites and/or leases; or
- (2) Commence the necessary operations to plug and abandon the Subject Wells and restore the surface of the Sites and/or Leases. IF the surety should elect, in the event of default by the Principal, to commence or to cause to be commenced the aforementioned plugging and abandonment activity and surface restoration, such operations shall continue until such time as

sites, then the penal limit of this Bond shall be reduced only the amount set forth on Exhibit A.

**25.**

The Bond Rider to Assume Liability (submitted to Conservation by Lexon) retained the original language of RLI Bond, RLB0014817. (Exhibits 1 and 2)

**26.**

Northstar's plugging and abandonment obligations were discharged in bankruptcy. Such an action triggers the provision of the bonds wherein the Obligee (the State/ Conservation) may, with written demand, request the penal limit of the bond from the Surety (RLI and/or Lexon/Sompo) to plug and abandon the wells.

**27.**

Several demands have been made upon RLI and/or Lexon/Lexon Surety Group/Sompo, both oral and written (Exhibit 11, *in globo*).

**28.**

Northstar Offshore Group, LLC listed its principal place of business as 11 Greenway Plaza, Suite 2800, Houston, Texas 77046. (*see* Exhibit 1)

**29.**

After the bankruptcy proceeding concluded, Northstar Offshore Group, LLC created a new entity called Northstar Offshore Ventures, LLC, having its principal place of business at 11 Greenway Plaza, Suite 2800, Houston, Texas 77046, who then acquired a permit for new wells in Cameron Parish. (Exhibit 12)

**30.**

Effective December 2018, Northstar Offshore Ventures, LLC executed a name change to Sanare Energy Partners, LLC, a Limited Liability Company having its principal place of business at 11 Greenway Plaza, Suite 2800, Houston, Texas 77046.

**31.**

Upon information and belief of the undersigned, the above information is true and correct.

**32.**

The plugging and abandonment is ongoing, as several wells require plugging and abandoning, and well areas require surface restoration. Currently, the projected cost of plugging and abandoning combined with surface restoration for all abandoned Northstar wells is estimated at approximately \$11.5 million. The penal limit of the bond does not come close to covering that obligation.

**33.**

In order to discharge its statutory obligations to protect public health and safety, and the natural resources of the State, Conservation is mandated to collect those costs, and has formally called Performance Bond No. RLB0014817 funded by RLI Insurance Company so that it can plug and abandon additional wells.

**34.**

In order to discharge its statutory obligations to protect public health and safety, and the natural resources of the State, Conservation is mandated to collect those costs, and has formally called Performance Bond No. 1138467 funded by Lexon/Sompo so that it can plug and abandon additional wells.

**35.**

Despite formal demands, neither RLI nor Lexon/Sompo has remitted any payment to the Office of Conservation. (Exhibit 12)

**36.**

The bonds are currently due and owing without any reliable good faith expression of forthcoming payment.

**37.**

The bonds also provide for attorneys' fees and/or court costs or other expenses of litigation in the event of a contest over the sureties' denial of the obligation (or any part thereof). As a result, the State invokes its right to recover attorneys' fees, court costs, or other expenses of

of Northstar's bankruptcy, which, in this case, is Two Million Five Hundred Thousand and no/100 dollars (\$2,500,000.00).

**WHEREFORE**, the State prays that a judgment for specific performance issue in its favor directing RLI, Lexon, Sompco, or Sanare to either: (1) tender the amount of Two Million Five Hundred Thousand and no/100 dollars (\$2,500,000.00); or (2) plug and abandon the outstanding wells on a schedule approved by the Commissioner in accordance with the applicable Louisiana laws and regulations. The State also prays for attorneys' fees, court costs, or other expenses of litigation incurred to facilitate this action, and any other relief provided by law.

Respectfully submitted:

**JEFF LANDRY**  
**ATTORNEY GENERAL**

By:



Candice Rodgers Hillman (34371)  
Ryan M. Seidemann (28991)  
Christopher J. Lento (35614)  
Assistant Attorneys General  
Civil Division/Lands & Natural Resources  
Post Office Box 94005  
Baton Rouge, LA 70804-9005  
TEL: (225) 326-6085  
FAX: (225) 326-6099  
*Attorneys for the State of Louisiana*

***PLEASE SERVE VIA LONG ARM SERVICE:***

**RLI Insurance Company, L.L.C.**  
2925 Richmond Avenue  
Houston, TX 77098

**Lexon Surety Group, L.L.C.**  
12890 Lebanon Road  
Mt. Juliet, TN 37122

**Sompco International Insurance**  
12890 Lebanon Road  
Mt. Juliet, TN 37122

**Northstar Offshore Ventures, L.L.C.**  
11 Greenway Plaza, Suite 2800  
Houston, Texas 77046

**Lexon Insurance Company**  
10002 Shelbyville Road, Suite 100  
Louisville, KY 40222

**Sanare Energy Partners, L.L.C.**  
11 Greenway Plaza, Suite 2800  
Houston, Texas 77046

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**FILED:** \_\_\_\_\_

**DEPUTY CLERK:** \_\_\_\_\_

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**REQUEST FOR NOTICE**

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THE STATE OF LOUISIANA, through the Department of Natural Resources, Office of Conservation, respectfully requests written notice of the trial date, hearings (whether on the merits or otherwise), orders, judgments, and interlocutory decrees, and any and all other matters as provided in the Louisiana Civil Code articles 1572, 1913, and 1914.

Respectfully Submitted,

**JEFF LANDRY  
ATTORNEY GENERAL**

By: 

Candice Rodgers Hillman (Bar No. 34371)

Ryan M. Seidemann (Bar No. 28991)

Assistant Attorneys General

Post Office Box 94005

Baton Rouge, Louisiana 70804-9005

TEL: (225) 326-6000

FAX: (225) 326-6099

Email: hillmanc@ag.louisiana.gov

Email: seidemannr@ag.louisiana.gov

*Attorneys for the State of Louisiana*

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PARISH OF EAST BATON ROUGE  
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OFFSHORE VENTURES, L.L.C., AND SANARE ENERGY PARTNERS

FILED: \_\_\_\_\_

DEPUTY CLERK: \_\_\_\_\_

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VERIFICATION AND CERTIFICATE OF SERVICE

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STATE OF LOUISIANA

)

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned authority, personally came and appeared:

**CANDICE R. HILLMAN**

who, after first being duly sworn did depose and say:

That she is the attorney for the Applicants, the State of Louisiana, through the Office of Conservation, and that she prepared the foregoing Petition for Specific Performance, that all of the allegations in the foregoing Petition are true and correct to the best of her knowledge, information, and belief; and that sheriff's service of copies of this Petition and all exhibits attached hereto have been requested upon the following:

**RLI Insurance Company, L.L.C.**  
2925 Richmond Avenue  
Houston, TX 77098

**Sompo International Insurance**  
12890 Lebanon Road  
Mt. Juliet, TN 37122

**Lexon Insurance Company**

**Sanare Energy Partners, L.L.C.**  
11 Greenway Plaza, Suite 2800  
Houston, Texas 77046

Candice R. Hillman further deposes and says:

That a copy of this Petition and all exhibits attached hereto have been sent to RLI Insurance Company's retained counsel and Sompo International's retained counsel/claims administrator, but not yet counsel of record:

**Elliot Scharfenberg**  
*escharfenberg@kfplaw.com*  
KREBS FARLEY & DRY  
400 Poydras Street, Suite 2500  
New Orleans, LA 70130

*And*

**Jeremy Sentman, Esq.**  
*jsentman@sompo-intl.com*  
SOMPO INTERNATIONAL INSURANCE  
400 Poydras Street, Suite 2500  
New Orleans, LA 70130

  
CANDICE R. HILLMAN (La. Bar No. 34371)

SWORN AND SUBSCRIBED before me, Notary Public, on this 19<sup>th</sup> day of August, 2019.

  
NOTARY PUBLIC  
RYAN M. SEIDEMANN  
La. Bar Roll No. 28991  
My commission expires at death.



RYAN M. SEIDEMANN  
Notary Public  
Notary ID No. 77139  
East Baton Rouge Parish, Louisiana

original

10/16/2012  
OC N123

(Multiple Wells)  
Bond No. RLB0014817

Max: 99

**PERFORMANCE BOND**

**KNOW ALL MEN BY THESE PRESENTS:**

That we, Northstar Offshore Group, LLC, 11 Greenway Plaza, Suite 2800, Houston, Texas 77046 (hereinafter called the "Principal"), and RLI Insurance Company, with an office at 8 Greenway Plaza, Suite 400, Houston, Texas 77046-0899 (hereinafter called the "Surety"), are held and firmly bound unto the Louisiana Office of Conservation, State of Louisiana, with its principal office at P. O. Box 94275, Capital Station, Baton Rouge, Louisiana 70804-9275 (hereinafter called the "Obligee"), in the Penal Sum of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00) lawful money of the United States of America for the payment of which penal sum the Principal and Surety bind themselves, their successors and assigns, jointly, severally, and in solido, firmly by these presents.

**WHEREAS**, the Principal has applied to the Office of Conservation for a Permit to Drill, or an Application to Amend Operator, for Minerals for wells and facilities listed on the attached Exhibit "A"; and

**WHEREAS**, the Principal has assumed the obligation to plug and abandon the well(s), remove platforms and pilings, close associated pits, remove facilities, conduct site clearance and verification, conduct site restoration and to restore the surface in accordance with the Leases and/or the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or the laws of the State of Louisiana; and

**WHEREAS**, the Principal and Surety agree that notwithstanding the subsequent termination of any Lease, whether by operation of law or otherwise, this Bond shall remain in full force and effect until all obligations of the Principal under the Leases and/or the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or the laws of the State of Louisiana have been truly and faithfully performed and a release and discharge of this Bond shall have been given by the Commissioner of Conservation; and

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OCT 16 2012

**WHEREAS**, the Principal has promised to deliver to the Obligee a Bond substantially in the form hereof; and

**WHEREAS**, the Surety represents that it is duly authorized by the proper public authorities to transact the business of indemnity and suretyship in the State of Louisiana, and represents that it is qualified to be surety and guarantor on bonds and undertakings, which certificate has not been revoked; and

**WHEREAS**, the Surety represents that it has duly executed a power of attorney, appointing the hereinafter named representative as its duly authorized deputy, as the true and lawful attorney-in-fact of such Surety, upon whom may be served all lawful process in any action or proceeding against such Surety in any court or before any officer, arising out of or founded upon this Bond or any liability hereunder; and does hereby agree and consent that such service, when so made, shall be valid service upon it, and that such appointment shall continue in force and effect and be irrevocable so long as any liability against it remains outstanding hereunder, and

**NOW THEREFORE**, the Principal and the Surety agree as follows:

The Surety hereby guarantees the Principal's agreement to plug and abandon the Subject Wells, to remove all platforms, pilings, facilities, pits and to restore the surface pursuant to the Leases, the Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and to pay all costs and expenses associated therewith in full compliance with the terms of the Leases, the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or any and all other state and federal agencies having jurisdiction over such matters and the laws of the State Louisiana as now written or as they may be hereafter amended.

This Bond shall be automatically renewed annually, subject to the terms and provisions hereof, unless the Surety shall notify the Obligee, in writing by Certified Mail, of its intention to cancel the Bond. Such written notice of cancellation shall be given at least one hundred twenty (120) days prior to the proposed cancellation date.

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OFFICE OF CONSERVATION

**PROVIDED, HOWEVER,** whenever the Principal shall present a Plug and Abandon Report with respect to any Subject Well or Facility together with a written statement from the Commissioner of Conservation evidencing that the Subject Well has been satisfactorily plugged, abandoned or removed in accordance with the Rules, Regulations and Orders promulgated by the Commissioner of Conservation, then the Penal Amount of this Bond shall be reduced for the Subject Well plugged and abandoned or the Facility removed in accordance with the itemized schedule set forth on Exhibit "A", but only by the amount set forth on the itemized schedule shown on Exhibit "A" for the Subject Wells and all Facilities, provided that, at such time as all of the Subject Wells have been plugged and abandoned and all Facilities removed and surface restoration operations have been completed, in accordance with the Leases, and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and this Bond shall have been released and discharged by the Commissioner of Conservation, then this obligation shall be null and void; otherwise, it shall remain in full force and effect for the full penal amount of the Bond.

**PROVIDED, FURTHER THAT,** to the extent the Principal and/or the Surety may be liable for any expenses, fees, penalties, damages (either direct, indirect or consequential) in addition to the obligation described above, or to the extent the Obligee may incur any attorneys' fees or court costs or other expenses of litigation in the event of a contest over the Surety's denial of the obligation (or any part thereof), the maximum obligation of the Surety under this Bond shall be the Penal Sum of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00), reduced as applicable, as provided for herein.

**FURTHERMORE,** it is agreed that the Surety shall have no obligation to the Principal for any loss suffered by the Principal by reason of acts or omissions which are or could be covered by the Principal's general liability insurance, products liability insurance, completed operations insurance or any other insurance. In no event shall the Surety be obligated to pay, in the aggregate, for all claims hereunder, an amount exceeding the penal sum of this Performance Bond.

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Whenever the Principal fails, neglects or refuses to carry out its obligation to plug and abandon any one or more or all of the Subject Wells, remove platforms or restore the surface of the Leases (or Subject Tract related to the Subject Well), or to pay the cost thereof, when and if it is required to do so under the terms of the Leases and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and the Obligee has presented to the Surety a written notice of default, sent by Certified Mail, by the Principal of its obligations and such condition has persisted for sixty (60) days following the date of such written notice of default, then the Surety shall, within thirty (30) days:

- 1) Pay to the Obligee an amount equal to the estimated cost of plugging and abandoning and restoration of the surface to be incurred by the Obligee, which payment shall be subject to the penal limit of this Bond and/or the itemized schedule set forth on Exhibit "A"; in the event of plugging and abandoning less than all of the Subject Wells and restoration of the surface of less than all of the sites and/or leases; or
- 2) Commence the necessary operations to plug and abandon the Subject Wells and restore the surface of the sites and/or Leases. If the Surety should elect, in the event of default by the Principal, to commence or cause to be commenced the aforementioned plugging and abandonment activity and surface restoration, such operations shall continue until such time as the obligations of the Principal as set forth in the Leases, and/or the Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana have been fully satisfied, notwithstanding the penal limit of this Bond. In the event the Surety commences operations to plug and abandon less than all of the Subject Wells and/or restore the surface of less than all of the Leases and/or sites, then the penal limit of this Bond shall be reduced only the amount set forth on Exhibit "A".

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OFFICE OF CONSERVATION  
PERMIT SECTION

Provided, however, that in the event of an emergency, deemed by the Commissioner of Conservation as presenting a threat or risk of damage or harm to the environment, the natural resources of the State of Louisiana or the public health and welfare of the general public, and should the Principal fail or refuse to act to correct or alleviate the emergency, then the notice and delay provisions hereof shall be inapplicable and waived by the Surety and the Commissioner of Conservation shall be authorized to take such action as he may deem necessary or expedient to avoid, eliminate or reduce the threat or risk of damage or harm presented by such emergency. All such cost and expense incurred by the Commissioner of Conservation in the exercise of such emergency powers shall be paid and reimbursed under the terms and conditions of this Bond, but the exercise of such emergency powers by the Commissioner of Conservation shall, in no way, affect the total penal limit of this Bond or alter or modify the itemized schedule set forth on Exhibit "A" in the event such emergency affects less than all of the Subject Wells and/or sites and/or Leases. Notwithstanding the above, it is understood that the value (as set forth on Exhibit "A" attached hereto) attributable to the Subject Wells and/or Facilities affected by the Commissioner of Conservation's emergency powers shall be reduced from the Penal Amount of this Bond. In no event shall the Surety be obligated to pay, in the aggregate, for all claims hereunder, an amount exceeding the penal sum of this Performance Bond.

Any suit under this Performance Bond must be instituted before the expiration of one (1) year from the date of the occurrence of an event of default, as defined herein. Subject to such one (1) year limitation, the Surety consents and agrees that any legal action against it under this Performance Bond may be brought in the 19th Judicial District Court for the Parish of East Baton Rouge, State of Louisiana, hereby irrevocably submitting itself to the jurisdiction and venue of such court.

A "default" shall be the Principal's failure, neglect or refusal to carry out its obligation to plug and abandon any one or more of the Subject Wells, remove platforms or restore the surface of the sites and/or Leases, or to pay the cost thereof, when and if it is required to do so under the terms of the Leases or by Rule, Regulation or Order of the Commissioner of Conservation or by the laws of the State of Louisiana.

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No amendment of or supplement to the terms or provisions of any Lease(s) or any assignment and/or release of the Lease(s) thereof by the Principal, its successors or assigns, and no delay, neglect or failure of the Obligee to proceed promptly in the premises in case of any default on the part of the Principal shall in any degree relieve the Principal and the Surety or any of them or their obligations under this Bond.

**HOWEVER**, in the event of an assignment of any Lease or Wells or the Facilities or any of them by the Principal, the Principal shall cause its Assignee to post security with the Commissioner of Conservation, in a form and in an amount acceptable to the Commissioner of Conservation. If and when such security has been accepted by the Commissioner of Conservation, then the Obligee will issue a release of this Bond, within sixty (60) days, in whole or in part, in the event of an assignment of less than all of the Leases, Subject Wells and Facilities.

No right or action shall accrue on this Performance Bond to or for the use of any person or corporation other than the Principal, the Obligee, their heirs, executors, administrators or successors.

The Surety shall, no later than the renewal date each and every calendar year, provide the Commissioner of Conservation with an annual financial report or other documents to establish the Surety's financial solvency.

In the event that the Principal shall commence any proceeding under bankruptcy, reorganization, arrangement, insolvency, dissolution or liquidation law of any jurisdiction, then the Surety and/or the Principal shall notify the Commissioner of Conservation. Regardless of the occurrence of the aforementioned conditions, this Bond will remain in full force and effect.

**NOW, THEREFORE**, if the said Principal shall faithfully observe and honestly comply with the provisions contained herein, then this obligation shall become null and void and of no effect.

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The Oblige will issue a release of this Bond within a reasonable time period, but in no instance longer than thirty (30) days after receipt of satisfactory evidence (a report from the proper regulatory authority) of the Principal's full and faithful performance and compliance with the obligation of this Performance Bond.

IN WITNESS WHEREOF, the above bound parties have executed this instrument under their several seals this 11<sup>th</sup> day of October, 2012, the name and corporate seal of each corporate party being hereto affixed and those presents duly signed by its undersigned representative pursuant to the authority of its governing body.

Witnesses:

*Sherry J. Gosnell*  
SHERRY J. GOSNELL

*J. Joel Neeley*  
J. Joel Neeley

**Northstar Offshore Group, LLC**  
11 Greenway Plaza, Suite 2800  
Houston, TX 77046  
Principal

By: *Brian H. Macmillan*  
(Signature)  
**Brian H. Macmillan**  
Senior Vice President  
Land and Business Development

Witnesses:

*Robbie Duxbury*  
Robbie Duxbury

*Katie Tran*  
Katie Tran

**RLI Insurance Company**  
8 Greenway Plaza, Suite 400  
Houston, Texas 77046-0899  
Surety

By: *Greg E. Chilson*  
Greg E. Chilson, Attorney-in-Fact

APPROVED, ACCEPTED AND EXECUTED THIS 18<sup>th</sup> DAY OF October, 2012.

Witnesses:

*Deborah S. Wells*  
Deborah S. Wells

*James M. Reams*  
James M. Reams

**Office of Conservation  
State of Louisiana**

By: *James M. Reams*  
Commissioner of Conservation

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OFFICE OF CONSERVATION  
PERMIT SECTION

**Exhibit "A"**

Operator Northstar Offshore Group, LLC Surety RLI Insurance Company

LOC/CD/Bond No. RLB0014817

Wells Covered by Security		
Well Name & No.	Field	Serial Number*
VUB; SL 18423 NO. 001	Creole Offshore	231746
VUB; SL 18423 NO. 001-D	Creole Offshore	232797
VUB; SL 18423 NO. 002	Creole Offshore	234959
VUB; SL 18423 NO. 002-D	Creole Offshore	236075
VUB; SL 18423 NO. 003	Creole Offshore	151097
VUB; SL 18521 NO. 001	Creole Offshore	233855
VUB; SL 18521 NO. 001-D	Creole Offshore	235106
VUB; SL 18521 NO. 002	Creole Offshore	237827
VUB; SL 18521 NO. 002-D	Creole Offshore	239090
VUB; SL 18521 NO. 003	Creole Offshore	237828
VUB; SL 18521 NO. 003-D	Creole Offshore	244585
VUA; SL 18519 NO. 001	Creole Offshore	232725
VUB; SL 18521 NO. 004	Creole Offshore	242708
VUB; SL 18521 NO. 005	Creole Offshore	242709
VUB; SL 18521 NO. 005-D	Creole Offshore	243814
VUB; SL 18521 NO. 008	Creole Offshore	244198
VUB; SL 18521 NO. 008-D	Creole Offshore	245227
VUB; SL 18521 NO. 006	Creole Offshore	243958
VUB; SL 18521 NO. 007	Creole Offshore	243959
TROY BAILEY SWD NO. 001	Creole Offshore	973555
WILMA A PICOU SWD NO. 001	Creole Offshore	974150

*Dual*  
*Dual*

\*Only wells with Serial Numbers will be accepted.

14

**RECEIVED**

OCT 16 2012

OFFICE OF CONSERVATION  
 PERMIT SECTION



RLI Surety  
A Division of RLI Insurance Company

RLB0014817

# POWER OF ATTORNEY

RLI Insurance Company

## Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$1,250,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers-of-Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson  
CORPORATE SECRETARY

State of Illinois )  
County of Peoria ) SS



On this 11 day of October 2012 before me, a Notary Public, personally appeared Michael J. Stone and Jean M. Stephenson, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Jacqueline M. Bockler  
Notary Public



RECEIVED

OCT 16 2012

OFFICE OF CONSERVATION  
PERMIT SECTION

**Exhibit "A" Amendment**

Operator Name: Northstar Offshore Group, LLC (Op. Code: N123 )

LOC/PB/CD No.: RLB0014817

Surety/Bank Name: RLI Insurance Company

(ADDED)

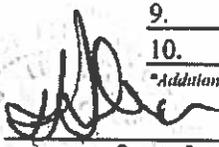
Well Name & No.	Field Name	Serial No.
1. VUB; SL 18423 NO. 004	Creole Offshore	245974 ✓
2.		
3.		
4.		
5.		
6.		
7.		
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9.		
10.		

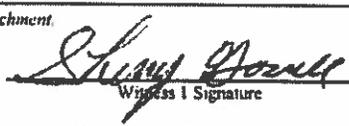
\*Additional space provided on attachment.

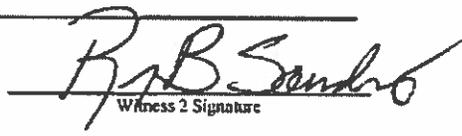
(DELETED)

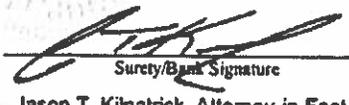
Well Name & No.	Field Name	Serial No.
1.		
2.		
3.		
4.		
5.		
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8.		
9.		
10.		

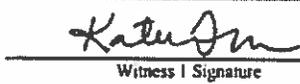
\*Additional space provided on attachment.

  
 Operator Signature  
Briar H. Macmillan  
 (Printed Name)

  
 Witness 1 Signature  
Sherry Gosnell  
 (Printed Name)

  
 Witness 2 Signature  
Roger B. Souders  
 (Printed Name)

  
 Surety/Bank Signature  
Jason T. Kilpatrick, Attorney-in-Fact  
 (Printed Name)

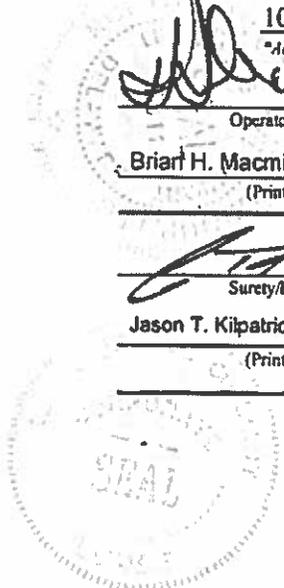
  
 Witness 1 Signature  
Katie Tran  
 (Printed Name)

  
 Witness 2 Signature  
Cynthia D. Taylor  
 (Printed Name)

**Office of Conservation Use Only**       Approved       Denied

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

JAMES H. WELSH  
COMMISSIONER OF CONSERVATION



**Exhibit "A"**  
Amended July 19, 2013

Operator Northstar Offshore Group, LLC Surety RLI Insurance Company

LOC/CD/Bond No. RLB0014817

Wells Covered by Security		
Well Name & No.	Field	Serial Number*
VUB; SL 18423 NO. 001	Creole Offshore	231746
VUB; SL 18423 NO. 001-D	Creole Offshore	232797
VUB; SL 18423 NO. 002	Creole Offshore	234959
VUB; SL 18423 NO. 002-D	Creole Offshore	236075
VUB; SL 18423 NO. 003	Creole Offshore	151097
VUB; SL 18521 NO. 001	Creole Offshore	233855
VUB; SL 18521 NO. 001-D	Creole Offshore	235106
VUB; SL 18521 NO. 002	Creole Offshore	237827
VUB; SL 18521 NO. 002-D	Creole Offshore	239090
VUB; SL 18521 NO. 003	Creole Offshore	237828
VUB; SL 18521 NO. 003-D	Creole Offshore	244585
VUA; SL 18519 NO. 001	Creole Offshore	232725
VUB; SL 18521 NO. 004	Creole Offshore	242708
VUB; SL 18521 NO. 005	Creole Offshore	242709
VUB; SL 18521 NO. 005-D	Creole Offshore	243814
VUB; SL 18521 NO. 008	Creole Offshore	244198
VUB; SL 18521 NO. 008-D	Creole Offshore	245227
VUB; SL 18521 NO. 006	Creole Offshore	243958
VUB; SL 18521 NO. 007	Creole Offshore	243959
TROY BAILEY SWD NO. 001	Creole Offshore	973555
WILMA A PICOU SWD NO. 001	Creole Offshore	974150
VUB; SL 18423 NO. 004	Creole Offshore	245974

\*Only wells with Serial Numbers will be accepted.

**BOND RIDER NO. 1**

Attaching to and forming part of Performance Bond No. RLB0014817, executed October 11, 2012, on behalf of Northstar Offshore Group, LLC as Principal, in favor of the Louisiana Office of Conservation, State of Louisiana as Obligee, issued by RLI Insurance Company as Surety, in the amount of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00).

It is understood and agreed that effective July, 19, 2013, the following well is to be added to this bond, per the attached Exhibit "A" Amendment:

Serial	Well Name	Well No.	Field
245974	VUB; SL 18423	004	Creole Offshore

It is also understood and agreed that effective July 19, 2013, Exhibit "A", is amended as attached.

All other conditions and terms to remain as originally written.

Signed, sealed and dated this 19<sup>th</sup> day of July 2013.

Northstar Offshore Group, LLC  
Principal

By: \_\_\_\_\_

Brian H. Macmillan, Senior Vice President Land & Business Development  
(Print Name & Title)

RLI Insurance Company  
8 Greenway Plaza, Suite 400  
Houston, TX 77046  
Surety

By: \_\_\_\_\_

Jason T. Kilpatrick, Attorney-in-Fact



RLI Surety  
A division of RLI Insurance Company

RLB0014817

**POWER OF ATTORNEY**  
**RLI Insurance Company**

***Know All Men by These Presents:***

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: JASON T. KILPATRICK in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$1,250,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers-of-Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson  
CORPORATE SECRETARY

State of Illinois )  
County of Peoria ) SS



RLI INSURANCE COMPANY

Michael J. Stone  
PRESIDENT

On this 19 day of July 2013 before me, a Notary Public, personally appeared Michael J. Stone and Jean M. Stephenson, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Jacqueline M. Bockler  
Notary Public

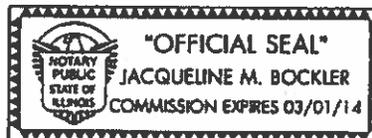


Exhibit "A" Amendment

Operator Name: Northstar Offshore Group, LLC (Op. Code: N123)

LOC/PB/CD No.: RLB0014817

Surety/Bank Name: RIL Insurance Company

(ADDED)	Well Name & No.	Field Name	Serial No.
1.	VUB; SL 18524 No. 001	Creole Offshore	SN 247110 ✓
2.	VUB; SL 18521 No. 010	Creole Offshore	SN 246776 ✓
3.	*VUB; SL 18521 No. 009*	Creole Offshore	SN 245974
4.	VUB; SL 18521 No. 011	Creole Offshore	SN 246981 ✓
5.	VUB; SL 18521 No. 012**	Creole Offshore	SN 247159 ✓
6.	VUB; SL 19190 No. 001	Creole Offshore	SN 246609 ✓
7.			
8.	(** Formerly SL#18523 No. 005 but recently re-named)		
9.	*Former name currently VUB: SL 18423 #4. Already on Ex. A		
10.			

Total: 20

\*Additional space provided on attachment

(DELETED)	Well Name & No.	Field Name	Serial No.
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

RECEIVED

JAN 16 2014

OFFICE OF CONSERVATION  
PERMIT SECTION

\*Additional space provided on attachment

*[Signature]*  
Operator Signature

Brian H. Macmillan  
(Printed Name)

*[Signature]*  
Witness 1 Signature

Sherry J. Gosnell  
(Printed Name)

*[Signature]*  
Witness 2 Signature

Roger B. Souders  
(Printed Name)

*[Signature]*  
Surety/Bank Signature

Robbie Duxbury, Attorney-in-Fact  
(Printed Name)

*[Signature]*  
Witness 1 Signature

Katie Tran  
(Printed Name)

*[Signature]*  
Witness 2 Signature

Nancy Cruz  
(Printed Name)

Office of Conservation Use Only

Approved

Denied

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

JAMES H. WELSH  
COMMISSIONER OF CONSERVATION



**BOND RIDER NO. 2**

Attaching to and forming part of Performance Bond No. RLB0014817, executed October 11, 2012, on behalf of Northstar Offshore Group, LLC as Principal, in favor of the Louisiana Office of Conservation, State of Louisiana as Obligee, issued by RLI Insurance Company as Surety, in the amount of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00).

It is understood and agreed that effective January 14, 2014, the following wells are to be added to this bond, per the attached Exhibit "A" Amendment:

Serial Number	Well Name	Well No.	Field
SN 247110	VUB; SL 18524	No. 001	Creole Offshore
SN 246776	VUB; SL 18521	No. 010	Creole Offshore
SN 245974	VUB; SL 18521	No. 009	Creole Offshore
SN 246981	VUB; SL 18521	No. 011	Creole Offshore
SN 247159	VUB; SL 18521	No. 012	Creole Offshore
SN 246609	VUB; SL 19190	No. 001	Creole Offshore

It is also understood and agreed that effective January 14, 2014, Exhibit "A", is amended as attached.

All other conditions and terms to remain as originally written or as previously amended by rider.

Signed, sealed and dated this 14<sup>th</sup> day of January, 2014.

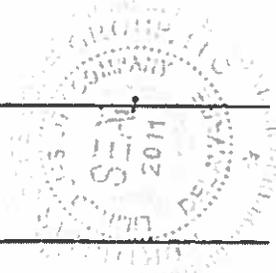
Northstar Offshore Group, LLC

Principal

By: 

Brian H. Macmillan

Senior Vice President Land & Business Development



**RECEIVED**

JAN 16 2014

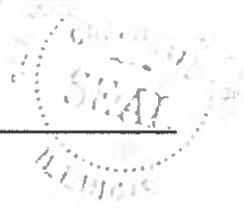
**OFFICE OF CONSERVATION  
PERMIT SECTION**

RLI Insurance Company  
8 Greenway Plaza, Suite 400  
Houston, TX 77046

Surety

By: 

Robbie Duxbury, Attorney-in-Fact





RLB0014817

RLI Surety  
A division of RLI Insurance Company

**POWER OF ATTORNEY**  
RLI Insurance Company

**Know All Men by These Presents:**

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: ROBBIE DUXBURY in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$1,250,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers-of-Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson  
CORPORATE SECRETARY



Michael J. Stone  
PRESIDENT



State of Illinois )  
County of Peoria ) SS

On this 14th day of January 2014 before me, a Notary Public, personally appeared Michael J. Stone and Jean M. Stephenson, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Jacqueline M. Bockler  
Notary Public



**RECEIVED**

JAN 16 2014

OFFICE OF CONSERVATION  
PERMIT SECTION SPA027 (03/11)

**Exhibit "A" Amendment**

Operator Name: Northstar Offshore Group, LLC (Op. Code: N123)  
 LOC/PB/CD No.: RLB0014817  
 Surety/Bank Name: RLI Insurance Company

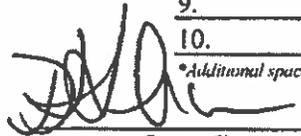
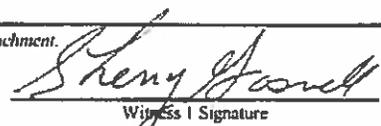
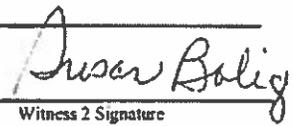
(ADDED)	Well Name & No.	Field Name	Serial No.
1.	Ivan Fisk SWD NO. 001	WEST CAMERON, BLOCK 20	972565
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

21 Total  
offshore  
\$ 1,250,000

\*Additional space provided on attachment.

(DELETED)	Well Name & No.	Field Name	Serial No.
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

\*Additional space provided on attachment.

 Operator Signature <u>Brian H. Macmillan</u> (Printed Name)	 Witness 1 Signature <u>Sherry Gosnell</u> (Printed Name)	 Witness 2 Signature <u>Susan Bolig</u> (Printed Name)
 Surety/Bank Signature <u>Robbie Duxbury</u> (Printed Name)	 Witness 1 Signature <u>Lauri Arnett</u> (Printed Name)	 Witness 2 Signature <u>Nancy Cruz</u> (Printed Name)

**Office of Conservation Use Only**       Approved       Denied

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

JAMES H. WELSH  
COMMISSIONER OF CONSERVATION

Amendment No. 003

05/20/2015

OC N 123

**BOND RIDER NO. 3**

Attaching to and forming part of Performance Bond No. RLB0014817, executed October 11, 2012, on behalf of Northstar Offshore Group, LLC as Principal, in favor of the Louisiana Office of Conservation, State of Louisiana as Obligee, issued by RLI Insurance Company as Surety, in the amount of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00).

It is understood and agreed that effective May 14, 2015, the following well is to be added to this bond, per the attached Exhibit "A" Amendment:

Serial Number	Well Name	Well No.	Field
SN 972565	Ivan Fisk SWD	No. 001	West Cameron Blk 20

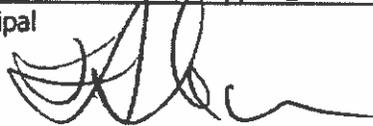
It is also understood and agreed that effective May 14, 2015, Exhibit "A", is amended as attached.

All other conditions and terms to remain as originally written or as previously amended by rider.

Signed, sealed and dated this 14<sup>th</sup> day of May, 2015.

Northstar Offshore Group, LLC

Principal

By: 

Brian H. Macmillan

Senior Vice President Land & Business Development

RLI Insurance Company  
8 Greenway Plaza, Suite 400  
Houston, TX 77046

Surety

By: 

Greg E. Chilson, Attorney-in-Fact





RLI Surety  
A division of RLI Insurance Company

RLB0014817

# POWER OF ATTORNEY

RLI Insurance Company

### Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: GREG E. CHILSON in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$1,250,000.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers-of-Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson  
CORPORATE SECRETARY

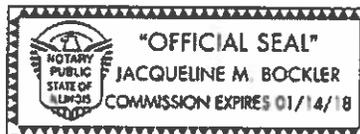
State of Illinois )  
                          ) SS  
County of Peoria   )



Michael J. Stone  
PRESIDENT

On this 14th day of May, 2015 before me, a Notary Public, personally appeared Michael J. Stone and Jean M. Stephenson, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Jacqueline M. Bockler  
Notary Public



Original

05/05/2016

OC N123

This bond supersedes, replaces, and assumes any, and all past, present, and future liability of Bond RLB0014817.

## PERFORMANCE BOND

**Bond Number: 1138467**

### KNOW ALL MEN BY THESE PRESENTS:

That we, Northstar Offshore Group, LLC, 11 Greenway Plaza, Suite 2800, Houston, Texas 77046 (hereinafter called the "Principal") and Lexon Insurance Company with an office at 10002 Shelbyville Road, Suite 100, Louisville, KY 40223 (hereinafter called the "Surety") are held and firmly bound unto the Louisiana Office of Conservation, State of Louisiana, with its principal office at P.O. Box 94275, Capital Station, Baton Rouge, Louisiana 70804-9275 (hereinafter called the Obligee"), in the Penal Sum of One Million Two Hundred Fifty Thousand and 00/100 Dollars (\$1,250,000.00) lawful money of the United States of America for the payment of which penal sum the Principal and the Surety bind themselves, their successors and assigns, jointly, severally, and in solido, firmly by these presents.

**WHEREAS**, the Principal has applied to the Office of Conservation for a Permit to Drill, or an Application to Amend Operator, for Minerals for wells and facilities listed on the attached Exhibit "A", and

**WHEREAS**, the Principal has assumed the obligation to plug and abandon the well(s), remove platforms and pilings, close associated pits, remove facilities, conduct site clearance and verification, conduct site restoration and to restore the surface in accordance with the Leases and/or the laws of the State of Louisiana; and

**WHEREAS**, the Principal and the Surety agree that notwithstanding the subsequent termination of any Lease, whether by operation of law or otherwise, this Bond shall remain in full force and effect until all obligations of the Principal under the Leases and/or the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or the laws of the State of Louisiana have been truly and faithfully performed and a release and discharge of this Bond shall have been given by the Commissioner of Conservation; and

**WHEREAS**, the Principal has promised to deliver to the Obligee a Bond substantially in the form hereof; and

**WHEREAS**, the Surety represents that it is duly authorized by the proper public authorities to transact the business of indemnity and suretyship in the state of Louisiana, and represents that is qualified to be surety and guarantor on bonds and undertakings, which certificate has not been revoked; and

**WHEREAS**, the Surety represents that it has duly executed a power of attorney, appointing the hereinafter named representative as its duly authorized deputy, as the true and lawful attorney-in-fact of such Surety, upon whom may be served all lawful process in any action or proceeding against such Surety

in any court or before any officer, arising out of or founded upon this Bond or any liability hereunder; and does hereby agree and consent that such service, when so made, shall be valid service upon it, and that such appointment shall continue in force and effect and be irrevocable so long as any liability against it remains outstanding hereunder, and

**NOW THEREFORE**, the Principal and the Surety agree as follows:

The Surety hereby guarantees the Principal's agreement to plug and abandon the Subject Wells, to remove all platforms, pilings, facilities, pits and to restore the surface pursuant to the Leases, the Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana to pay all costs and expenses associated therewith in full compliance with the terms of the Leases, the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or any and all other state and federal agencies having jurisdiction over such matters and the laws of the State of Louisiana as now written or as they may be hereafter amended.

This Bond shall be automatically renewed annually, subject to the terms and provisions hereof, unless the Surety shall notify the Obligee, in writing by Certified Mail, of its intention to cancel the Bond. Such written notice of cancellation shall be given at least one hundred twenty (120) days prior to the proposed cancellation date.

**PROVIDED, HOWEVER**, whenever the Principal shall present a Plug and Abandon Report with respect to any Subject Well or Facility together with a written statement from the Commissioner of Conservation evidencing that the Subject Well has been satisfactorily plugged, abandoned or removed in accordance with the Rules, Regulations and Orders promulgated by the Commissioner of Conservation, then the Penal Amount of this Bond shall be reduced for the Subject Well plugged and abandoned or the Facility removed in accordance with the itemized schedule set forth on Exhibit "A", but only by the amount set forth on the itemized schedule shown on Exhibit "A" for the Subject Wells and all Facilities, provided that, at such time as all of the Subject Wells have been plugged and abandoned and all Facilities removed and surface restoration operations have been completed, in accordance with the Leases, and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and this Bond shall have been released and discharged by the Commissioner of Conservation, then this obligation shall be null and void; otherwise, it shall remain in full force and effect for the full penal amount of the Bond.

**PROVIDED, FURTHER THAT**, to the extent the Principal and/or Surety may be liable for any expenses, fees, penalties, damages (either direct, indirect or consequential) in addition to the obligation described above, or to the extent the Obligee may incur any attorneys' fees or court costs or other expenses of litigation in the event of a contest over the Surety's denial of the obligation (or any party thereof), the maximum obligation of the Surety under this bond shall be the Penal Sum of One Million Two Hundred Fifty Thousand and 00/100 Dollars (\$1,250,000.00) reduced as applicable, as provided for herein.

**FURTHERMORE**, it is agreed that the Surety shall have no obligation to the Principal for any loss suffered by the Principal, by reason of acts or omissions which are or could be covered by the Principal's general liability insurance, products liability insurance, completed operations insurance or any other insurance. In no event shall the Surety be obligated to pay, in the aggregate, for all claims hereunder, an amount exceeding the penal sum of this Performance Bond.

Whenever the Principal fails, neglects or refuses to carry out its obligation to plug and abandon any one or more or all of the Subject Wells, remove platforms or restore the surface of the Leases (or Subject Tract related to the Subject Well) or to pay the cost thereof, when and if it is required to do so under the terms of the Leases and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and the Obligee has presented to the Surety a written notice of default, sent by Certified Mail, by the Principal of its obligations and such condition has persisted for sixty (60) days following the date of such written notice of default, then the Surety shall, within thirty (30) days:

- 1) Pay to the Obligee an amount equal to the estimated cost of plugging and abandoning and restoration of the surface to be incurred by the Obligee, which payment shall be subject to the penal limit of this Bond and/or the itemized schedule set forth on Exhibit "A"; in the event of plugging and abandoning less than all of the Subject Wells and restoration of the surface of less than all of the sites and/or leases; or
- 2) Commence the necessary operations to plug and abandon the Subject Wells and restore the surface of the sites and/or Leases. If the Surety should elect, in the event of default by the Principal, to commence or cause to be commenced the aforementioned plugging and abandonment activity and surface restoration, such operations shall continue until such time as the obligations of the Principal as set forth in the Leases, and/or the Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana have been fully satisfied, notwithstanding the penal limit of this Bond. In the event the Surety commences operations to plug and abandon less than all of the Subject Wells and/or restore the surface of less than all of the Leases and/or sites, then the penal limit, of this Bond shall be reduced only the amount set forth on Exhibit "A".

Provided However, that in the event of an emergency, deemed by the Commissioner of Conservation as presenting a threat or risk of damage or harm to the environment, the natural resources of the State of Louisiana or the public health and welfare of the general public, and should the Principal fail or refuse to act to correct or alleviate the emergency, then the notice and delay provisions hereof shall be inapplicable and waived by the Surety and the Commissioner of Conservation shall be authorized to take such action as he may deem necessary or expedient to avoid, eliminate or reduce the threat or risk of damage or harm presented by such emergency. All such cost and expense incurred by the Commissioner of Conservation in the exercise of such emergency powers shall be paid and reimbursed under the terms and conditions of this Bond, but the exercise of such emergency powers by the Commissioner of Conservation shall, in no way, affect the total penal limit of this Bond or alter or modify the itemized schedule set forth on Exhibit "A" in the event such emergency affects less than all of the Subject Wells and/or sites and/or Leases. Notwithstanding the above, it is understood that the value (as set forth on Exhibit "A" attached hereto) attributable to the Subject Wells and/or Facilities affected by the Commissioner of Conservation's emergency powers shall be reduced from the Penal Amount of this Bond. In no event shall the Surety be obligated to pay, in the aggregate, for all claims hereunder, an amount exceeding the penal sum of this Performance Bond.

Any suit under this Performance Bond must be instituted before the expiration of one (1) year from the date of the occurrence of an event of default, as defined herein. Subject to such one (1) year limitation, the Surety consents and agrees that any legal action against it under this Performance Bond may be

brought in the 19<sup>th</sup> Judicial District Court for the Parish of East Baton Rouge, State of Louisiana, hereby irrevocably submitting itself to the jurisdiction and venue of such court.

A "default" shall be the Principal's failure, neglect or refusal to carry out its obligation to plug and abandon any one or more of the Subject Wells, remove platforms or restore the surface of the sites and/or Leases, or to pay the cost thereof, when and if it is required to do so under the terms of the Leases or by Rule, Regulation or Order of the Commissioner of Conservation or by the laws of the State of Louisiana.

No amendment of or supplement to the terms or provisions of any Lease(s) or any assignment and/or release of the Lease(s) thereof by the Principal, its successors or assigns, and no delay, neglect or failure of the Obligee to proceed promptly in the premises in case of any default on the part of the Principal shall in any degree relieve the Principal and the Surety or any of them or their obligations under this Bond.

**HOWEVER**, in the event of an assignment of any Lease or Wells or the Facilities or any of them by the Principal, the Principal shall cause its Assignee to post security with the Commissioner of Conservation, in a form and in an amount acceptable to the Commissioner of Conservation. If and when such security has been accepted by the Commissioner of Conservation, then the Obligee will issue the release of this Bond, within sixty (60) days, in whole or in part, in the event of an assignment of less than all of the Leases, Subject Wells and Facilities.

No right or action shall accrue on this Performance Bond to or for the use of any person or corporation other than the Principal, the Obligee and their respective heirs, executors, administrators, successors, and assigns.

The Surety shall, no later than the renewal date each and every calendar year, provide the Commissioner of Conservation with an annual financial report or other documents to establish the Surety's financial solvency.

In the event that the Principal shall commence any proceeding under bankruptcy, reorganization, arrangement, insolvency, dissolution or liquidation law of any jurisdiction, then the Surety and/or the Principal shall notify the Commissioner of Conservation. Regardless of the occurrence of the aforementioned conditions, this Bond will remain in full force and effect.

**NOW, THEREFORE**, if the said Principal shall faithfully observe and honestly comply with the provisions contained herein, then this obligation shall become null and void and of no effect.

The obligee will issue a release of this Bond within a reasonable time period, but in no instance longer than thirty (30) days after receipt of satisfactory evidence (a report from the proper regulatory authority) of the Principal's full and faithful performance and compliance with the obligation of this Performance Bond.

IN WITNESS WHEREOF, the above bound parties have executed this instrument under their several seals this 22<sup>nd</sup> day of March, 2016, the name and corporate seal of each corporate party being hereto affixed and those presents duly signed by its undersigned representative pursuant to authority of its governing body.

Witnesses:

Sherry J. Gosnell  
SHERRY J. GOSNELL  
Alexis Moller  
ALEXIS MOLLER

Principal

Northstar Offshore Group, LLC  
11 Greenway Plaza, Suite 2800  
Houston, TX 77046

By:

[Signature]  
(Signature)

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

Witnesses:

Dawson West  
Dawson West  
Sandra L. Fusinetti  
Sandra L. Fusinetti

Surety

Lexon Insurance Company  
10002 Shelbyville Rd., Suite 100  
Louisville, KY 40223

By: Theresa Pickerrell  
Theresa Pickerrell, Attorney-In-Fact

APPROVED, ACCEPTED AND EXECUTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2016.

Witnesses:

\_\_\_\_\_  
\_\_\_\_\_

**Office of Conservation**  
**State of Louisiana**

By:

\_\_\_\_\_  
Commissioner of Conservation



POWER OF ATTORNEY

LX-271142

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint: Brook T. Smith, Raymond M. Hundley, Jason D. Cromwell, James H. Martin, Barbara Duncan, Sandra L. Fusinetti, Mark A. Guidry, Jill Kemp, Lynnette Long, Amy Meredith, Deborah Neichter, Jessica Nowlin, Theresa Pickerrell, Sheryon Quinn, Bonnie J. Wortham, Beth Frymire its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$5,000,000.00, Five Million dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 5th day of August, 2015.



LEXON INSURANCE COMPANY

BY [Signature] David E. Campbell, President

ACKNOWLEDGEMENT

On this 5th day of August, 2015, before me, personally came David E. Campbell to me known, who be duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.



AMY TAYLOR, Notary Public - State of Tennessee, Davidson County, Mv Commission Expires 07-08-19

BY [Signature] Amy Taylor, Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the forgoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Seal at Mount Juliet, Tennessee this 22nd Day of March, 2016.



BY [Signature] Andrew Smith, Assistant Secretary

WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files and application for insurance of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.



**NORTHSTAR**  
OFFSHORE GROUP, LLC

---

11 Greenway Plaza  
Suite 2800  
Houston, Texas 77046

(713) 626-9696

FAX (713) 626-3444

May 4, 2016

Louisiana Department of Natural Resources  
Office of Conservation 9<sup>th</sup> Floor  
617 N. 3<sup>rd</sup> Street  
Baton Rouge, LA 70802

Re: Bond Replacement  
\$1,250,000.00 Performance Bond  
Northstar Offshore Group, LLC

Gentlemen,

Enclosed for your further handling is Northstar Offshore Group, LLC's replacement Performance Bond in the amount of \$1,250,000.00 (Bond No. 1138467) issued by Lexon Insurance Company as Surety. This bond will replace RLI Insurance Company Bond No. RLB0014817 in a like amount. Northstar also requests the cancellation and return of RLI Bond No. RLB0014817.

We respectfully request the return one executed copy for our records and should you need any additional information to complete your files in this matter, please feel free to contact me. I can be reached by phone at (713) 386-1046 or email at [bmac@nstaroffshore.com](mailto:bmac@nstaroffshore.com).

Very truly yours,

Northstar Offshore Group, LLC

Brian H. Macmillan  
Senior Vice President Land & Business Development

**BOND RIDER TO ASSUME LIABILITY**

**RIDER NO. 1138467**

Attaching to and forming part of Performance Bond No. 1138467, executed March 22, 2016 on behalf of Northstar Offshore Group, LLC as Principal in favor of the Louisiana Office of Conservation, State of Louisiana, as Oblige, in the amount of One Million Two Hundred Fifty Thousand and 00/100 Dollars (\$1,250,000.00).

It is understood and agreed that effective March 22, 2016 this bond also extends to and covers all liability associated with the following bond:

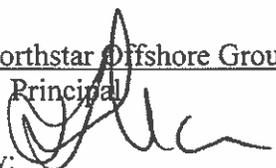
<b>Bond #</b>	<b>Principal</b>	<b>Surety</b>	<b>Executed</b>
RLB0014817	Northstar Offshore Group, LLC	RLI Insurance Company	October 11, 2012

RLI Insurance Company Bond No. RLB0014817 is hereby replaced and of no further force or effect.

All other conditions and terms to remain as originally written or previously amended by rider.

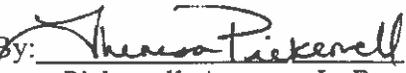
Signed, sealed and dated this 22<sup>nd</sup> day of March, 2016

Northstar Offshore Group, LLC  
Principal

By: 

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

Lexon Insurance Company  
10002 Shelbyville Rd., Suite 100  
Louisville, KY, 40223  
Surety

By:   
Theresa Pickerrell, Attorney-In-Fact

POWER OF ATTORNEY

LX-271333

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint: Brook T. Smith, Raymond M. Hundley, Jason D. Cromwell, James H. Martin, Barbara Duncan, Sandra L. Fusinetti, Mark A. Guidry, Jill Kemp, Lynnette Long, Amy Meredith, Deborah Neichter, Jessica Nowlin, Theresa Pickerrell, Sheryon Quinn, Bonnie J. Wortham, Beth Frymire its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$5,000,000.00, Five Million dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 5th day of August, 2015.



LEXON INSURANCE COMPANY

BY [Signature]  
David E. Campbell  
President

ACKNOWLEDGEMENT

On this 5th day of August, 2015, before me, personally came David E. Campbell to me known, who be duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.



AMY TAYLOR  
Notary Public- State of Tennessee  
Davidson County  
Mv Commission Expires 07-08-19

BY [Signature]  
Amy Taylor  
Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the forgoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Seal at Mount Juliet, Tennessee this 22nd Day of March, 2016.



BY [Signature]  
Andrew Smith  
Assistant Secretary

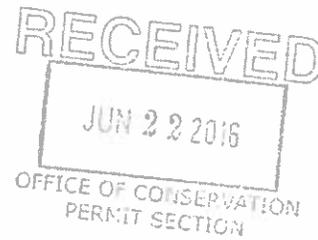
"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files and application for insurance of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

*Release  
request*

06/22/2016  
OC N123

June 20, 2016

Louisiana Office of Conservation  
P.O. Box 94275 Capital Station  
Baton Rouge, LA 70804-9275



Re: Northstar Offshore Group, LLC  
RLI's Bond # RLB0014817  
Performance Bond - \$1,250,000.00

Please consider this letter to be our written request for release of the above referenced Northstar Offshore Group, LLC bond.

A replacement bond issued May 16, 2016 by Lexon Insurance Company, bond number 1138467, has been submitted to replace RLI's bond. By virtue of the replacement bond and receipt of this letter you agree to consider all past, present, and future obligations null and void.

If everything is in order, please forward written confirmation of release of RLI's bond at your earliest convenience. If something else is needed on this end to secure the releases, please contact me at /13-874-8827 and I will have it taken care of as quickly as possible.

Thank you for your assistance and your consideration of this request. I look forward to hearing from you soon.

Regards,

A handwritten signature in cursive script that reads "Lauri Arnett".

Lauri Arnett  
Assistant Underwriter

## Russell McGee

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**From:** Russell McGee  
**Sent:** Friday, May 06, 2016 9:36 AM  
**To:** BMAC@NSTAROFFSHORE.COM  
**Cc:** Russell McGee  
**Subject:** New replacement Performance Bond No. 1138467  
**Attachments:** Scanned from a Xerox Multifunction Device.pdf

Friday, May 06, 2016

**RE:** Northstar Offshore Group, LLC – OC N123  
Performance Bond No. 1138467 ( Replaces Performance Bond No. RLB0014817 )

**Subject:** Add to Exhibit "A"  
1) VUB; SL 18423 No. 001 – SN 231746  
2) VUB; SL 18521 No. 011 – SN 246981  
Creole Offshore Field – FC 3008  
Cameron Parish, LA

Delete from Exhibit "A"

1) VUB; SL 18521 No. 009 – SN 245974

Mr. Brian H. Macmillan,

The above 2 wells are not listed on Exhibit "A" of Performance Bond No. 1138467. Office of Conservation records indicate Northstar Offshore Group, LLC – OC N123 is the operator of record for these 2 wells. Please add the above 2 wells to Exhibit "A".

Also, the VUB; SL 18521 No. 009 – SN 245974 well number has been changed to VUB; SL 18423 No. 004 – SN 245974. This well serial number is listed twice on Exhibit "A". Please delete the **VUB; SL 18521 No. 009 – SN 245974** from attached Exhibit "A" amendment.

Please send me a revised Exhibit "A" sheet which adds SN 231746 & SN 246981 and deletes VUB; SL 18521 No. 009 – SN 245974. Once I receive the Exhibit "A" amendment, I will process replacement bond No. 1138467. I will also release old Performance Bond No. RLB0014817.

Russell W. McGee  
LA Office of Conservation  
Permits Section  
(225) 342-4440 office  
(225) 242-3582 facsimile  
e-mail [russell.mcgee@la.gov](mailto:russell.mcgee@la.gov)  
Mailing address:  
P. O. Box 94275  
Baton Rouge, LA 70804-9275  
Physical Address:  
617 North Third Street  
9-th Floor

## Russell McGee

---

**From:** Russell McGee  
**Sent:** Monday, June 27, 2016 9:03 AM  
**To:** BMAC@NSTAROFFSHORE.COM  
**Cc:** Russell McGee  
**Subject:** Your replacement bond Needs to be \$ 2,500,000.00  
**Attachments:** Financial 3.pdf

RE: Northstar Offshore Group, LLC – OC N123  
Performance Bond No. 1138467 ( Replaces Performance Bond No. RLB0014817 )

Mr. Brian H. Macmillan,

The Louisiana Office of Conservation's financial security rules changed. You will now be required to post a \$ 2,500,000.00 bond. I have attached our rules and you may read the chart on page 4 "Water Location – Offshore".

You may have your insurance company amend the aggregate amount from \$ 1,250,000.00 to \$ 2,500,000.00.

Russell W. McGee  
LA Office of Conservation  
Permits Section  
(225) 342-4440 office  
(225) 242-3582 facsimile  
e-mail [russell.mcgee@la.gov](mailto:russell.mcgee@la.gov)  
Mailing address:  
P. O. Box 94275  
Baton Rouge, LA 70804-9275  
Physical Address:  
617 North Third Street  
9-th Floor  
Baton Rouge, LA 70802

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### CONFIDENTIALITY NOTICE:

This email communication may contain confidential information which also may be legally privileged and is intended only for the use of the intended recipients identified above. If you are not the intended recipient of this communication, you are hereby notified that any unauthorized review, use, dissemination, distribution, downloading, or copying of this communication is strictly prohibited. If you are not the intended recipient and have received this communication in error, please immediately notify us by reply email, delete the communication and destroy all copies.

**FINANCIAL SECURITY**  
**New Financial Security**

Entered in SONRIS

Routing Order	Date	Initials
<input type="checkbox"/> Russell McGee		
<input type="checkbox"/> Daniel Henry		
<input type="checkbox"/> Commissioner		
<input type="checkbox"/> Russell McGee		
<input type="checkbox"/> Margaret Morgan		

Operator of Record: Northstar Offshore Group, LLC (N123)

Performance Bond No.: 1138467 ( )

Bank/Surety: Lexon Insurance Company  
10002 Shelbyville Road  
Suite 100  
Louisville, KY 40223  
Attn: Theresa Pickerrell

Form	Penal Sum:	Coverage Type	# of Wells	Well Location	District
<input type="checkbox"/> CD		<input checked="" type="checkbox"/> Blanket	26	<input type="checkbox"/> Land	<input checked="" type="checkbox"/> Lafayette
<input checked="" type="checkbox"/> PB		<input type="checkbox"/> Footage		<input type="checkbox"/> Water: Inlands Bays	<input type="checkbox"/> Monroe
<input type="checkbox"/> LOC				<input checked="" type="checkbox"/> Water: Offshore	<input type="checkbox"/> Shreveport

**Well Description:**

Replaces Bond No. RLB0014817. \$1,250,000 posted. Needs to be \$ 2,500,000.00 according to our new rules. Contacted operator on 06/27/2016. 26 wells on Exhibit "A".

New Pledge of CD Checklist	New PB Checklist	New LOC Checklist
<input type="checkbox"/> Correct Format	<input checked="" type="checkbox"/> Correct Format	<input type="checkbox"/> Correct Format
<input type="checkbox"/> Maturity Date 06/19/2016	<input checked="" type="checkbox"/> Surety Address	<input type="checkbox"/> Effective Date 03/09/2016
<input type="checkbox"/> Copy of CD Included	<input checked="" type="checkbox"/> Operator dated & signed	<input type="checkbox"/> Exp. Date 03/09/2017
<input type="checkbox"/> Operator Signature w/Notary	<input checked="" type="checkbox"/> Surety dated & signed	<input type="checkbox"/> Automatic Renewal
<input type="checkbox"/> Signed & dated by Bank	<input checked="" type="checkbox"/> 2 witnesses for each	<input type="checkbox"/> 2 Bank Signatures
<input type="checkbox"/> Exhibit "A" format	<input checked="" type="checkbox"/> Attorney-in-Fact listed as Power of Attorney by Surety	<input type="checkbox"/> Exhibit "A" format
<input type="checkbox"/> Exhibit "A" well list	<input checked="" type="checkbox"/> Exhibit "A" format	<input type="checkbox"/> Exhibit "A" well list
<input type="checkbox"/> Signed by Commissioner	<input checked="" type="checkbox"/> Exhibit "A" well list	
<input type="checkbox"/> Notarized		

## Russell McGee

---

**From:** Russell McGee  
**Sent:** Friday, August 05, 2016 1:52 PM  
**To:** BMAC@NSTAROFFSHORE.COM  
**Cc:** Russell McGee  
**Subject:** FW: Your replacement bond Needs to be \$ 2,500,000.00  
**Attachments:** Financial 3.pdf

Friday, August 05, 2016

RE: Northstar Offshore Group, LLC – OC N123  
Performance Bond No. 1138467 (not processed)

What is the status on replacement Performance Bond No. RLB0014817? I cannot release this bond until a new replacement bond is approved.

Russell W. McGee  
LA Office of Conservation  
Permits Section  
(225) 342-4440 office  
(225) 242-3582 facsimile  
e-mail [russell.mcgee@la.gov](mailto:russell.mcgee@la.gov)  
Mailing address:  
P. O. Box 94275  
Baton Rouge, LA 70804-9275  
Physical Address:  
617 North Third Street  
9-th Floor  
Baton Rouge, LA 70802

**From:** Russell McGee  
**Sent:** Monday, June 27, 2016 9:03 AM  
**To:** BMAC@NSTAROFFSHORE.COM  
**Cc:** Russell McGee  
**Subject:** Your replacement bond Needs to be \$ 2,500,000.00

RE: Northstar Offshore Group, LLC – OC N123  
Performance Bond No. 1138467 ( Replaces Performance Bond No. RLB0014817 )

Mr. Brian H. Macmillan,

The Louisiana Office of Conservation's financial security rules changed. You will now be required to post a \$ 2,500,000.00 bond. I have attached our rules and you may read the chart on page 4 "Water Location – Offshore".

You may have your insurance company amend the aggregate amount from \$ 1,250,000.00 to \$ 2,500,000.00.

Russell W. McGee  
LA Office of Conservation

Permits Section  
(225) 342-4440 office  
(225) 242-3582 facsimile  
e-mail [russell.mcgee@la.gov](mailto:russell.mcgee@la.gov)

Mailing address:  
P. O. Box 94275  
Baton Rouge, LA 70804-9275  
Physical Address:  
617 North Third Street  
9-th Floor  
Baton Rouge, LA 70802

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**CONFIDENTIALITY NOTICE**

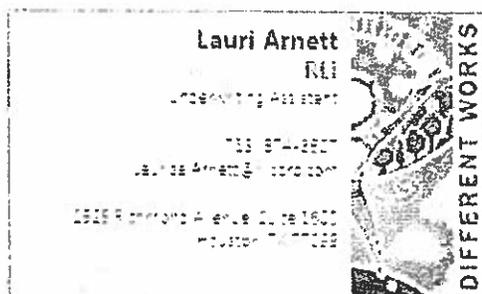
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## Carrie Heffron

---

**From:** Laurisa Arnett <Laurisa.Arnett@rlicorp.com>  
**Sent:** Wednesday, August 31, 2016 9:40 AM  
**To:** Carrie Heffron  
**Subject:** RE: Northstar Offshore Group, LLC - RLB0014817  
**Attachments:** Lauri Arnett2.vcf

Thank you Carrie, I appreciate you quick response. I will pass this information on to the underwriter. Thanks again and have a great day!



\*\*\*\* PLEASE NOTE OUR NEW ADDRESS \*\*\*\*

2925 Richmond Ave., Suite 1600  
Houston, TX 77098

**Lauri Arnett**  
Direct Dial: (713) 874-8827  
Phone: (713) 961-1300 x1825  
Fax: (713) 961-0285  
e-mail: [Laurisa.Arnett@rlicorp.com](mailto:Laurisa.Arnett@rlicorp.com)

[www.rlicorp.com](http://www.rlicorp.com)

**From:** Carrie Heffron [mailto:Carrie.Heffron@LA.GOV]  
**Sent:** Wednesday, August 31, 2016 9:37 AM  
**To:** Laurisa Arnett; Russell McGee  
**Subject:** RE: Northstar Offshore Group, LLC - RLB0014817

Good morning Lauri!

Sorry about the phone issue. I missed a phone call earlier and it should have rolled over to voicemail. We will look into it.

The Office of Conservation received a replacement bond for RLB0014817; however, it's in the amount of \$1,250,000. The financial security amounts for offshore wells doubled effective 9/1/15. To replace RLB0014817, the operator will have to provide replacement financial security in the amount of \$2,500,000. Alternatively, the operator can maintain RLB0012817 in the amount of \$1,250,000. Russell notified the operator of this requirement via email and has not received a response from the operator, nor additional financial security. This is why RLB0014817 has not been released. Should you care to discuss further, please give me or Russell a call.

Thank you,

**Carrie A. Heffron, P.E.**  
P: (225) 342-9380  
[Carrie.Heffron@LA.gov](mailto:Carrie.Heffron@LA.gov)

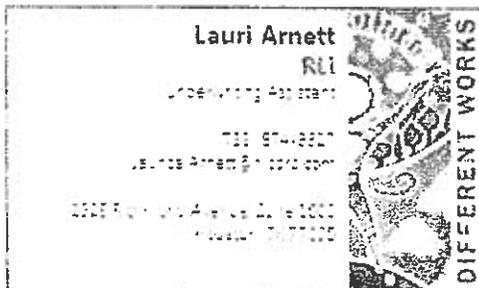
**From:** Laurisa Arnett [<mailto:Laurisa.Arnett@rlicorp.com>]  
**Sent:** Wednesday, August 31, 2016 9:28 AM  
**To:** Russell McGee  
**Cc:** Carrie Heffron  
**Subject:** Northstar Offshore Group, LLC - RLB0014817

Good morning Russell and Carrie,

I'm not sure if your contact information has changed or if your phones aren't working properly. I've called both of your numbers this morning and get a message that nobody is at that extension, and there is not an option for voice mail. Anyway, the reason I was calling is to inquire into the release of the above captioned bond. A letter was sent requesting release June 20, 2016. To our knowledge, all of the obligations have been met. Could you please let me know if this is accurate and if it's not, can we discuss what needs to be done in order to get the bond released?

Thank you for your assistance. I look forward to talking to you soon.

Lauri Arnett



\*\*\*\* PLEASE NOTE OUR NEW ADDRESS \*\*\*\*  
2925 Richmond Ave., Suite 1600  
Houston, TX 77098

**Lauri Arnett**  
Direct Dial: (713) 874-8827  
Phone: (713) 961-1300 x1825  
Fax: (713) 961-0285  
e-mail: [Laurisa.Arnett@rlicorp.com](mailto:Laurisa.Arnett@rlicorp.com)

[www.rlicorp.com](http://www.rlicorp.com)

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**Russell McGee**

---

**From:** Russell McGee  
**Sent:** Tuesday, November 29, 2016 11:53 AM  
**To:** BMAC@NSTAROFFSHORE.COM  
**Cc:** Russell McGee; Laurisa Arnett  
**Subject:** FW: Your replacement bond Needs to be \$ 2,500,000.00  
**Attachments:** Financial 3.pdf

Tuesday, November 29, 2016

Mr. Brian H. Macmillan,

Please update me regarding Performance Bond No. 1138467 (not processed)?

Russell W. McGee  
LA Office of Conservation  
Permits Section  
(225) 342-4440 office  
(225) 242-3582 facsimile  
e-mail [russell.mcgee@la.gov](mailto:russell.mcgee@la.gov)  
Mailing address:  
P. O. Box 94275  
Baton Rouge, LA 70804-9275  
Physical Address:  
617 North Third Street  
9-th Floor  
Baton Rouge, LA 70802

**From:** Russell McGee  
**Sent:** Friday, August 05, 2016 1:52 PM  
**To:** BMAC@NSTAROFFSHORE.COM  
**Cc:** Russell McGee  
**Subject:** FW: Your replacement bond Needs to be \$ 2,500,000.00

Friday, August 05, 2016

RE: Northstar Offshore Group, LLC – OC N123  
Performance Bond No. 1138467 (not processed)

What is the status on replacement Performance Bond No. RLB0014817? I cannot release this bond until a new replacement bond is approved.

Russell W. McGee  
LA Office of Conservation  
Permits Section  
(225) 342-4440 office  
(225) 242-3582 facsimile  
e-mail [russell.mcgee@la.gov](mailto:russell.mcgee@la.gov)

## Russell McGee

---

**From:** Sherry Gosnell <SGosnell@nstaroffshore.com>  
**Sent:** Thursday, January 26, 2017 4:16 PM  
**To:** Russell McGee  
**Subject:** RE: Your replacement bond Needs to be \$ 2,500,000.00

Mr. McGee,

I just want to confirm Brian Macmillan and I are in receipt of your request below. We have plans to meet with officers of the company to determine how best to meet this increased bond requirement. I know Brian will respond to you as soon as possible.

Thank you,

*Sherry Gosnell*  
*Property Administration Manager*  
*Northstar Offshore Group, LLC*  
*11 Greenway Plaza, Suite 2800*  
*Houston, Texas 77046*  
*(713) 386-1040 office*  
*(281) 221-4182 cell*

**From:** Russell McGee [mailto:Russell.McGee@LA.GOV]  
**Sent:** Thursday, January 26, 2017 1:42 PM  
**To:** Sherry Gosnell  
**Cc:** Brian Macmillan; Russell McGee  
**Subject:** FW: Your replacement bond Needs to be \$ 2,500,000.00

Thursday, January 26, 2017

RE: Northstar Offshore Group, LLC – OC N123  
Performance Bond No. 1138467 (not processed)  
Aggregate Amount: \$ 1,250,000.00

Ms. Sherry Gosnell,

Please update me regarding the status of the above referenced Performance Bond. I received the original bond on 05/05/2016. Since our rules have changed, your will need an aggregate amount of \$ 2,500,000.00. You may amend Performance Bond No. 1138467 to \$ 2,500,000.00.

Would you like for me to return your bond?

Russell W. McGee  
LA Office of Conservation  
Permits Section  
(225) 342-4440 office  
(225) 242-3582 facsimile  
e-mail [russell.mcgee@la.gov](mailto:russell.mcgee@la.gov)  
Mailing address:

**Russell McGee**

---

**From:** Sherry Gosnell <SGosnell@nstaroffshore.com>  
**Sent:** Thursday, March 23, 2017 9:38 AM  
**To:** Brian Macmillan; Avery Alcorn  
**Cc:** Russell McGee  
**Subject:** FW: Your replacement bond Needs to be \$ 2,500,000.00

Brian/Avery,

As you can see, the replacement Bond still needs to be increased. Thanks.

Sherry Gosnell  
Property Administration Manager  
Northstar Offshore Group, LLC  
11 Greenway Plaza, Suite 2800  
Houston, Texas 77046  
(713) 386-1040 office  
(281) 221-4182 cell

**From:** Russell McGee [mailto:Russell.McGee@LA.GOV]  
**Sent:** Thursday, March 23, 2017 8:21 AM  
**To:** Sherry Gosnell  
**Cc:** Russell McGee  
**Subject:** RE: Your replacement bond Needs to be \$ 2,500,000.00

Thursday, March 23, 2017

**RE:** Northstar Offshore Group, LLC – OC N123  
Performance Bond No. 1138467 (not processed)  
Aggregate Amount: \$ 1,250,000.00

Ms. Sherry Gosnell,

Please update me regarding the status of the above referenced Performance Bond.

Russell W. McGee  
LA Office of Conservation  
Permits Section  
(225) 342-4440 office  
(225) 342-8701 facsimile  
e-mail [russell.mcgee@la.gov](mailto:russell.mcgee@la.gov)  
Mailing address:  
P. O. Box 94275  
Baton Rouge, LA 70804-9275  
Physical Address:  
617 North Third Street  
9-th Floor  
Baton Rouge, LA 70802

09/19/2017, Bond  
not increased

08/07/2017 Nothing new

08/09/2017

S.S.T.A.

08/14/2017 Nothing new

09/08/17 Nothing New

09/11/17 Nothing new

09/19/2017 Nothing new



ENTERED  
11/16/2017

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

In re: §  
§  
NORTHSTAR OFFSHORE § Case No. 16-34028  
GROUP, LLC, §  
§ (Chapter 11)  
DEBTOR. §

**ORDER GRANTING DEBTOR'S MOTION TO REJECT  
CERTAIN EXECUTORY CONTRACTS RELATED TO THE  
DEBTOR'S WEST CAMERON 2 (CREOLE) PROPERTY AND  
ABANDONMENT OF ANY INTERESTS RELATED THERETO**

Upon the *Motion to Reject Nunc Pro Tunc Executory Contracts Related to the Debtor's West Cameron 2 (Creole) Property and Abandon All Interests Related Thereto* (the "Motion")<sup>1</sup> [ECF 891] of the above-captioned debtor and debtor-in-possession, Northstar Offshore Group, LLC (the "Debtor"), for entry of an agreed order (this "Order") authorizing the Debtor to reject the Creole Leases and to abandon all interests related thereto, including all easements and rights-of-way; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; that the relief requested in the Motion is in the best interests of the Debtor's estate, its creditors, and other parties in interest; that notice of the Motion and opportunity for a hearing on the Motion was appropriate under the circumstances and no other notice need be provided; and having reviewed the Motion and considered the agreement of the Debtor and the State of Louisiana, the Court hereby makes the following findings of fact:

A. The State of Louisiana objected to the Motion (the "State Objection") [ECF 913].

<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

- B. RLI Insurance Company joined the State of Louisiana's objection (the "RLI Objection") [ECF 918].
- C. The State of Louisiana withdraws with prejudice the State Objection.
- D. Rejecting the Creole Leases and abandoning all interests related thereto triggers certain P&A Obligations related to the rejected and abandoned Creole Leases and interests.
- E. Bond number 1138467 in the amount of \$1.25MM in favor of the Louisiana Office of Conservation guarantees at least partial compliance with P&A Obligations related to or concerning the rejected and abandoned Creole Leases and interests.

Based on the findings of fact, IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Creole Leases set forth on Exhibit 1 of the Motion are rejected effective August 18, 2017.
3. The Creole Leases set forth on Exhibit 1 of the Motion and all interests related thereto, including all easements and rights-of-way set forth on Exhibit 2 of the Motion, are abandoned effective August 18, 2017.
4. The State of Louisiana shall have an allowed unsecured claim in the amount of \$8.75MM in full and complete satisfaction and extinguishment of any and all of its claims and rights against the Debtor or Reorganized Debtor, as the case may be, including any environmental obligations and/or P&A Obligations, related to or concerning the rejected and/or abandoned Creole Leases and interest, but not including or related to any obligations owed related to any tax liability to state or local governments associated with the Creole Leases.

5. Notice of the Motion as provided herein shall be deemed good and sufficient notice of such Motion.

6. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

7. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

8. The State Objection is WITHDRAWN WITH PREJUDICE and the RLI Objection, to the extent not withdrawn, is OVERRULED.

Dated: 11/16, 2017  
Houston, Texas

  
UNITED STATES BANKRUPTCY JUDGE

Dated: November 15, 2017

**AGREED:**

**WINSTON & STRAWN LLP**

/s/ Lydia T. Protopapas

Lydia T. Protopapas

Texas Bar No. 00797267

Southern Dist. of Texas Bar No. 21378

Jason W. Billeck

Texas Bar No. 24001740

Southern Dist. of Texas Bar No. 23802

1111 Louisiana, 25<sup>th</sup> Floor

Houston, TX 77002

Telephone: (713) 651-2600

Facsimile: (713) 651-2700

*Counsel for Northstar Offshore Group, LLC*

**JEFF LANDRY**  
**ATTORNEY GENERAL**  
**STATE OF LOUISIANA**

By: */s/ Ryan M. Seidemann*

RYAN M. SEIDEMANN (La. Bar No. 28891)

CHRISTOPHER LENTO (La. Bar No. 35614)

Assistant Attorneys General

Louisiana Department of Justice

P. O. Box 94005

Baton Rouge, Louisiana 70804-9005



Jeff Landry  
Attorney General

**State of Louisiana**  
DEPARTMENT OF JUSTICE  
CIVIL DIVISION  
P.O. BOX 94005  
BATON ROUGE  
70804-9005

September 21, 2018

Mr. David E. Campbell  
Lexon Insurance Company  
10002 Shelbyville Road  
Suite 100  
Louisville, KY 40223

CERTIFIED MAIL-RRR  
Art.# 7017 1450 0000 7821 9202

Re: Northstar Offshore Group, LLC Performance Bonds

Dear Mr. Campbell:

Lexon Insurance Company ("Lexon") is the surety on Performance Bond No. 1138467 (see Exhibit 1) with respect to Northstar Offshore Group, LLC ("Northstar"), who has defaulted on its obligation to plug and abandon certain wells (see Exhibit 2). In addition, Bond No. 1138467 was preserved in Northstar Offshore Group's bankruptcy proceeding by order dated November 16, 2017 (see Exhibit 3).

We have been assured by the Office of Conservation, as the attached abandonment notice from last month's *Louisiana Register* indicates, that there remain considerable numbers of Northstar wells covered by the bonds that have not been acquired by third party operators, and as such, their status as "abandoned" has not changed (see Exhibit 4).

As long as any one well covered by Lexon's bonds is abandoned, per the terms of the bonds, Northstar has two options upon demand from the Office of Conservation: (1) pay the Louisiana Office of Conservation an amount equal to the estimated cost of plugging and abandonment and restoration of the surface to be incurred by the Office of Conservation, subject to the penal limit of the bond, or (2) commence necessary operations to plug and abandon the subject wells and restore the surface of the sites and/or leases. However, given the outcome of the bankruptcy proceedings, Northstar is unable to commence the operations and the rights against Bond No. 1138467 were reserved by the State.

We have reviewed the applicable law and the instruments themselves, and are making formal demand for Lexon to comply with the terms of the Performance Bonds within thirty (30) of receipt of this letter.

With warmest regards, we are,

Very truly yours,

**State Exhibit 11**  
**59 pages**

JEFF LANDRY  
ATTORNEY GENERAL

By: Candice R. Hillman

Candice R. Hillman  
Christopher J. Lento  
Ryan M. Seidemann  
Assistant Attorneys General

JL/CRH/mj

enclosures



Jeff Landry  
Attorney General

**State of Louisiana**  
DEPARTMENT OF JUSTICE  
CIVIL DIVISION  
P.O. BOX 94005  
BATON ROUGE  
70804-9005

September 27, 2018

Mr. David E. Campbell  
Lexon Insurance Company  
10002 Shelbyville Road  
Suite 100  
Louisville, KY 40223

CERTIFIED MAIL-RRR  
Art. # 7017 1450 0000 7821 9097

Re: Northstar Offshore Group, LLC Performance Bonds

Dear Mr. Campbell:

Our office sent a letter, dated September 21, 2018, to you and failed to attach the exhibits referenced therein. Please allow this letter to serve as an addendum to the initial letter. For your convenience, I am attaching a copy of the September 21 letter.

With warmest regards, I am,

Very truly yours,

JEFF LANDRY  
ATTORNEY GENERAL

By: Candice R. Hillman  
Candice R. Hillman  
Christopher J. Lento  
Ryan M. Seidemann  
Assistant Attorneys General

JL/CRH/mj

enclosures



Jeff Landry  
Attorney General

**State of Louisiana**  
DEPARTMENT OF JUSTICE  
CIVIL DIVISION  
P.O. BOX 94005  
BATON ROUGE  
70804-9005

September 21, 2018

Mr. David E. Campbell  
Lexon Insurance Company  
10002 Shelbyville Road  
Suite 100  
Louisville, KY 40223

CERTIFIED MAIL-RRR  
Art.# 7017 1450 0000 7821 9202

Re: Northstar Offshore Group, LLC Performance Bonds

Dear Mr. Campbell:

Lexon Insurance Company ("Lexon") is the surety on Performance Bond No. 1138467 (see Exhibit 1) with respect to Northstar Offshore Group, LLC ("Northstar"), who has defaulted on its obligation to plug and abandon certain wells (see Exhibit 2). In addition, Bond No. 1138467 was preserved in Northstar Offshore Group's bankruptcy proceeding by order dated November 16, 2017 (see Exhibit 3).

We have been assured by the Office of Conservation, as the attached abandonment notice from last month's *Louisiana Register* indicates, that there remain considerable numbers of Northstar wells covered by the bonds that have not been acquired by third party operators, and as such, their status as "abandoned" has not changed (see Exhibit 4).

As long as any one well covered by Lexon's bonds is abandoned, per the terms of the bonds, Northstar has two options upon demand from the Office of Conservation: (1) pay the Louisiana Office of Conservation an amount equal to the estimated cost of plugging and abandonment and restoration of the surface to be incurred by the Office of Conservation, subject to the penal limit of the bond, or (2) commence necessary operations to plug and abandon the subject wells and restore the surface of the sites and/or leases. However, given the outcome of the bankruptcy proceedings, Northstar is unable to commence the operations and the rights against Bond No. 1138467 were reserved by the State.

We have reviewed the applicable law and the instruments themselves, and are making formal demand for Lexon to comply with the terms of the Performance Bonds within thirty (30) of receipt of this letter.

With warmest regards, we are,

Very truly yours,

---

JEFF LANDRY  
ATTORNEY GENERAL

By: 

Candice R. Hillman  
Christopher J. Lento  
Ryan M. Seidemann  
Assistant Attorneys General

JL/CRH/mj

enclosures

This bond supersedes, replaces, and assumes any, and all past, present, and future liability of Bond RLB0014817.

**PERFORMANCE BOND**

**Bond Number: 1138467**

**KNOW ALL MEN BY THESE PRESENTS:**

That we, Northstar Offshore Group, LLC, 11 Greenway Plaza, Suite 2800, Houston, Texas 77046 (hereinafter called the "Principal") and Lexon Insurance Company with an office at 10002 Shelbyville Road, Suite 100, Louisville, KY 40223 (hereinafter called the "Surety") are held and firmly bound unto the Louisiana Office of Conservation, State of Louisiana, with its principal office at P.O. Box 94275, Capital Station, Baton Rouge, Louisiana 70804-9275 (hereinafter called the Obligee"), in the Penal Sum of One Million Two Hundred Fifty Thousand and 00/100 Dollars (\$1,250,000.00) lawful money of the United States of America for the payment of which penal sum the Principal and the Surety bind themselves, their successors and assigns, jointly, severally, and in solido, firmly by these presents.

**WHEREAS**, the Principal has applied to the Office of Conservation for a Permit to Drill, or an Application to Amend Operator, for Minerals for wells and facilities listed on the attached Exhibit "A", and

**WHEREAS**, the Principal has assumed the obligation to plug and abandon the well(s), remove platforms and pilings, close associated pits, remove facilities, conduct site clearance and verification, conduct site restoration and to restore the surface in accordance with the Leases and/or the laws of the State of Louisiana; and

**WHEREAS**, the Principal and the Surety agree that notwithstanding the subsequent termination of any Lease, whether by operation of law or otherwise, this Bond shall remain in full force and effect until all obligations of the Principal under the Leases and/or the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or the laws of the State of Louisiana have been truly and faithfully performed and a release and discharge of this Bond shall have been given by the Commissioner of Conservation; and

**WHEREAS**, the Principal has promised to deliver to the Obligee a Bond substantially in the form hereof; and

**WHEREAS**, the Surety represents that it is duly authorized by the proper public authorities to transact the business of indemnity and suretyship in the state of Louisiana, and represents that is qualified to be surety and guarantor on bonds and undertakings, which certificate has not been revoked; and

**WHEREAS**, the Surety represents that it has duly executed a power of attorney, appointing the hereinafter named representative as its duly authorized deputy, as the true and lawful attorney-in-fact of such Surety, upon whom may be served all lawful process in any action or proceeding against such Surety.

**EXHIBIT**

1

tabbier

in any court or before any officer, arising out of or founded upon this Bond or any liability hereunder; and does hereby agree and consent that such service, when so made, shall be valid service upon it, and that such appointment shall continue in force and effect and be irrevocable so long as any liability against it remains outstanding hereunder, and

**NOW THEREFORE**, the Principal and the Surety agree as follows:

The Surety hereby guarantees the Principal's agreement to plug and abandon the Subject Wells, to remove all platforms, pilings, facilities, pits and to restore the surface pursuant to the Leases, the Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana to pay all costs and expenses associated therewith in full compliance with the terms of the Leases, the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or any and all other state and federal agencies having jurisdiction over such matters and the laws of the State of Louisiana as now written or as they may be hereafter amended.

This Bond shall be automatically renewed annually, subject to the terms and provisions hereof, unless the Surety shall notify the Oblige, in writing by Certified Mail, of its intention to cancel the Bond. Such written notice of cancellation shall be given at least one hundred twenty (120) days prior to the proposed cancellation date.

**PROVIDED, HOWEVER**, whenever the Principal shall present a Plug and Abandon Report with respect to any Subject Well or Facility together with a written statement from the Commissioner of Conservation evidencing that the Subject Well has been satisfactorily plugged, abandoned or removed in accordance with the Rules, Regulations and Orders promulgated by the Commissioner of Conservation, then the Penal Amount of this Bond shall be reduced for the Subject Well plugged and abandoned or the Facility removed in accordance with the itemized schedule set forth on Exhibit "A", but only by the amount set forth on the itemized schedule shown on Exhibit "A" for the Subject Wells and all Facilities, provided that, at such time as all of the Subject Wells have been plugged and abandoned and all Facilities removed and surface restoration operations have been completed, in accordance with the Leases, and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and this Bond shall have been released and discharged by the Commissioner of Conservation, then this obligation shall be null and void; otherwise, it shall remain in full force and effect for the full penal amount of the Bond.

**PROVIDED, FURTHER THAT**, to the extent the Principal and/or Surety may be liable for any expenses, fees, penalties, damages (either direct, indirect or consequential) in addition to the obligation described above, or to the extent the Oblige may incur any attorneys' fees or court costs or other expenses of litigation in the event of a contest over the Surety's denial of the obligation (or any party thereof), the maximum obligation of the Surety under this bond shall be the Penal Sum of One Million Two Hundred Fifty Thousand and 00/100 Dollars (\$1,250,000.00) reduced as applicable, as provided for herein.

**FURTHERMORE**, it is agreed that the Surety shall have no obligation to the Principal for any loss suffered by the Principal, by reason of acts or omissions which are or could be covered by the Principal's general liability insurance, products liability insurance, completed operations insurance or any other insurance. In no event shall the Surety be obligated to pay, in the aggregate, for all claims hereunder, an amount exceeding the penal sum of this Performance Bond.

Whenever the Principal fails, neglects or refuses to carry out its obligation to plug and abandon any one or more or all of the Subject Wells, remove platforms or restore the surface of the Leases (or Subject Tract related to the Subject Well) or to pay the cost thereof, when and if it is required to do so under the terms of the Leases and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and the Obligees has presented to the Surety a written notice of default, sent by Certified Mail, by the Principal of its obligations and such condition has persisted for sixty (60) days following the date of such written notice of default, then the Surety shall, within thirty (30) days:

- 1) Pay to the Obligees an amount equal to the estimated cost of plugging and abandoning and restoration of the surface to be incurred by the Obligees, which payment shall be subject to the penal limit of this Bond and/or the itemized schedule set forth on Exhibit "A"; in the event of plugging and abandoning less than all of the Subject Wells and restoration of the surface of less than all of the sites and/or leases; or
- 2) Commence the necessary operations to plug and abandon the Subject Wells and restore the surface of the sites and/or Leases. If the Surety should elect, in the event of default by the Principal, to commence or cause to be commenced the aforementioned plugging and abandonment activity and surface restoration, such operations shall continue until such time as the obligations of the Principal as set forth in the Leases, and/or the Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana have been fully satisfied, notwithstanding the penal limit of this Bond. In the event the Surety commences operations to plug and abandon less than all of the Subject Wells and/or restore the surface of less than all of the Leases and/or sites, then the penal limit, of this Bond shall be reduced only the amount set forth on Exhibit "A".

Provided However, that in the event of an emergency, deemed by the Commissioner of Conservation as presenting a threat or risk of damage or harm to the environment, the natural resources of the State of Louisiana or the public health and welfare of the general public, and should the Principal fail or refuse to act to correct or alleviate the emergency, then the notice and delay provisions hereof shall be inapplicable and waived by the Surety and the Commissioner of Conservation shall be authorized to take such action as he may deem necessary or expedient to avoid, eliminate or reduce the threat or risk of damage or harm presented by such emergency. All such cost and expense incurred by the Commissioner of Conservation in the exercise of such emergency powers shall be paid and reimbursed under the terms and conditions of this Bond, but the exercise of such emergency powers by the Commissioner of Conservation shall, in no way, affect the total penal limit of this Bond or alter or modify the itemized schedule set forth on Exhibit "A" in the event such emergency affects less than all of the Subject Wells and/or sites and/or Leases. Notwithstanding the above, it is understood that the value (as set forth on Exhibit "A" attached hereto) attributable to the Subject Wells and/or Facilities affected by the Commissioner of Conservation's emergency powers shall be reduced from the Penal Amount of this Bond. In no event shall the Surety be obligated to pay, in the aggregate, for all claims hereunder, an amount exceeding the penal sum of this Performance Bond.

Any suit under this Performance Bond must be instituted before the expiration of one (1) year from the date of the occurrence of an event of default, as defined herein. Subject to such one (1) year limitation, the Surety consents and agrees that any legal action against it under this Performance Bond may be

brought in the 19<sup>th</sup> Judicial District Court for the Parish of East Baton Rouge, State of Louisiana, hereby irrevocably submitting itself to the jurisdiction and venue of such court.

A "default" shall be the Principal's failure, neglect or refusal to carry out its obligation to plug and abandon any one or more of the Subject Wells, remove platforms or restore the surface of the sites and/or Leases, or to pay the cost thereof, when and if it is required to do so under the terms of the Leases or by Rule, Regulation or Order of the Commissioner of Conservation or by the laws of the State of Louisiana.

No amendment of or supplement to the terms or provisions of any Lease(s) or any assignment and/or release of the Lease(s) thereof by the Principal, its successors or assigns, and no delay, neglect or failure of the Obligees to proceed promptly in the premises in case of any default on the part of the Principal shall in any degree relieve the Principal and the Surety or any of them or their obligations under this Bond.

**HOWEVER**, in the event of an assignment of any Lease or Wells or the Facilities or any of them by the Principal, the Principal shall cause its Assignee to post security with the Commissioner of Conservation, in a form and in an amount acceptable to the Commissioner of Conservation. If and when such security has been accepted by the Commissioner of Conservation, then the Obligees will issue the release of this Bond, within sixty (60) days, in whole or in part, in the event of an assignment of less than all of the Leases, Subject Wells and Facilities.

No right or action shall accrue on this Performance Bond to or for the use of any person or corporation other than the Principal, the Obligees and their respective heirs, executors, administrators, successors, and assigns.

The Surety shall, no later than the renewal date each and every calendar year, provide the Commissioner of Conservation with an annual financial report or other documents to establish the Surety's financial solvency.

In the event that the Principal shall commence any proceeding under bankruptcy, reorganization, arrangement, insolvency, dissolution or liquidation law of any jurisdiction, then the Surety and/or the Principal shall notify the Commissioner of Conservation. Regardless of the occurrence of the aforementioned conditions, this Bond will remain in full force and effect.

**NOW, THEREFORE**, if the said Principal shall faithfully observe and honestly comply with the provisions contained herein, then this obligation shall become null and void and of no effect.

The obligee will issue a release of this Bond within a reasonable time period, but in no instance longer than thirty (30) days after receipt of satisfactory evidence (a report from the proper regulatory authority) of the Principal's full and faithful performance and compliance with the obligation of this Performance Bond.

**Exhibit "A"**

Operator: Northstar Offshore Group, LLC

Surety: Laxon Insurance Group

LOC/CD/Bond No. 1138467

**Wells Covered by Security**

<b>Well Name &amp; No.</b>	<b>Field</b>	<b>Serial Number*</b>
VUB; SL 18423 NO. 001-D	Creole Offshore	232797
VUB; SL 18423 NO. 002	Creole Offshore	234959
VUB; SL 18423 NO. 002-D	Creole Offshore	236075
VUB; SL 18423 NO. 003	Creole Offshore	151097
VUB; SL 18521 NO. 001	Creole Offshore	233855
VUB; SL 18521 NO. 001-D	Creole Offshore	235106
VUB; SL 18521 NO. 002	Creole Offshore	237827
VUB; SL 18521 NO. 002-D	Creole Offshore	239090
VUB; SL 18521 NO. 003	Creole Offshore	237828
VUB; SL 18519 NO. 001	Creole Offshore	232725
VUB; SL 18521 NO. 004	Creole Offshore	242708
VUB; SL 18521 NO. 005	Creole Offshore	242709
VUB; SL 18521 NO. 005-D	Creole Offshore	243814
VUB; SL 18521 NO. 008	Creole Offshore	244198
VUB; SL 18521 NO. 008-D	Creole Offshore	245227
VUB; SL 18521 NO. 006	Creole Offshore	243958
VUB; SL 18521 NO. 007	Creole Offshore	243959
TROY BAILEY SWD NO. 001	Creole Offshore	973555
WILMA A PICOU SWD NO. 001	Creole Offshore	974150
VUB; SL 18423 NO. 004	Creole Offshore	245974
VUB; SL 18524 NO. 001	Creole Offshore	247110
VUB; SL 18521 NO. 010	Creole Offshore	246776
VUB; SL 18521 NO. 009	Creole Offshore	245974
VUB; SL 18521 NO. 012	Creole Offshore	247159
VUB; SL 19190 NO. 001	Creole Offshore	246609
Ivan Fisk SWD NO. 001	West Cameron , Blk 20	972565

\*Only wells with Serial Number will be accepted.

IN WITNESS WHEREOF, the above bound parties have executed this instrument under their several seals this 22<sup>nd</sup> day of March, 2016, the name and corporate seal of each corporate party being hereto affixed and those presents duly signed by its undersigned representative pursuant to authority of its governing body.

Witnesses:

*Sherry J. Gosnell*  
SHERRY J. GOSNELL

*Alexis Moller*  
ALEXIS MOLLER

Witnesses:

*Dawson West*  
Dawson West

*Sandra L. Fusinetti*  
Sandra L. Fusinetti

APPROVED, ACCEPTED AND EXECUTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2016.

Witnesses:

\_\_\_\_\_  
\_\_\_\_\_

Principal

Northstar Offshore Group, LLC  
11 Greenway Plaza, Suite 2800  
Houston, TX 77046

By:

*[Signature]*  
(Signature)

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

Surety

Lexon Insurance Company  
10002 Shelbyville Rd., Suite 100  
Louisville, KY 40223

By:

*Theresa Pickerrell*  
Theresa Pickerrell, Attorney-In-Fact

Office of Conservation  
State of Louisiana

By:

\_\_\_\_\_  
Commissioner of Conservation

POWER OF ATTORNEY

LX-2/1142

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office Louisville, Kentucky, does hereby constitute and appoint: Brook T. Smith, Raymond M. Hundley, Jason D. Cromwell, James H. Marth, Barbara Duncan, Sandra L. Fusinetti, Mark A. Guidry, Jill Kemp, Lynette Long, Amy Meredith, Deborah Neichter, Jessica Nowlin, Theret Pickemrell, Sharyon Quinn, Bonnie J. Wortham, Beth Frymire its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$5,000,000.00, Five Million dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 6th day of August, 2015.



LEXON INSURANCE COMPANY

BY [Signature]  
David E. Campbell  
President

ACKNOWLEDGEMENT

On this 5th day of August, 2015, before me, personally came David E. Campbell to me known, who be duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.



AMY TAYLOR  
Notary Public - State of Tennessee  
Davidson County  
My Commission Expires 07-08-19

BY [Signature]  
Amy Taylor  
Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the forgoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Seal at Mount Juliet, Tennessee this 22nd Day of March 2016.



BY [Signature]  
Andrew Smith  
Assistant Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files and application for insurance of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."

**BOND RIDER TO ASSUME LIABILITY**

**RIDER NO. 1138467**

Attaching to and forming part of Performance Bond No. 1138467, executed March 22, 2016 on behalf of Northstar Offshore Group, LLC as Principal in favor of the Louisiana Office of Conservation, State of Louisiana, as Obligee, in the amount of One Million Two Hundred Fifty Thousand and 00/100 Dollars (\$1,250,000.00).

It is understood and agreed that effective March 22, 2016 this bond also extends to and covers all liability associated with the following bond:

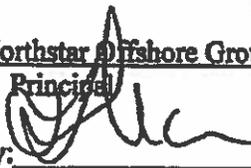
Bond #	Principal	Surety	Executed
RLB0014817	Northstar Offshore Group, LLC	RLI Insurance Company	October 11, 2012

RLI Insurance Company Bond No. RLB0014817 is hereby replaced and of no further force or effect.

All other conditions and terms to remain as originally written or previously amended by rider.

Signed, sealed and dated this 22<sup>nd</sup> day of March, 2016

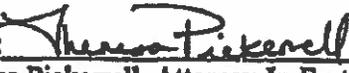
Northstar Offshore Group, LLC  
Principal

By: 

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

Lexon Insurance Company  
10002 Shelbyville Rd., Suite 100  
Louisville, KY, 40223

Surety

By:   
Theresa Pickerrell, Attorney-In-Fact

POWER OF ATTORNEY

LX-211333

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office Louisville, Kentucky, does hereby constitute and appoint: Brook T. Smith, Raymond M. Hundley, Jason D. Cromwell, James H. Marth, Barbara Duncan, Sandra L. Fusinetti, Mark A. Guldry, Jill Kemp, Lynnette Long, Amy Meredith, Deborah Neichter, Jessica Nowlin, Theresa Pickrell, Sheryon Quinn, Bonnie J. Wortham, Beth Frymire its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$5,000,000.00, Five Million dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 5th day of August, 2015.



LEXON INSURANCE COMPANY

BY [Signature]  
David E. Campbell  
President

ACKNOWLEDGEMENT

On this 5th day of August, 2015, before me, personally came David E. Campbell to me known, who be duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.



AMY TAYLOR  
Notary Public - State of Tennessee  
Davidson County  
My Commission Expires 07-08-19

BY [Signature]  
Amy Taylor  
Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Seal at Mount Juliet, Tennessee this 22nd Day of March, 2016.



BY [Signature]  
Andrew Smith  
Assistant Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files and application for insurance of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."



J. BEL EDWARDS  
GOVERNOR

State of Louisiana  
DEPARTMENT OF NATURAL RESOURCES  
OFFICE OF CONSERVATION

THOMAS F. HARRIS  
SECRETARY

RICHARD P. IEYOUB  
COMMISSIONER OF CONSERVATION

November 16, 2017

RLI Insurance Company  
2925 Richmond Avenue  
Suite 1600  
Houston, TX 77098  
Attn: Robbie Duxbury

RECEIVED

NOV 27 2017

RLI HOUSTON SURETY

Re: Certified Mail No. 7015 0640 0001 0015 6575  
Performance Bond No. RLB0014817  
Northstar Offshore Group, LLC - OC N123

Dear Ms. Duxbury:

I, Richard P. Ieyoub, Commissioner of the Office of Conservation, hereby notify RLI Insurance Company, 2925 Richmond Avenue, Suite 1600, Houston TX 77098, of default of the principal to the referenced Performance Bond. Attached you will find a copy of the referenced Performance Bond.

The estimated cost of plugging & abandonment and restoration of the surface for the associated wells exceeds the penal sum. Pursuant thereto, please remit the penal sum of \$1,250,000 by cashier's check to Office of Conservation, 617 North 3<sup>rd</sup> Street, 9<sup>th</sup> Floor, Baton Rouge, Louisiana 70802, Attn: Mr. Russell W. McGee or by wire to the State Central Depository Account, Account No. 7900405426, Routing Number 021000021, J. P. Morgan Chase Bank, Baton Rouge, Louisiana. Please e-mail proof of wire transaction to [russell.mcgee@la.gov](mailto:russell.mcgee@la.gov).

If you have any questions, you may contact Russell W. McGee, (225) 342-4440 (Office of Conservation) or Mr. John Daniel, (225) 332-5966 (J. P. Morgan Chase Bank, N.A.).

Yours very truly,

RICHARD P. IEYOUB  
COMMISSIONER OF CONSERVATION

RPI:RWM:rwm

Attachment: Copy of Performance Bond No. RLB0014817 & Amendment No.'s 1 - 3

cc: Todd Keating                      Latangia Brimmer                      Matt Simon  
Cassandra Parker                      Russell McGee                      Jonathon Rice  
Sherry Gosnell - Northstar Offshore Group, LLC, 11 Greenway Plaza, Suite 2800,  
Houston TX 77046

original

10/16/2012  
OC N123

(Multiple Wells)  
Bond No. RLB0014817

**PERFORMANCE BOND**

10/16/12

①

**KNOW ALL MEN BY THESE PRESENTS:**

That we, Northstar Offshore Group, LLC, 11 Greenway Plaza, Suite 2800, Houston, Texas 77046 (hereinafter called the "Principal"), and RLI Insurance Company, with an office at 8 Greenway Plaza, Suite 400, Houston, Texas 77046-0899 (hereinafter called the "Surety"), are held and firmly bound unto the Louisiana Office of Conservation, State of Louisiana, with its principal office at P. O. Box 94275, Capital Station, Baton Rouge, Louisiana 70804-9275 (hereinafter called the "Obligee"), in the Penal Sum of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00) lawful money of the United States of America for the payment of which penal sum the Principal and Surety bind themselves, their successors and assigns, jointly, severally, and in solido, firmly by these presents.

WHEREAS, the Principal has applied to the Office of Conservation for a Permit to Drill, or an Application to Amend Operator, for Minerals for wells and facilities listed on the attached Exhibit "A"; and

WHEREAS, the Principal has assumed the obligation to plug and abandon the well(s), remove platforms and pilings, close associated pits, remove facilities, conduct site clearance and verification, conduct site restoration and to restore the surface in accordance with the Leases and/or the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or the laws of the State of Louisiana; and

WHEREAS, the Principal and Surety agree that notwithstanding the subsequent termination of any Lease, whether by operation of law or otherwise, this Bond shall remain in full force and effect until all obligations of the Principal under the Leases and/or the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or the laws of the State of Louisiana have been truly and faithfully performed and a release and discharge of this Bond shall have been given by the Commissioner of Conservation; and

**RECEIVED**

OCT 16 2012

**WHEREAS**, the Principal has promised to deliver to the Obligee a Bond substantially in the form hereof; and

2

**WHEREAS**, the Surety represents that it is duly authorized by the proper public authorities to transact the business of indemnity and suretyship in the State of Louisiana, and represents that it is qualified to be surety and guarantor on bonds and undertakings, which certificate has not been revoked; and

**WHEREAS**, the Surety represents that it has duly executed a power of attorney, appointing the hereinafter named representative as its duly authorized deputy, as the true and lawful attorney-in-fact of such Surety, upon whom may be served all lawful process in any action or proceeding against such Surety in any court or before any officer, arising out of or founded upon this Bond or any liability hereunder; and does hereby agree and consent that such service, when so made, shall be valid service upon it, and that such appointment shall continue in force and effect and be irrevocable so long as any liability against it remains outstanding hereunder, and

**NOW THEREFORE**, the Principal and the Surety agree as follows:

The Surety hereby guarantees the Principal's agreement to plug and abandon the Subject Wells, to remove all platforms, pilings, facilities, pits and to restore the surface pursuant to the Leases, the Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and to pay all costs and expenses associated therewith in full compliance with the terms of the Leases, the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or any and all other state and federal agencies having jurisdiction over such matters and the laws of the State Louisiana as now written or as they may be hereafter amended.

This Bond shall be automatically renewed annually, subject to the terms and provisions hereof, unless the Surety shall notify the Obligee, in writing by Certified Mail, of its intention to cancel the Bond. Such written notice of cancellation shall be given at least one hundred twenty (120) days prior to the proposed cancellation date.

**RECEIVED**

OCT 16 2012

**PROVIDED, HOWEVER,** whenever the Principal shall present a Plug and Abandon Report with respect to any Subject Well or Facility together with a written statement from the Commissioner of Conservation evidencing that the Subject Well has been satisfactorily plugged, abandoned or removed in accordance with the Rules, Regulations and Orders promulgated by the Commissioner of Conservation, then the Penal Amount of this Bond shall be reduced for the Subject Well plugged and abandoned or the Facility removed in accordance with the itemized schedule set forth on Exhibit "A", but only by the amount set forth on the itemized schedule shown on Exhibit "A" for the Subject Wells and all Facilities, provided that, at such time as all of the Subject Wells have been plugged and abandoned and all Facilities removed and surface restoration operations have been completed, in accordance with the Leases, and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and this Bond shall have been released and discharged by the Commissioner of Conservation, then this obligation shall be null and void; otherwise, it shall remain in full force and effect for the full penal amount of the Bond.

**PROVIDED, FURTHER THAT,** to the extent the Principal and/or the Surety may be liable for any expenses, fees, penalties, damages (either direct, indirect or consequential) in addition to the obligation described above, or to the extent the Obligees may incur any attorneys' fees or court costs or other expenses of litigation in the event of a contest over the Surety's denial of the obligation (or any part thereof), the maximum obligation of the Surety under this Bond shall be the Penal Sum of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00), reduced as applicable, as provided for herein.

**FURTHERMORE,** it is agreed that the Surety shall have no obligation to the Principal for any loss suffered by the Principal by reason of acts or omissions which are or could be covered by the Principal's general liability insurance, products liability insurance, completed operations insurance or any other insurance. In no event shall the Surety be obligated to pay, in the aggregate, for all claims hereunder, an amount exceeding the penal sum of this Performance Bond.

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OCT 15 2007

OFFICE OF CONSERVATION

Whenever the Principal fails, neglects or refuses to carry out its obligation to plug and abandon any one or more or all of the Subject Wells, remove platforms or restore the surface of the Leases (or Subject Tract related to the Subject Well), or to pay the cost thereof, when and if it is required to do so under the terms of the Leases and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and the Obligee has presented to the Surety a written notice of default, sent by Certified Mail, by the Principal of its obligations and such condition has persisted for sixty (60) days following the date of such written notice of default, then the Surety shall, within thirty (30) days:

- 1) Pay to the Obligee an amount equal to the estimated cost of plugging and abandoning and restoration of the surface to be incurred by the Obligee, which payment shall be subject to the penal limit of this Bond and/or the itemized schedule set forth on Exhibit "A"; in the event of plugging and abandoning less than all of the Subject Wells and restoration of the surface of less than all of the sites and/or leases; or
- 2) Commence the necessary operations to plug and abandon the Subject Wells and restore the surface of the sites and/or Leases. If the Surety should elect, in the event of default by the Principal, to commence or cause to be commenced the aforementioned plugging and abandonment activity and surface restoration, such operations shall continue until such time as the obligations of the Principal as set forth in the Leases, and/or the Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana have been fully satisfied, notwithstanding the penal limit of this Bond. In the event the Surety commences operations to plug and abandon less than all of the Subject Wells and/or restore the surface of less than all of the Leases and/or sites, then the penal limit of this Bond shall be reduced only the amount set forth on Exhibit "A".

**RECEIVED**

OCT 15 2012

**OFFICE OF CONSERVATION  
PERMIT SECTION**

Provided, however, that in the event of an emergency, deemed by the Commissioner of Conservation as presenting a threat or risk of damage or harm to the environment, the natural resources of the State of Louisiana or the public health and welfare of the general public, and should the Principal fail or refuse to act to correct or alleviate the emergency, then the notice and delay provisions hereof shall be inapplicable and waived by the Surety and the Commissioner of Conservation shall be authorized to take such action as he may deem necessary or expedient to avoid, eliminate or reduce the threat or risk of damage or harm presented by such emergency. All such cost and expense incurred by the Commissioner of Conservation in the exercise of such emergency powers shall be paid and reimbursed under the terms and conditions of this Bond, but the exercise of such emergency powers by the Commissioner of Conservation shall, in no way, affect the total penal limit of this Bond or alter or modify the itemized schedule set forth on Exhibit "A" in the event such emergency affects less than all of the Subject Wells and/or sites and/or Leases. Notwithstanding the above, it is understood that the value (as set forth on Exhibit "A" attached hereto) attributable to the Subject Wells and/or Facilities affected by the Commissioner of Conservation's emergency powers shall be reduced from the Penal Amount of this Bond. In no event shall the Surety be obligated to pay, in the aggregate, for all claims hereunder, an amount exceeding the penal sum of this Performance Bond. (5)

Any suit under this Performance Bond must be instituted before the expiration of one (1) year from the date of the occurrence of an event of default, as defined herein. Subject to such one (1) year limitation, the Surety consents and agrees that any legal action against it under this Performance Bond may be brought in the 19th Judicial District Court for the Parish of East Baton Rouge, State of Louisiana, hereby irrevocably submitting itself to the jurisdiction and venue of such court.

A "default" shall be the Principal's failure, neglect or refusal to carry out its obligation to plug and abandon any one or more of the Subject Wells, remove platforms or restore the surface of the sites and/or Leases, or to pay the cost thereof, when and if it is required to do so under the terms of the Leases or by Rule, Regulation or Order of the Commissioner of Conservation or by the laws of the State of Louisiana.

RECEIVED

OCT 1 3 2017

No amendment of or supplement to the terms or provisions of any Lease(s) or any assignment and/or release of the Lease(s) thereof by the Principal, its successors or assigns, and no delay, neglect or failure of the Obligee to proceed promptly in the premises in case of any default on the part of the Principal shall in any degree relieve the Principal and the Surety or any of them or their obligations under this Bond. ②

**HOWEVER**, in the event of an assignment of any Lease or Wells or the Facilities or any of them by the Principal, the Principal shall cause its Assignee to post security with the Commissioner of Conservation, in a form and in an amount acceptable to the Commissioner of Conservation. If and when such security has been accepted by the Commissioner of Conservation, then the Obligee will issue a release of this Bond, within sixty (60) days, in whole or in part, in the event of an assignment of less than all of the Leases, Subject Wells and Facilities.

No right or action shall accrue on this Performance Bond to or for the use of any person or corporation other than the Principal, the Obligee, their heirs, executors, administrators or successors.

The Surety shall, no later than the renewal date each and every calendar year, provide the Commissioner of Conservation with an annual financial report or other documents to establish the Surety's financial solvency.

In the event that the Principal shall commence any proceeding under bankruptcy, reorganization, arrangement, insolvency, dissolution or liquidation law of any jurisdiction, then the Surety and/or the Principal shall notify the Commissioner of Conservation. Regardless of the occurrence of the aforementioned conditions, this Bond will remain in full force and effect.

**NOW, THEREFORE**, if the said Principal shall faithfully observe and honestly comply with the provisions contained herein, then this obligation shall become null and void and of no effect.

**RECEIVED**

OCT 1 8 2017

**OFFICE OF CONSERVATION  
PERMIT SECTION**

The Obligee will issue a release of this Bond within a reasonable time period, but in no instance longer than thirty (30) days after receipt of satisfactory evidence (a report from the proper regulatory authority) of the Principal's full and faithful performance and compliance with the obligation of this Performance Bond.

IN WITNESS WHEREOF, the above bound parties have executed this instrument under their several seals this 11<sup>th</sup> day of October, 2012, the name and corporate seal of each corporate party being hereto affixed and those presents duly signed by its undersigned representative pursuant to the authority of its governing body.

Witnesses:  
Sherry J. Gosnell  
SHERRY J. GOSNELL

J. Joel Neeley  
J. Joel Neeley

**Northstar Offshore Group, LLC**  
11 Greenway Plaza, Suite 2800  
Houston, TX 77046  
Principal

By: Brian H. Macmillan  
(Signature)  
**Brian H. Macmillan**  
Senior Vice President  
Land & Business Development

Witnesses:  
Robbie Duxbury  
Robbie Duxbury

Katie Tran  
Katie Tran

**RLI Insurance Company**  
8 Greenway Plaza, Suite 400  
Houston, Texas 77046-0899  
Surety

By: Greg E. Ohlson  
Greg E. Ohlson, Attorney-in-Fact

APPROVED, ACCEPTED AND EXECUTED THIS 18<sup>th</sup> DAY OF October, 2012.

Witnesses:  
Deborah S. Wells  
Deborah S. Wells

James M. Reagan  
JAMES M. REAGAN

**Office of Conservation  
State of Louisiana**  
By: James M. Reagan  
Commissioner of Conservation

RECEIVED

OCT 15 2012



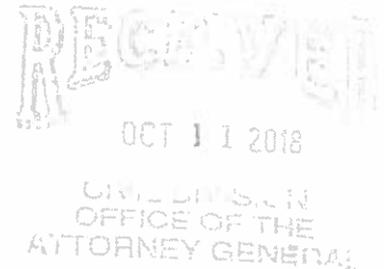
**SOMPO INTERNATIONAL**

INSURANCE

October 8, 2018

By USPS Two Day Service

Ms. Candice Hillman  
State of Louisiana Dept. of Justice  
Civil Division  
PO Box 94005  
Baton Rouge, LA 70804



**Re: Principal: Northstar Offshore Group, LLC**  
**Obligee: Louisiana Office of Conservation, State of Louisiana**  
**Claim No.: S29931**  
**Bond No.: 1138467**  
**Project: Plugging & Abandonment**  
**Claimant: Louisiana Office of Conservation, State of Louisiana**

Dear Sir/Madam:

Lexon Surety Group, LLC ("Lexon") is now a member of the Sompo International Companies ("Sompo") and Sompo is now responsible for handling claims on behalf of Lexon.

I write on behalf of Sompo, the surety which issued the above-referenced bond (1138467) on behalf of Northstar Offshore Group, LLC as principal, and in favor of Louisiana Office of Conservation, State of Louisiana, as obligee, in connection with the above project. We acknowledge receipt of your letter dated September 21, 2018; wherein the Obligee advised that it has declared Principal in default of certain obligations and/or made demand on the Bond.

We are attempting to communicate with the appropriate representative(s) of the Principal to investigate the facts concerning this matter. Subject to a full and complete reservation of all of Sompo's rights and defenses, we request that you provide us with the following information and documentation, if applicable, to further Sompo's investigation of this matter:

1. Contact information for engineer/architect of record and planner.
2. A copy of all correspondence between Obligee, Principal, and any other party related to the Project including job minutes, progress/inspection reports, punch-lists, approved submittal log, etc.
3. A copy of all parcel ownership records, original and changes, related to the Project.

Sompo International Insurance  
12890 Lebanon Road, Mt. Juliet, TN 37122, U.S.  
+1.615.553.9500

[www.sompo-intl.com](http://www.sompo-intl.com)



4. All contract documents including but not limited to fully executed Development/Planned Development/Annexation/Off Site Improvements/Intergovernmental/Lender Set Aside Agreements, contract/subcontract, signed performance and payment bond, approvals, findings of fact, recorded plat, approved engineering/site/construction plans, initial engineer's estimate, standards, specifications, addendums, general/special conditions, ordinances, permits, bid tabulation, original project schedule, updates to engineer's estimate and project schedule, notice to proceed, etc.
5. Requests for contract time extensions by Principal and associated approvals.
6. List of Principals subcontractors and vendors which have provided goods/services to Project.
7. Updated engineering/construction plans showing completed and approved improvements including as-built documents.
8. Estimated scope of work and pricing to complete remaining improvements.
9. A copy of any documents approving reduction of bond penalty.
10. A summary of the project accounting including but not limited to original contract price, approved/unapproved change orders with back-up, revised contract price, amount paid to date with back-up (approved pay applications, schedule of values, and cancelled checks), remaining contract funds balance, escrow fund balance, etc.
11. Notices of nonpayment from subcontractors and suppliers of the Principal.

We look forward to receiving this information. The above list is not exhaustive. If you have any other information of which Sompo should be made aware, please do not hesitate to supply it. Sompo reserves the right to request additional information as its investigation proceeds. Additionally, we must demand that no further funds be released to the Principal for the Project without the express written consent of the surety.

As you can well understand, Sompo is pursuing its investigation of Obligee's claim under a full and complete reservation of all rights and defenses, as well as those of its bond Principal. The acknowledgment and analysis of this claim is based upon the facts as currently known. Sompo reserves its right to alter its position, should any of the facts change. Nothing herein shall be deemed an estoppel, waiver or a modification of any of Sompo's rights or defenses, and Sompo hereby reserves all of its rights and defenses under any contracts, agreements, bonds or the applicable law.



**SOMPO INTERNATIONAL**

**INSURANCE**

---

All communications and correspondence regarding this matter should be directed to the assigned claim handler listed below. Please be sure to include the Claim No. and Bond No. on all correspondence.

**Jeremy Sentman**

**(630) 487-2230**

**Email: [lexonclaimadministration@sompo-intl.com](mailto:lexonclaimadministration@sompo-intl.com)**

Very Truly Yours,

*Jamentria Granberry*  
*Surety Claims Assistant*

Jamentria Granberry  
Surety Claims Assistant  
SOMPO International Insurance

Sompo International Insurance  
12890 Lebanon Road, Mt. Juliet, TN 37122, U.S.  
+1.615.553.9500

[www.sompo-intl.com](http://www.sompo-intl.com)

## FRAUD STATEMENTS

### GENERAL STATEMENT:

Any person who knowingly and with intent to defraud any insurance company or another person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects the person to criminal and [NY: substantial] civil penalties. (Not applicable in CO, DC, FL, HI, KS, MA, MN, NE, OH, OK, OR, VT or WA; in LA, ME, TN, and VA, insurance benefits may also be denied.)

### APPLICABLE IN COLORADO:

It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance, and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policy holder or claimant for the purpose of defrauding or attempting to defraud the policy holder or claimant with regard to a settlement of award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.

### APPLICABLE IN THE DISTRICT OF COLUMBIA:

WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits, if false information materially related to a claim was provided by the applicant.

### APPLICABLE IN FLORIDA:

Any person who knowingly and with intent to injure, defraud, or deceive any Insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.

### APPLICABLE IN HAWAII:

For your protection, Hawaii law requires you to be informed that presenting a fraudulent claim for payment of a loss or benefit is a crime punishable by fines or imprisonment, or both.

### APPLICABLE IN KANSAS:

Any person who, knowingly and with intent to defraud, presents, causes to be presented or prepares with knowledge or belief that it will be presented to or by an insurer, purported insurer, broker or any agent thereof, any written statement as part of, or in support of, an application for the issuance of, or the rating of an insurance policy for personal or commercial insurance, or a claim for payment or other benefit pursuant to an insurance policy for commercial or personal insurance which such person knows to contain materially false information concerning any fact material thereto; or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act.

### APPLICABLE IN MASSACHUSETTS, NEBRASKA, OREGON AND VERMONT:

Any person who knowingly and with intent to defraud any insurance company or another person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading information concerning any fact material thereto, may be committing a fraudulent insurance act, which may be a crime and may subject the person to criminal and civil penalties.

### APPLICABLE IN MINNESOTA:

Any person who files a claim with intent to defraud or helps commit a fraud against an insurer is guilty of a crime.

### APPLICABLE IN OHIO:

Any person who, with intent to defraud or knowing that he/she is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deception statement is guilty of insurance fraud.

### APPLICABLE IN OKLAHOMA:

WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

### APPLICABLE IN WASHINGTON:

It is a crime to knowingly provide false, incomplete, or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines, and denial of insurance benefits.

AUTHORIZED SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

LEXON SURETY GROUP, LLC

# Request for Taxpayer Identification Number and Certification

**Give Form to the  
 requester. Do not  
 send to the IRS.**

▶ Go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9) for instructions and the latest information.

Print or type. See Specific instructions on page 3.	1 Name (as shown on your income tax return). Name is required on this line, do not leave this line blank.	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes.  <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate  <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ _____ Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.  <input type="checkbox"/> Other (see instructions) ▶ _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):  Exempt payee code (if any) _____  Exemption from FATCA reporting code (if any) _____  <small>(Applies to accounts maintained outside the U.S.)</small>
	5 Address (number, street, and apt. or suite no.) See instructions.	Requester's name and address (optional)
	6 City, state, and ZIP code	
	7 List account number(s) here (optional)	

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number					
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or					
Employer identification number					
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		-			

## Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

<b>Sign Here</b>	Signature of U.S. person ▶	Date ▶
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## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**Future developments.** For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/FormW9](http://www.irs.gov/FormW9).

### Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding*, later.



Jeff Landry  
Attorney General

## State of Louisiana

DEPARTMENT OF JUSTICE  
CIVIL DIVISION  
P.O. BOX 94005  
BATON ROUGE  
70804-9005

February 8, 2019

Jeremy Sentman  
Sompo International Insurance  
12890 Lebanon Road  
Mt. Juliet, TN 37122

CERTIFIED MAIL - RRR  
Art. #7012 2920 0000 3736 4901

Re: Northstar Offshore Group, LLC Performance Bonds  
Lexon Performance Bonds 1138467  
Claim No. S29931

Dear Mr. Sentman:

We are in receipt of your letter dated October 8, 2018 wherein you request documents pertaining to the Louisiana Office of Conservation's demand for payment of Lexon Performance Bond No. 1138467. On September 28, 2018, we sent a letter with attachments to supplement our September 21, 2018 letter; the supplemental letter provided the information you requested in your October 8, 2018 letter. For ease and convenience, I am enclosing a copy of both letters herein.

With respect to the remainder of the information you requested, the Office of Conservation is not required to and does not regularly keep or maintain those records. It is most likely that Lexon Insurance Company (and now Sompo International) is already in possession of the remainder of the information you have requested.

Per the language of the bond, the September 28<sup>th</sup> letter serves as a written notice of default, sent by Certified Mail, by the Office of Conservation (the Principal). The bond also supplies that when the condition has persisted for sixty (60) days following the date of the notice of default, the Surety shall either pay the cost of the bond or commence operations to plug and abandon the wells within thirty (30) days. The sixty (60) day deadline elapsed on November 27, 2018; therefore payment on Bond No. 1138467 was due and payable on December 27, 2018.

To date, the Office of Conservation has not received payment on Bond No. 1138467 in accordance with the bond and laws of the State of Louisiana. Please make payment immediately upon receipt of this letter.

With warmest regards, we are,

Very truly yours,

JEFF LANDRY  
ATTORNEY GENERAL

By: Candice R. Hillman  
Candice R. Hillman  
Christopher J. Lento  
Ryan M. Seidemann  
Assistant Attorneys General

JL/CRH/mj

enclosures



Jeff Landry  
Attorney General

**State of Louisiana**  
DEPARTMENT OF JUSTICE  
CIVIL DIVISION  
P.O. BOX 94005  
BATON ROUGE  
70804-9005

September 21, 2018

Mr. David E. Campbell  
Lexon Insurance Company  
10002 Shelbyville Road  
Suite 100  
Louisville, KY 40223

CERTIFIED MAIL-RRR  
Art.# 7017 1450 0000 7821 9202

Re: Northstar Offshore Group, LLC Performance Bonds

Dear Mr. Campbell:

Lexon Insurance Company ("Lexon") is the surety on Performance Bond No. 1138467 (see Exhibit 1) with respect to Northstar Offshore Group, LLC ("Northstar"), who has defaulted on its obligation to plug and abandon certain wells (see Exhibit 2). In addition, Bond No. 1138467 was preserved in Northstar Offshore Group's bankruptcy proceeding by order dated November 16, 2017 (see Exhibit 3).

We have been assured by the Office of Conservation, as the attached abandonment notice from last month's *Louisiana Register* indicates, that there remain considerable numbers of Northstar wells covered by the bonds that have not been acquired by third party operators, and as such, their status as "abandoned" has not changed (see Exhibit 4).

As long as any one well covered by Lexon's bonds is abandoned, per the terms of the bonds, Northstar has two options upon demand from the Office of Conservation: (1) pay the Louisiana Office of Conservation an amount equal to the estimated cost of plugging and abandonment and restoration of the surface to be incurred by the Office of Conservation, subject to the penal limit of the bond, or (2) commence necessary operations to plug and abandon the subject wells and restore the surface of the sites and/or leases. However, given the outcome of the bankruptcy proceedings, Northstar is unable to commence the operations and the rights against Bond No. 1138467 were reserved by the State.

We have reviewed the applicable law and the instruments themselves, and are making formal demand for Lexon to comply with the terms of the Performance Bonds within thirty (30) of receipt of this letter.

With warmest regards, we are,

Very truly yours,

**JEFF LANDRY  
ATTORNEY GENERAL**

By: 

**Candice R. Hillman  
Christopher J. Lento  
Ryan M. Seidemann  
Assistant Attorneys General**

**JL/CRH/mj**

**enclosures**



Jeff Landry  
Attorney General

**State of Louisiana**  
DEPARTMENT OF JUSTICE  
CIVIL DIVISION  
P.O. BOX 94005  
BATON ROUGE  
70804-9005

September 27, 2018

Mr. David E. Campbell  
Lexon Insurance Company  
10002 Shelbyville Road  
Suite 100  
Louisville, KY 40223

CERTIFIED MAIL-RRR  
Art. # 7017 1450 0000 7821 9097

Re: Northstar Offshore Group, LLC Performance Bonds

Dear Mr. Campbell:

Our office sent a letter, dated September 21, 2018, to you and failed to attach the exhibits referenced therein. Please allow this letter to serve as an addendum to the initial letter. For your convenience, I am attaching a copy of the September 21 letter.

With warmest regards, I am,

Very truly yours,

JEFF LANDRY  
ATTORNEY GENERAL

By: Candice R. Hillman  
Candice R. Hillman  
Christopher J. Lento  
Ryan M. Seidemann  
Assistant Attorneys General

JL/CRH/mj

enclosures



Jeff Landry  
Attorney General

**State of Louisiana**  
DEPARTMENT OF JUSTICE  
CIVIL DIVISION  
P.O. BOX 94005  
BATON ROUGE  
70804-9005

September 21, 2018

Mr. David E. Campbell  
Lexon Insurance Company  
10002 Shelbyville Road  
Suite 100  
Louisville, KY 40223

CERTIFIED MAIL-RRR  
Art.# 7017 1450 0000 7821 9202

Re: Northstar Offshore Group, LLC Performance Bonds

Dear Mr. Campbell:

Lexon Insurance Company ("Lexon") is the surety on Performance Bond No. 1138467 (see Exhibit 1) with respect to Northstar Offshore Group, LLC ("Northstar"), who has defaulted on its obligation to plug and abandon certain wells (see Exhibit 2). In addition, Bond No. 1138467 was preserved in Northstar Offshore Group's bankruptcy proceeding by order dated November 16, 2017 (see Exhibit 3).

We have been assured by the Office of Conservation, as the attached abandonment notice from last month's *Louisiana Register* indicates, that there remain considerable numbers of Northstar wells covered by the bonds that have not been acquired by third party operators, and as such, their status as "abandoned" has not changed (see Exhibit 4).

As long as any one well covered by Lexon's bonds is abandoned, per the terms of the bonds, Northstar has two options upon demand from the Office of Conservation: (1) pay the Louisiana Office of Conservation an amount equal to the estimated cost of plugging and abandonment and restoration of the surface to be incurred by the Office of Conservation, subject to the penal limit of the bond, or (2) commence necessary operations to plug and abandon the subject wells and restore the surface of the sites and/or leases. However, given the outcome of the bankruptcy proceedings, Northstar is unable to commence the operations and the rights against Bond No. 1138467 were reserved by the State.

We have reviewed the applicable law and the instruments themselves, and are making formal demand for Lexon to comply with the terms of the Performance Bonds within thirty (30) of receipt of this letter.

With warmest regards, we are,

Very truly yours,

JEFF LANDRY  
ATTORNEY GENERAL

By: 

Candice R. Hillman  
Christopher J. Lento  
Ryan M. Seidemann  
Assistant Attorneys General

JL/CRH/mj

enclosures

This bond supersedes, replaces, and assumes any, and all past, present, and future liability of Bond RLB0014817.

**PERFORMANCE BOND**

**Bond Number: 1138467**

**KNOW ALL MEN BY THESE PRESENTS:**

That we, Northstar Offshore Group, L.L.C, 11 Greenway Plaza, Suite 2800, Houston, Texas 77046 (hereinafter called the "Principal") and Lexon Insurance Company with an office at 10802 Shelbyville Road, Suite 100, Louisville, KY 40223 (hereinafter called the "Surety") are held and firmly bound unto the Louisiana Office of Conservation, State of Louisiana, with its principal office at P.O. Box 94275, Capital Station, Baton Rouge, Louisiana 70804-5275 (hereinafter called the Obligees"), in the Penal Sum of One Million Two Hundred Fifty Thousand and 00/100 Dollars (\$1,250,000.00) lawful money of the United States of America for the payment of which penal sum the Principal and the Surety bind themselves, their successors and assigns, jointly, severally, and in solido, firmly by these presents.

WHEREAS, the Principal has applied to the Office of Conservation for a Permit to Drill, or an Application to Amend Operator, for Minerals for wells and facilities listed on the attached Exhibit "A", and

WHEREAS, the Principal has assumed the obligation to plug and abandon the well(s), remove platforms and pilings, close associated pits, remove facilities, conduct site clearance and verification, conduct site restoration and to restore the surface in accordance with the Leases and/or the laws of the State of Louisiana; and

WHEREAS, the Principal and the Surety agree that notwithstanding the subsequent termination of any Lease, whether by operation of law or otherwise, this Bond shall remain in full force and effect until all obligations of the Principal under the Leases and/or the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or the laws of the State of Louisiana have been truly and faithfully performed and a release and discharge of this Bond shall have been given by the Commissioner of Conservation; and

WHEREAS, the Principal has promised to deliver to the Obligees a Bond substantially in the form hereof; and

WHEREAS, the Surety represents that it is duly authorized by the proper public authorities to transact the business of indemnity and suretyship in the state of Louisiana, and represents that it is qualified to be surety and guarantor on bonds and undertakings, which certificate has not been revoked; and

WHEREAS, the Surety represents that it has duly executed a power of attorney, appointing the hereinafter named representative as its duly authorized deputy, as the true and lawful attorney-in-fact of such Surety, upon whom may be served all lawful process in any action or proceeding against such Surety.



in any court or before any officer, arising out of or founded upon this Bond or any liability hereunder, and does hereby agree and consent that such service, when so made, shall be valid service upon it, and that such appointment shall continue in force and effect and be irrevocable so long as any liability against it remains outstanding hereunder, and

**NOW THEREFORE**, the Principal and the Surety agree as follows:

The Surety hereby guarantees the Principal's agreement to plug and abandon the Subject Wells, to remove all platforms, pilings, facilities, pits and to restore the surface pursuant to the Leases, the Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana to pay all costs and expenses associated therewith in full compliance with the terms of the Leases, the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or any and all other state and federal agencies having jurisdiction over such matters and the laws of the State of Louisiana as now written or as they may be hereafter amended.

This Bond shall be automatically renewed annually, subject to the terms and provisions hereof, unless the Surety shall notify the Obligea, in writing by Certified Mail, of its intention to cancel the Bond. Such written notice of cancellation shall be given at least one hundred twenty (120) days prior to the proposed cancellation date.

**PROVIDED, HOWEVER**, whenever the Principal shall present a Plug and Abandon Report with respect to any Subject Well or Facility together with a written statement from the Commissioner of Conservation evidencing that the Subject Well has been satisfactorily plugged, abandoned or removed in accordance with the Rules, Regulations and Orders promulgated by the Commissioner of Conservation, then the Penal Amount of this Bond shall be reduced for the Subject Well plugged and abandoned or the Facility removed in accordance with the itemized schedule set forth on Exhibit "A", but only by the amount set forth on the itemized schedule shown on Exhibit "A" for the Subject Wells and all Facilities, provided that, at such time as all of the Subject Wells have been plugged and abandoned and all Facilities removed and surface restoration operations have been completed, in accordance with the Leases, and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and this Bond shall have been released and discharged by the Commissioner of Conservation, then this obligation shall be null and void, otherwise, it shall remain in full force and effect for the full penal amount of the Bond.

**PROVIDED, FURTHER THAT**, to the extent the Principal and/or Surety may be liable for any expenses, fees, penalties, damages (either direct, indirect or consequential) in addition to the obligation described above, or to the extent the Obligea may incur any attorneys' fees or court costs or other expenses of litigation in the event of a contest over the Surety's denial of the obligation (or any party thereof), the maximum obligation of the Surety under this bond shall be the Penal Sum of One Million Two Hundred Fifty Thousand and 00/100 Dollars (\$1,250,000.00) reduced as applicable, as provided for herein.

**FURTHERMORE**, it is agreed that the Surety shall have no obligation to the Principal for any loss suffered by the Principal, by reason of acts or omissions which are or could be covered by the Principal's general liability insurance, products liability insurance, completed operations insurance or any other insurance. In no event shall the Surety be obligated to pay, in the aggregate, for all claims hereunder, an amount exceeding the penal sum of this Performance Bond.

Whenever the Principal fails, neglects or refuses to carry out its obligation to plug and abandon any one or more or all of the Subject Wells, remove platforms or restore the surface of the Leases (or Subject Tract related to the Subject Well) or to pay the cost thereof, when and if it is required to do so under the terms of the Leases and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and the Obligee has presented to the Surety a written notice of default, sent by Certified Mail, by the Principal of its obligations and such condition has persisted for sixty (60) days following the date of such written notice of default, then the Surety shall, within thirty (30) days:

- 1) Pay to the Obligee an amount equal to the estimated cost of plugging and abandoning and restoration of the surface to be incurred by the Obligee, which payment shall be subject to the penal limit of this Bond and/or the itemized schedule set forth on Exhibit "A"; in the event of plugging and abandoning less than all of the Subject Wells and restoration of the surface of less than all of the sites and/or leases; or
- 2) Commence the necessary operations to plug and abandon the Subject Wells and restore the surface of the sites and/or Leases. If the Surety should elect, in the event of default by the Principal, to commence or cause to be commenced the aforementioned plugging and abandonment activity and surface restoration, such operations shall continue until such time as the obligations of the Principal as set forth in the Leases, and/or the Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana have been fully satisfied, notwithstanding the penal limit of this Bond. In the event the Surety commences operations to plug and abandon less than all of the Subject Wells and/or restore the surface of less than all of the Leases and/or sites, then the penal limit, of this Bond shall be reduced only the amount set forth on Exhibit "A".

Provided However, that in the event of an emergency, deemed by the Commissioner of Conservation as presenting a threat or risk of damage or harm to the environment, the natural resources of the State of Louisiana or the public health and welfare of the general public, and should the Principal fail or refuse to act to correct or alleviate the emergency, then the notice and delay provisions hereof shall be inapplicable and waived by the Surety and the Commissioner of Conservation shall be authorized to take such action as he may deem necessary or expedient to avoid, eliminate or reduce the threat or risk of damage or harm presented by such emergency. All such cost and expense incurred by the Commissioner of Conservation in the exercise of such emergency powers shall be paid and reimbursed under the terms and conditions of this Bond, but the exercise of such emergency powers by the Commissioner of Conservation shall, in no way, affect the total penal limit of this Bond or alter or modify the itemized schedule set forth on Exhibit "A" in the event such emergency affects less than all of the Subject Wells and/or sites and/or Leases. Notwithstanding the above, it is understood that the value (as set forth on Exhibit "A" attached hereto) attributable to the Subject Wells and/or Facilities affected by the Commissioner of Conservation's emergency powers shall be reduced from the Penal Amount of this Bond. In no event shall the Surety be obligated to pay, in the aggregate, for all claims hereunder, an amount exceeding the penal sum of this Performance Bond.

Any suit under this Performance Bond must be instituted before the expiration of one (1) year from the date of the occurrence of an event of default, as defined herein. Subject to such one (1) year limitation, the Surety consents and agrees that any legal action against it under this Performance Bond may be

brought in the 19<sup>th</sup> Judicial District Court for the Parish of East Baton Rouge, State of Louisiana, hereby irrevocably submitting itself to the jurisdiction and venue of such court.

A "default" shall be the Principal's failure, neglect or refusal to carry out its obligation to plug and abandon any one or more of the Subject Wells, remove platforms or restore the surface of the sites and/or Leases, or to pay the cost thereof, when and if it is required to do so under the terms of the Leases or by Rule, Regulation or Order of the Commissioner of Conservation or by the laws of the State of Louisiana.

No amendment of or supplement to the terms or provisions of any Lease(s) or any assignment and/or release of the Lease(s) thereof by the Principal, its successors or assigns, and no delay, neglect or failure of the Oblige to proceed promptly in the premises in case of any default on the part of the Principal shall in any degree relieve the Principal and the Surety or any of them or their obligations under this Bond.

**HOWEVER**, in the event of an assignment of any Lease or Wells or the Facilities or any of them by the Principal, the Principal shall cause its Assignee to post security with the Commissioner of Conservation, in a form and in an amount acceptable to the Commissioner of Conservation. If and when such security has been accepted by the Commissioner of Conservation, then the Oblige will issue the release of this Bond, within sixty (60) days, in whole or in part, in the event of an assignment of less than all of the Leases, Subject Wells and Facilities.

No right or action shall accrue on this Performance Bond to or for the use of any person or corporation other than the Principal, the Oblige and their respective heirs, executors, administrators, successors, and assigns.

The Surety shall, no later than the renewal date each and every calendar year, provide the Commissioner of Conservation with an annual financial report or other documents to establish the Surety's financial solvency.

In the event that the Principal shall commence any proceeding under bankruptcy, reorganization, arrangement, insolvency, dissolution or liquidation law of any jurisdiction, then the Surety and/or the Principal shall notify the Commissioner of Conservation. Regardless of the occurrence of the aforementioned conditions, this Bond will remain in full force and effect.

**NOW, THEREFORE**, if the said Principal shall faithfully observe and honestly comply with the provisions contained herein, then this obligation shall become null and void and of no effect.

The obligee will issue a release of this Bond within a reasonable time period, but in no instance longer than thirty (30) days after receipt of satisfactory evidence (a report from the proper regulatory authority) of the Principal's full and faithful performance and compliance with the obligation of this Performance Bond.

**Exhibit "A"**

Operator: Northstar Offshore Group, LLC

Surety: Lexon Insurance Group

LOC/CD/Bond No. 1138467

**Wells Covered by Security**

<b>Well Name &amp; No.</b>	<b>Field</b>	<b>Serial Number*</b>
VUB; SL 18423 NO. 001-D	Creole Offshore	232797
VUB; SL 18423 NO. 002	Creole Offshore	234959
VUB; SL 18423 NO. 002-D	Creole Offshore	236075
VUB; SL 18423 NO. 003	Creole Offshore	151097
VUB; SL 18521 NO. 001	Creole Offshore	233855
VUB; SL 18521 NO. 001-D	Creole Offshore	235106
VUB; SL 18521 NO. 002	Creole Offshore	237827
VUB; SL 18521 NO. 002-D	Creole Offshore	239090
VUB; SL 18521 NO. 003	Creole Offshore	237828
VUB; SL 18519 NO. 001	Creole Offshore	232725
VUB; SL 18521 NO. 004	Creole Offshore	242708
VUB; SL 18521 NO. 005	Creole Offshore	242709
VUB; SL 18521 NO. 005-D	Creole Offshore	243814
VUB; SL 18521 NO. 008	Creole Offshore	244198
VUB; SL 18521 NO. 008-D	Creole Offshore	245227
VUB; SL 18521 NO. 006	Creole Offshore	243958
VUB; SL 18521 NO. 007	Creole Offshore	243959
TROY BAILEY SWD NO. 001	Creole Offshore	973555
WILMA A PICOU SWD NO. 001	Creole Offshore	974150
VUB; SL 18423 NO. 004	Creole Offshore	245974
VUB; SL 18524 NO. 001	Creole Offshore	247110
VUB; SL 18521 NO. 010	Creole Offshore	246776
VUB; SL 18521 NO. 009	Creole Offshore	245974
VUB; SL 18521 NO. 012	Creole Offshore	247159
VUB; SL 19190 NO. 001	Creole Offshore	246609
Ivan Fisk SWD NO. 001	West Cameron , Blk 20	972565

\*Only wells with Serial Number will be accepted.

IN WITNESS WHEREOF, the above bound parties have executed this instrument under their several seals this 22<sup>nd</sup> day of March, 2016, the name and corporate seal of each corporate party being hereto affixed and those presents duly signed by its undersigned representative pursuant to authority of its governing body.

Witnesses:

Sherry J. Gosnell  
SHERRY J. GOSNELL  
Alexis Moller  
Alexis Moller

Witnesses:

Dawson West  
Dawson West  
Sandra L. Fusinetti  
Sandra L. Fusinetti

APPROVED, ACCEPTED AND EXECUTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2016.

Witnesses:

\_\_\_\_\_  
\_\_\_\_\_

Principal

Northstar Offshore Group, LLC  
11 Greenway Plaza, Suite 2800  
Houston, TX 77046

By:

[Signature]  
(Signature)

Brian H. Macmillan  
Senior Vice President Land & Business  
Development

Surety

Lexon Insurance Company  
10002 Shelbyville Rd., Suite 100  
Louisville, KY 40223

By: Theresa Pickerrell  
Theresa Pickerrell, Attorney-In-Fact

Office of Conservation  
State of Louisiana

By:

\_\_\_\_\_  
Commissioner of Conservation

POWER OF ATTORNEY

LX-2/1142

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office Louisville, Kentucky, does hereby constitute and appoint Brook T. Smith, Raymond M. Hundley, Jason D. Cromwell, James H. Marti, Barbara Duncan, Sandra L. Fualnetti, Mark A. Guidry, Jill Kemp, Lynnette Long, Amy Meredith, Deborah Nelchler, Jessica Nowlin, Theres Pickarrell, Sharyon Quinn, Bonnie J. Wortham, Beth Frymire its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$5,000,000.00, Five Million dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 6th day of August, 2015.



LEXON INSURANCE COMPANY

BY [Signature] David E. Campbell President

ACKNOWLEDGEMENT

On this 6th day of August, 2015, before me, personally came David E. Campbell to me known, who he duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.



AMY TAYLOR Notary Public - State of Tennessee Davidson County My Commission Expires 07-08-19

BY [Signature] Amy Taylor Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the forgoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Seal at Mount Juliet, Tennessee this 22nd Day of March 2016.



BY [Signature] Andrew Smith Assistant Secretary

\*WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files and application for insurance of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.\*

**BOND RIDER TO ASSUME LIABILITY**

**RIDER NO. 1138467**

Attaching to and forming part of Performance Bond No. 1138467, executed March 22, 2016 on behalf of Northstar Offshore Group, LLC as Principal in favor of the Louisiana Office of Conservation, State of Louisiana, as Oblige, in the amount of One Million Two Hundred Fifty Thousand and 00/100 Dollars (\$1,250,000.00).

It is understood and agreed that effective March 22, 2016 this bond also extends to and covers all liability associated with the following bond:

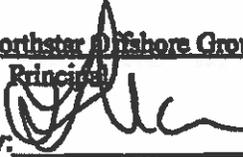
Bond #	Principal	Surety	Executed
RLB0014817	Northstar Offshore Group, LLC	RLI Insurance Company	October 11, 2012

RLI Insurance Company Bond No. RLB0014817 is hereby replaced and of no further force or effect.

All other conditions and terms to remain as originally written or previously amended by rider.

Signed, sealed and dated this 22<sup>nd</sup> day of March, 2016

Northstar Offshore Group, LLC  
Principal

By: 

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

Lexon Insurance Company  
10002 Shelbyville Rd., Suite 100  
Louisville, KY, 40223

Surety

By:   
Theresa Pickerrell, Attorney-In-Fact

POWER OF ATTORNEY

LX-211333

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office Louisville, Kentucky, does hereby constitute and appoint Brook T. Smith, Raymond M. Hundley, Jason D. Cromwell, James H. Marth, Barbara Duncan, Sandra L. Fualnetti, Mark A. Guldry, Bill Kemp, Lynnette Long, Amy Meredith, Deborah Nechtar, Jessica Nowlin, Theresa Pickerrill, Sheryon Quinn, Bonnie J. Wortham, Beth Frymire its true and lawful Attorney(s)-in-Fact to make, execute, seal and deliver for, on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-in-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$5,000,000.00, Five Million dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereon. Any said execution of such documents by an Attorney-in-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-in-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Assistant Secretary, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond or undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 5th day of August, 2015.

LEXON INSURANCE COMPANY



BY David E. Campbell  
David E. Campbell  
President

ACKNOWLEDGEMENT

On this 5th day of August, 2015, before me, personally came David E. Campbell to me known, who he duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.



AMY TAYLOR  
Notary Public - State of Tennessee  
Davidson County  
My Commission Expires 07-06-17

BY Amy Taylor  
Amy Taylor  
Notary Public

CERTIFICATE

I, the undersigned, Assistant Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Seal at Mount Juliet, Tennessee this 22nd Day of March, 2016.



BY Andrew Smith  
Andrew Smith  
Assistant Secretary

"WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files and application for insurance of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties."



J. BEL EDWARDS  
GOVERNOR

**State of Louisiana**  
DEPARTMENT OF NATURAL RESOURCES  
OFFICE OF CONSERVATION

THOMAS F. HARRIS  
SECRETARY

RICHARD P. IEYOUNG  
COMMISSIONER OF CONSERVATION

November 16, 2017

RLI Insurance Company  
2925 Richmond Avenue  
Suite 1600  
Houston, TX 77098  
Attn: Robbie Duxbury

RECEIVED

NOV 27 2017

RLI HOUSTON SURETY

Re: Certified Mail No. 7015 0640 0001 0015 6575  
Performance Bond No. RLB0014817  
Northstar Offshore Group, LLC – OC N123

Dear Ms. Duxbury:

I, Richard P. Ieyoub, Commissioner of the Office of Conservation, hereby notify RLI Insurance Company, 2925 Richmond Avenue, Suite 1600, Houston TX 77098, of default of the principal to the referenced Performance Bond. Attached you will find a copy of the referenced Performance Bond.

The estimated cost of plugging & abandonment and restoration of the surface for the associated wells exceeds the penal sum. Pursuant thereto, please remit the penal sum of \$1,250,000 by cashier's check to Office of Conservation, 617 North 3<sup>rd</sup> Street, 9<sup>th</sup> Floor, Baton Rouge, Louisiana 70802, Attn: Mr. Russell W. McGee or by wire to the State Central Depository Account, Account No. 7900405426, Routing Number 021000021, J. P. Morgan Chase Bank, Baton Rouge, Louisiana. Please e-mail proof of wire transaction to [russell.mcgee@la.gov](mailto:russell.mcgee@la.gov).

If you have any questions, you may contact Russell W. McGee, (225) 342-4440 (Office of Conservation) or Mr. John Daniel, (225) 332-5966 (J. P. Morgan Chase Bank, N.A.).

Yours very truly,

RICHARD P. IEYOUNG  
COMMISSIONER OF CONSERVATION

RPI:RWM:rwm

Attachment: Copy of Performance Bond No. RLB0014817 & Amendment No.'s 1 - 3

cc: Todd Keating                      Latangia Brimmer                      Matt Simon  
Cassandra Parker                      Russell McGee                      Jonathon Rice  
Sherry Gosnell – Northstar Offshore Group, LLC, 11 Greenway Plaza, Suite 2800,  
Houston TX 77046

original

10/16/2012  
OC N/23

(Multiple Wells)

Bond No. RLB0014817

**PERFORMANCE BOND**

1:32 29 (D)

**KNOW ALL MEN BY THESE PRESENTS:**

That we, Northstar Offshore Group, LLC, 11 Greenway Plaza, Suite 2800, Houston, Texas 77046 (hereinafter called the "Principal"), and RLI Insurance Company, with an office at 8 Greenway Plaza, Suite 400, Houston, Texas 77046-0899 (hereinafter called the "Surety"), are held and firmly bound unto the Louisiana Office of Conservation, State of Louisiana, with its principal office at P. O. Box 94275, Capital Station, Baton Rouge, Louisiana 70804-9275 (hereinafter called the "Obligee"), in the Penal Sum of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00) lawful money of the United States of America for the payment of which penal sum the Principal and Surety bind themselves, their successors and assigns, jointly, severally, and in solido, firmly by these presents.

WHEREAS, the Principal has applied to the Office of Conservation for a Permit to Drill, or an Application to Amend Operator, for Minerals for wells and facilities listed on the attached Exhibit "A"; and

WHEREAS, the Principal has assumed the obligation to plug and abandon the well(s), remove platforms and pilings, close associated pits, remove facilities, conduct site clearance and verification, conduct site restoration and to restore the surface in accordance with the Leases and/or the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or the laws of the State of Louisiana; and

WHEREAS, the Principal and Surety agree that notwithstanding the subsequent termination of any Lease, whether by operation of law or otherwise, this Bond shall remain in full force and effect until all obligations of the Principal under the Leases and/or the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or the laws of the State of Louisiana have been truly and faithfully performed and a release and discharge of this Bond shall have been given by the Commissioner of Conservation; and

**RECEIVED**

OCT 16 2012

**WHEREAS**, the Principal has promised to deliver to the Obligee a Bond substantially in the form hereof; and

(1)

**WHEREAS**, the Surety represents that it is duly authorized by the proper public authorities to transact the business of indemnity and suretyship in the State of Louisiana, and represents that it is qualified to be surety and guarantor on bonds and undertakings, which certificate has not been revoked; and

**WHEREAS**, the Surety represents that it has duly executed a power of attorney, appointing the hereinafter named representative as its duly authorized deputy, as the true and lawful attorney-in-fact of such Surety, upon whom may be served all lawful process in any action or proceeding against such Surety in any court or before any officer, arising out of or founded upon this Bond or any liability hereunder; and does hereby agree and consent that such service, when so made, shall be valid service upon it, and that such appointment shall continue in force and effect and be irrevocable so long as any liability against it remains outstanding hereunder, and

**NOW THEREFORE**, the Principal and the Surety agree as follows:

The Surety hereby guarantees the Principal's agreement to plug and abandon the Subject Wells, to remove all platforms, pilings, facilities, pits and to restore the surface pursuant to the Leases, the Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and to pay all costs and expenses associated therewith in full compliance with the terms of the Leases, the Rules, Regulations and Orders promulgated by the Commissioner of Conservation and/or any and all other state and federal agencies having jurisdiction over such matters and the laws of the State Louisiana as now written or as they may be hereafter amended.

This Bond shall be automatically renewed annually, subject to the terms and provisions hereof, unless the Surety shall notify the Obligee, in writing by Certified Mail, of its intention to cancel the Bond. Such written notice of cancellation shall be given at least one hundred twenty (120) days prior to the proposed cancellation date.

**RECEIVED**

OCT 16 2012

OFFICE OF CONSERVATION

3

**PROVIDED, HOWEVER,** whenever the Principal shall present a Plug and Abandon Report with respect to any Subject Well or Facility together with a written statement from the Commissioner of Conservation evidencing that the Subject Well has been satisfactorily plugged, abandoned or removed in accordance with the Rules, Regulations and Orders promulgated by the Commissioner of Conservation, then the Penal Amount of this Bond shall be reduced for the Subject Well plugged and abandoned or the Facility removed in accordance with the itemized schedule set forth on Exhibit "A", but only by the amount set forth on the itemized schedule shown on Exhibit "A" for the Subject Wells and all Facilities, provided that, at such time as all of the Subject Wells have been plugged and abandoned and all Facilities removed and surface restoration operations have been completed, in accordance with the Leases, and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and this Bond shall have been released and discharged by the Commissioner of Conservation, then this obligation shall be null and void; otherwise, it shall remain in full force and effect for the full penal amount of the Bond.

**PROVIDED, FURTHER THAT,** to the extent the Principal and/or the Surety may be liable for any expenses, fees, penalties, damages (either direct, indirect or consequential) in addition to the obligation described above, or to the extent the Obligee may incur any attorneys' fees or court costs or other expenses of litigation in the event of a contest over the Surety's denial of the obligation (or any part thereof), the maximum obligation of the Surety under this Bond shall be the Penal Sum of One Million Two Hundred Fifty Thousand and No/100 Dollars (\$1,250,000.00), reduced as applicable, as provided for herein.

**FURTHERMORE,** it is agreed that the Surety shall have no obligation to the Principal for any loss suffered by the Principal by reason of acts or omissions which are or could be covered by the Principal's general liability insurance, products liability insurance, completed operations insurance or any other insurance. In no event shall the Surety be obligated to pay, in the aggregate, for all claims hereunder, an amount exceeding the penal sum of this Performance Bond.

**RECEIVED**

OCT 14 2017

OFFICE OF CONSERVATION  
RESTORATION

Whenever the Principal fails, neglects or refuses to carry out its obligation to plug and abandon any one or more or all of the Subject Wells, remove platforms or restore the surface of the Leases (or Subject Tract related to the Subject Well), or to pay the cost thereof, when and if it is required to do so under the terms of the Leases and/or Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana and the Obligee has presented to the Surety a written notice of default, sent by Certified Mail, by the Principal of its obligations and such condition has persisted for sixty (60) days following the date of such written notice of default, then the Surety shall, within thirty (30) days:

- 1) Pay to the Obligee an amount equal to the estimated cost of plugging and abandoning and restoration of the surface to be incurred by the Obligee, which payment shall be subject to the penal limit of this Bond and/or the itemized schedule set forth on Exhibit "A"; in the event of plugging and abandoning less than all of the Subject Wells and restoration of the surface of less than all of the sites and/or leases; or
- 2) Commence the necessary operations to plug and abandon the Subject Wells and restore the surface of the sites and/or Leases. If the Surety should elect, in the event of default by the Principal, to commence or cause to be commenced the aforementioned plugging and abandonment activity and surface restoration, such operations shall continue until such time as the obligations of the Principal as set forth in the Leases, and/or the Rules, Regulations and Orders of the Commissioner of Conservation and/or the laws of the State of Louisiana have been fully satisfied, notwithstanding the penal limit of this Bond. In the event the Surety commences operations to plug and abandon less than all of the Subject Wells and/or restore the surface of less than all of the Leases and/or sites, then the penal limit of this Bond shall be reduced only the amount set forth on Exhibit "A".

**RECEIVED**

OCT 15 2012

**OFFICE OF CONSERVATION  
PERMIT SECTION**

Provided, however, that in the event of an emergency, deemed by the Commissioner of Conservation as presenting a threat or risk of damage or harm to the environment, the natural resources of the State of Louisiana or the public health and welfare of the general public, and should the Principal fail or refuse to act to correct or alleviate the emergency, then the notice and delay provisions hereof shall be inapplicable and waived by the Surety and the Commissioner of Conservation shall be authorized to take such action as he may deem necessary or expedient to avoid, eliminate or reduce the threat or risk of damage or harm presented by such emergency. All such cost and expense incurred by the Commissioner of Conservation in the exercise of such emergency powers shall be paid and reimbursed under the terms and conditions of this Bond, but the exercise of such emergency powers by the Commissioner of Conservation shall, in no way, affect the total penal limit of this Bond or alter or modify the itemized schedule set forth on Exhibit "A" in the event such emergency affects less than all of the Subject Wells and/or sites and/or Leases. Notwithstanding the above, it is understood that the value (as set forth on Exhibit "A" attached hereto) attributable to the Subject Wells and/or Facilities affected by the Commissioner of Conservation's emergency powers shall be reduced from the Penal Amount of this Bond. In no event shall the Surety be obligated to pay, in the aggregate, for all claims hereunder, an amount exceeding the penal sum of this Performance Bond. (5)

Any suit under this Performance Bond must be instituted before the expiration of one (1) year from the date of the occurrence of an event of default, as defined herein. Subject to such one (1) year limitation, the Surety consents and agrees that any legal action against it under this Performance Bond may be brought in the 19th Judicial District Court for the Parish of East Baton Rouge, State of Louisiana, hereby irrevocably submitting itself to the jurisdiction and venue of such court.

A "default" shall be the Principal's failure, neglect or refusal to carry out its obligation to plug and abandon any one or more of the Subject Wells, remove platforms or restore the surface of the sites and/or Leases, or to pay the cost thereof, when and if it is required to do so under the terms of the Leases or by Rule, Regulation or Order of the Commissioner of Conservation or by the laws of the State of Louisiana.

**RECEIVED**

OCT 16 2014

No amendment of or supplement to the terms or provisions of any Lease(s) or any assignment and/or release of the Lease(s) thereof by the Principal, its successors or assigns, and no delay, neglect or failure of the Oblige to proceed promptly in the premises in case of any default on the part of the Principal shall in any degree relieve the Principal and the Surety or any of them or their obligations under this Bond. ⑥

**HOWEVER**, in the event of an assignment of any Lease or Wells or the Facilities or any of them by the Principal, the Principal shall cause its Assignee to post security with the Commissioner of Conservation, in a form and in an amount acceptable to the Commissioner of Conservation. If and when such security has been accepted by the Commissioner of Conservation then the Oblige will issue a release of this Bond, within sixty (60) days, in whole or in part, in the event of an assignment of less than all of the Leases, Subject Wells and Facilities.

No right or action shall accrue on this Performance Bond to or for the use of any person or corporation other than the Principal, the Oblige, their heirs, executors, administrators or successors.

The Surety shall, no later than the renewal date each and every calendar year, provide the Commissioner of Conservation with an annual financial report or other documents to establish the Surety's financial solvency.

In the event that the Principal shall commence any proceeding under bankruptcy, reorganization, arrangement, insolvency, dissolution or liquidation law of any jurisdiction, then the Surety and/or the Principal shall notify the Commissioner of Conservation. Regardless of the occurrence of the aforementioned conditions, this Bond will remain in full force and effect.

**NOW, THEREFORE**, if the said Principal shall faithfully observe and honestly comply with the provisions contained herein, then this obligation shall become null and void and of no effect.

**RECEIVED**

OCT 1 6 2017

**OFFICE OF CONSERVATION  
PERMIT SECTION**

7

The Oblige will issue a release of this Bond within a reasonable time period, but in no instance longer than thirty (30) days after receipt of satisfactory evidence (a report from the proper regulatory authority) of the Principal's full and faithful performance and compliance with the obligation of this Performance Bond.

IN WITNESS WHEREOF, the above bound parties have executed this instrument under their several seals this 11<sup>th</sup> day of October, 2012, the name and corporate seal of each corporate party being hereto affixed and those presents duly signed by its undersigned representative pursuant to the authority of its governing body.

Witnesses:

Sherry J. Gosnell  
SHERRY J. GOSNELL

J. Joe Neeley  
J. Joe Neeley

**Northstar Offshore Group, LLC**  
11 Greenway Plaza, Suite 2800  
Houston, TX 77046  
Principal

By: Brian H. Macmillan  
(Signature)  
**Brian H. Macmillan**  
Senior Vice President  
Land & Business Development

Witnesses:

Robbie Duxbury  
Robbie Duxbury

Katie Tran  
Katie Tran

**RLI Insurance Company**  
8 Greenway Plaza, Suite 400  
Houston, Texas 77046-0899  
Surety

By: Greg E. Ohlson  
Greg E. Ohlson, Attorney-in-Fact

APPROVED, ACCEPTED AND EXECUTED THIS 18<sup>th</sup> DAY OF October, 2012.

Witnesses:

Deborah S. Wells  
Deborah S. Wells

James M. Reams  
James M. Reams

**Office of Conservation  
State of Louisiana**

By: James M. Reams  
Commissioner of Conservation

RECEIVED

OCT 18 2012

OFFICE OF CONSERVATION  
PERMIT SECTION



ENTERED  
11/16/2017

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

In re:

NORTHSTAR OFFSHORE  
GROUP, LLC,

DEBTOR.

§  
§  
§  
§  
§  
§  
§  
§  
§  
§

Case No. 16-34028

(Chapter 11)

**ORDER GRANTING DEBTOR'S MOTION TO REJECT  
CERTAIN EXECUTORY CONTRACTS RELATED TO THE  
DEBTOR'S WEST CAMERON 2 (CREOLE) PROPERTY AND  
ABANDONMENT OF ANY INTERESTS RELATED THERETO**

Upon the *Motion to Reject Nunc Pro Tunc Executory Contracts Related to the Debtor's West Cameron 2 (Creole) Property and Abandon All Interests Related Thereto* (the "Motion")<sup>1</sup> [ECF 891] of the above-captioned debtor and debtor-in-possession, Northstar Offshore Group, LLC (the "Debtor"), for entry of an agreed order (this "Order") authorizing the Debtor to reject the Creole Leases and to abandon all interests related thereto, including all easements and rights-of-way; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and that venue of this proceeding and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; that the relief requested in the Motion is in the best interests of the Debtor's estate, its creditors, and other parties in interest; that notice of the Motion and opportunity for a hearing on the Motion was appropriate under the circumstances and no other notice need be provided; and having reviewed the Motion and considered the agreement of the Debtor and the State of Louisiana, the Court hereby makes the following findings of fact:

A. The State of Louisiana objected to the Motion (the "State Objection") [ECF 913].

<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.



- B. RLI Insurance Company joined the State of Louisiana's objection (the "RLI Objection") [ECF 918].
- C. The State of Louisiana withdraws with prejudice the State Objection.
- D. Rejecting the Creole Leases and abandoning all interests related thereto triggers certain P&A Obligations related to the rejected and abandoned Creole Leases and interests.
- E. Bond number 1138467 in the amount of \$1.25MM in favor of the Louisiana Office of Conservation guarantees at least partial compliance with P&A Obligations related to or concerning the rejected and abandoned Creole Leases and interests.

Based on the findings of fact, IT IS HEREBY ORDERED THAT:

- 1. The Motion is GRANTED as set forth herein.
- 2. The Creole Leases set forth on Exhibit 1 of the Motion are rejected effective August 18, 2017.
- 3. The Creole Leases set forth on Exhibit 1 of the Motion and all interests related thereto, including all easements and rights-of-way set forth on Exhibit 2 of the Motion, are abandoned effective August 18, 2017.
- 4. The State of Louisiana shall have an allowed unsecured claim in the amount of \$8.75MM in full and complete satisfaction and extinguishment of any and all of its claims and rights against the Debtor or Reorganized Debtor, as the case may be, including any environmental obligations and/or P&A Obligations, related to or concerning the rejected and/or abandoned Creole Leases and interest, but not including or related to any obligations owed related to any tax liability to state or local governments associated with the Creole Leases.

5. Notice of the Motion as provided herein shall be deemed good and sufficient notice of such Motion.

6. The Debtor is authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Motion.

7. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

8. The State Objection is WITHDRAWN WITH PREJUDICE and the RLI Objection, to the extent not withdrawn, is OVERRULED.

Dated: 11/16, 2017  
Houston, Texas

  
UNITED STATES BANKRUPTCY JUDGE

Dated: November 15, 2017

**AGREED:**

**WINSTON & STRAWN LLP**

/s/ Lydia T. Protopapas

Lydia T. Protopapas

Texas Bar No. 00797267

Southern Dist. of Texas Bar No. 21378

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*Counsel for Northstar Offshore Group, LLC*

**JEFF LANDRY**  
**ATTORNEY GENERAL**  
**STATE OF LOUISIANA**  
*By: /s/ Ryan M. Seidemann*  
**RYAN M. SEIDEMANN (La. Bar No. 28891)**  
**CHRISTOPHER LENTO (La. Bar No. 35614)**  
**Assistant Attorneys General**  
**Louisiana Department of Justice**  
**P. O. Box 94005**  
**Baton Rouge, Louisiana 70804-9005**

CONTENTS



May 2018

**I. EXECUTIVE ORDERS**  
 JBE 18-11 Bond Allocation—Louisiana Community Development Authority ..... 890  
 JBE 18-12 Suspension of Early Voting ..... 890

**II. EMERGENCY RULES**  
**Agriculture and Forestry**  
 Office of Agricultural and Environmental Sciences, Advisory Commission on Pesticides—Certification of Commercial Applicators (LAC 7:XXIII.711) ..... 892  
 Office of Agricultural and Environmental Sciences, Structural Pest Control Commission—Proficiency Testing for all Structural Licensees and Registered Technicians (LAC 7:XXV.113 and 117) ..... 892  
 Structural Pest Control (LAC 7:XXV.Chapter 1) ..... 893  
 Office of Animal Health and Food Safety—Turtles (LAC 7:XXI.1909) ..... 894

**Health**  
 Bureau of Health Services Financing—Adult Behavioral Health Services—Termination of Community Psychiatric Support and Treatment Services and Psychosocial Rehabilitation Services (LAC 50:XXXIII.Chapters 63 and 65) ..... 895  
 Ambulatory Surgical Centers (LAC 50:XI.Chapter 75) ..... 896  
 Behavioral Health Services—Elimination of Outpatient Substance Use Disorders Services (LAC 50:XXXIII.14101, 14303 and 14501) ..... 897  
 Disproportionate Share Hospital Payments (LAC 50:V.2707 and 3103) ..... 898  
 Medicaid Eligibility—Medically Needy Program Termination (LAC 50:III.939 and 2313) ..... 899  
 Medicaid Eligibility—Provisional Medicaid Program Termination (LAC 50:III.2305) ..... 900  
 Medicaid Eligibility—Special Income Level Eligibility Termination ..... 900  
 Nursing Facilities—Reimbursement Methodology (LAC 50:II.20001) ..... 901  
 Nursing Facilities—Reimbursement Methodology—Leave of Absence Days (LAC 50:II.10147 and 20021) ..... 902  
 Pediatric Day Health Care Program Termination (LAC 50:XV.Chapters 275-281) ..... 903  
 Office of Behavioral Health—Adult Behavioral Health Services—Termination of Community Psychiatric Support and Treatment Services and Psychosocial Rehabilitation Services (LAC 50:XXXIII.Chapters 63 and 65) ..... 895  
 Behavioral Health Services—Elimination of Outpatient Substance Use Disorders Services (LAC 50:XXXIII.14101, 14303 and 14501) ..... 897

**Wildlife and Fisheries**  
 Wildlife and Fisheries Commission—2018 Opening of Zone 2—Spring Inshore Shrimp Season ..... 904  
 2018 Opening of Zones 1 and 3—Spring Inshore Shrimp Season ..... 904  
 2018 Private Recreational Red Snapper Season ..... 905  
 Boeuf Wildlife Management Area Reopening ..... 905  
 Extension of Oyster Season in the West Cove Portion of the Calcasieu Lake Public Oyster Area ..... 905  
 Grassy Lake Wildlife Management Area Reopening ..... 906  
 Opening of Shrimp Season in Portion of State Outside Waters ..... 906  
 Reef Fish—Harvest Regulations—2018 Greater Amberjack Commercial Season Modifications ..... 907  
 Reef Fish—Harvest Regulations—2018 Greater Amberjack Recreational Season Modifications ..... 907

**III. RULES**  
**Children and Family Services**  
 Child Welfare Division—Chafee Foster Care—Independence Program and Young Adult Program (LAC 67:V.3901 and 3903) ..... 908

**Governor**  
 Board of Cosmetology—Cosmetologists (LAC 46:XXXI.Chapters 3, 5, 7, 9, 11, 12, and 17) ..... 908  
 Division of Administration, Racing Commission—Associations' Duties and Obligations (LAC 35:III.Chapter 57) ..... 913  
 Jockey Fee Schedule (LAC 46:XI.725) ..... 915  
 Resale; Movement (LAC 35:XI.9909) ..... 916  
 Timing of Entering Next Claiming Race (LAC 35:XI.9905) ..... 916  
 Division of Administration, Tax Commission—Ad Valorem Taxation (LAC 61:V.907 and 2503) ..... 917

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<b>Health</b>	
Board of Nursing—Alternative to Disciplinary Proceedings (LAC 46:XLVII.3419).....	919
Bureau of Health Services Financing—Medical Provider Screening Application Fee (LAC 50:I.1501).....	920
Professional Services Program—Reimbursement Methodology—Supplemental Payments (LAC 50:IX.15151 and 15153).....	920
<b>Public Safety and Corrections</b>	
Office of State Police—Federal Motor Carrier Safety and Hazardous Materials (LAC 33:V.10303).....	921
<b>Transportation and Development</b>	
Office of Multimodal Commerce—State Safety Oversight for Rail Fixed Guideway Public Transportation Systems (LAC 70:IX.Chapter 15).....	922
<b>Wildlife and Fisheries Commission</b>	
Wildlife and Fisheries Commission—Transporting of Feral Hogs (LAC 76:V.130).....	929
<b>IV. NOTICES OF INTENT</b>	
<b>Agriculture and Forestry</b>	
Office of Agricultural and Environmental Sciences—Crawfish—Live, Boiled, and Peeled (LAC 7:XXXV.107).....	930
Horticulture and Quarantine Programs—Emerald Ash Borer Quarantine (LAC 7:XV.167).....	931
Horticulture and Quarantine Programs—Roseau Cane Scale Quarantine (LAC 7:XV.169).....	932
Office of Agro-Consumer Services, Division of Weights and Measures—Crawfish—Live, Boiled, and Peeled (LAC 7:XXXV.107).....	930
<b>Economic Development</b>	
Office of Business Development—Industrial Ad Valorem Tax Exemption Program (LAC 13:I.Chapter 5).....	934
<b>Education</b>	
Board of Elementary and Secondary Education—Bulletin 127—LEAP Connect Assessment, Louisiana Connectors for Students with Significant Cognitive Disabilities (LAC 28:XI.Chapter 97).....	942
Bulletin 140—Louisiana Early Childhood Care and Education Network (LAC 28:XCI.103, 307, 313, 503, 507, 509, 511, 512, 515, 517, 523, 703, and 705).....	958
Bulletin 741—Louisiana Handbook for School Administrators—Ancillary Areas of Instruction (LAC 28:CXV.2305).....	957
Tuition Trust Authority, Office of Student Financial Assistance—START Saving Program (LAC 28:VI.311, 315, 507, 509, and 517).....	965
<b>Health</b>	
Board of Pharmacy—Pharmacy Benefit Managers (LAC 46:LIII.Chapter 24).....	967
Bureau of Health Services Financing—Home and Community-Based Services Providers—Licensing Standards (LAC 48:I.5043).....	970
Intermediate Care Facilities for Persons with Intellectual Disabilities—Cost Reports and Complex Care Reimbursement (LAC 50:VII.Chapter 329).....	971
<b>Public Safety and Corrections</b>	
Gaming Control Board—Internal Control; Slots (LAC 42:III.2723).....	974
Video Draw Poker—Application and License (LAC 42:XI.2405).....	975
Video Gaming Establishments—Security (LAC 42:XI.2415).....	977
<b>V. COMMITTEE REPORTS</b>	
<b>House of Representatives</b>	
Committee on Natural Resources and Environment—Report of the House Committee on Natural Resources and Environment on Notice of Intent Proposed by Department of Wildlife and Fisheries.....	979
<b>VI. POTPOURRI</b>	
<b>Agriculture and Forestry</b>	
Office of Forestry—Adopted Severance Tax Values for 2018.....	980
<b>Governor</b>	
Coastal Protection and Restoration Authority—Deepwater Horizon Oil Spill—Louisiana Trustee Implementation Group Draft Supplemental Restoration Plan and Environmental Assessment Eimer’s Island Access Project Modification.....	980
<b>Natural Resources</b>	
Office of Conservation—Orphaned Oilfield Sites.....	982
<b>VII. INDEX</b>	
.....	984

Natural Resource Damage Assessment regulations found at 15 CFR 990, the Louisiana Oil Spill Prevention and Response Act (R.S. 30:2451 et seq.), and the implementing Natural Resource Damage Assessment Regulations found at La. Admin. Code 43:101 et seq.

Michael Ellis  
Executive Director

1805#041

**POTPOURRI**

Department of Natural Resources  
Office of Conservation

**Orphaned Oilfield Sites**

Office of Conservation records indicate that the Oilfield Sites listed in the table below have met the requirements as set forth by Section 91 of Act 404, R.S. 30:80 et seq., and as such are being declared Orphaned Oilfield Sites.

Operator	Field	District	Well Name	Well Number	Acres
Aminex USA, Inc.	Shoots Creek	L	Latcher-Moore LBR Co	001	39317
Aminex USA, Inc.	Shoots Creek	L	SC CF 5 ra su; A C Chappuis	002	61181
Aminex USA, Inc.	Shoots Creek	L	SC CF 5 ra su; Lut-Moore LBR Co	003	66033
Aminex USA, Inc.	Shoots Creek	L	SC CF 5 ra su; J Dolby	005	66930
Aminex USA, Inc.	Shoots Creek	L	SC CF 5 ra su; Lut-Moore LBR Co	004	67394
Aminex USA, Inc.	Shoots Creek	L	Sc su; J Dolby	005-D	67707
Aminex USA, Inc.	Shoots Creek	L	SC CF 5 ra su; Lut-Moore LBR Co	006	68187
Aminex USA, Inc.	Shoots Creek	L	SC CF 5 ra su; Lut-Moore LBR Co	007	72323
Aminex USA, Inc.	Shoots Creek	L	SC su; Latcher-Moore LBR Co	003-D	73257
Aminex USA, Inc.	Shoots Creek	L	SC su; Latcher-Moore LBR Co	007-D	73287
Aminex USA, Inc.	Shoots Creek	L	SC CF 5 ra su; Lut-Moore LBR Co	009	73382
Aminex USA, Inc.	Shoots Creek	L	SC su; A C Chappuis	002-D	78932
Aminex USA, Inc.	Shoots Creek	L	Latcher-Moore LBR Co	013	168693
Aminex USA, Inc.	Shoots Creek	L	Latcher-Moore LBR Co	014	171482
Aminex USA, Inc.	Shoots Creek	L	SC su; A C Chappuis	003	171627
Aminex USA, Inc.	Shoots Creek	L	Shoots Creek swd	002	173432

Operator	Field	District	Well Name	Well Number	Acres
Aminex USA, Inc.	Shoots Creek	L	SC CF 5 ra su; Robert E Cain	001	174416
Aminex USA, Inc.	Shoots Creek	L	8670 ra su; Robert E Cain	002	177742
Aminex USA, Inc.	Shoots Creek	L	Latcher-Moore LBR Co	018	182579
Aminex USA, Inc.	Shoots Creek	L	SC CF 5 ra su; Latcher-Moore	019	209723
Aminex USA, Inc.	Shoots Creek	L	SC CF 5 ra su; Olympia Minerals	001	240630
Aminex USA, Inc.	Shoots Creek	L	Latcher-Moore LBR Co	020	249065
Gravel & Toegel-Deck Oil Company	Wildcat-No La Moore Dist	M	Fisher LBR Corp	001	155816
J. R. Frankel	Lake Fields	L	State Lease 2926	001	94518
Kampetro, Inc.	Red River-Bull Bayou	S	McMullen	001	182794
N. B. Badgett	Red River-Bull Bayou	S	W D Saunders	002	36387
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18423	003	151097
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18423	001	231746
Northstar Offshore Group, LLC	Creole Offshore	L	vua;SL 18519	001	212725
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18423	001-D	232797
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18521	001	233855
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18423	002	234959
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18521	001-D	235106
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18423	002-D	236075
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18521	002	237827
Northstar Offshore Group, LLC	Creole Offshore	S	vub;SL 18521	003	237828
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18521	002-D	239090
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18521	004	242708
Northstar Offshore Group, LLC	Creole Offshore	L	vua;SL 18521	005	242709
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18521	003-D	243814
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18521	008	244198
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18521	003-D	244585
Northstar Offshore Group, LLC	Creole Offshore	L	vub;SL 18521	008-D	245227

Operator	Field	District	Well Name	Well Number	Serial Number
Northstar Offshore Group, LLC	Creole Offshore	L	vub:SL 18423	004	245974
Northstar Offshore Group, LLC	Creole Offshore	L	vub:SL 19190	001	246609
Northstar Offshore Group, LLC	Creole Offshore	L	vub:SL 18521	010	246776
Northstar Offshore Group, LLC	Creole Offshore	L	vub:SL 18521	011	246981
Northstar Offshore Group, LLC	Creole Offshore	L	vub:SL 18524	001	247110
Northstar Offshore Group, LLC	Creole Offshore	L	vub:SL 18521	012	247159

Operator	Field	District	Well Name	Well Number	Serial Number
Northstar Offshore Group, LLC	Ocean View Beach	L	Ivan U Fisk Sr swd	001	972565
Northstar Offshore Group, LLC	Creole Offshore	L	Troy Bailey swd	001	973555
Northstar Offshore Group, LLC	Creole Offshore	L	Wilma A Picou swd	001	974150
Schlischer Production Company	Pine Prairie	L	J A Perkins	001	20518
Unknown	Caddo Pine Island	S	Helgman Heirs	037	990485

Richard P. Ieyoub  
Commissioner

1805#040

STATE OF LOUISIANA  
OFFICE OF CONSERVATION  
AMENDED PERMIT TO DRILL FOR MINERALS

...\$126.00

972565 SERIAL NO. DATE 11/08/2018 EFFECTIVE 11/08/2018

CURRENT CODES

12 PARISH CAMERON LAFAYETTE DISTRICT  
7125 FIELD OCEAN VIEW BEACH  
N4923 OPERATOR NORTHSTAR OFFSHORE VENTURES LLC  
00 PRODUCT 11 GREENWAY PLAZA  
SUITE 2800  
HOUSTON, TX 77046 -

NO. 001

WELL NAME IVAN U FISK SR SWD  
LOCATION OF WELL SEC 032 T 15S R 13W M W  
FORMER OPERATOR: N123 NORTHSTAR OFFSHORE GROUP, LLC  
FORMER STATUS: 26 - 05/20/2018

INVOICE 1173521  
PAID ELECTRONICALLY

APPLICABLE OFFICE OF CONSERVATION ORDERS:

RICHARD P. IEYOUB

STEPHEN H. LEE

INVOICE 1173521  
\$126 PAID ELECTRONICALLY 5/31/18

RECEIVED

FORM MD-10-R-A-1 (07/2014) MAY 30 2018

STATE OF LOUISIANA  
OFFICE OF CONSERVATION FORM MD-10-R-A-1  
APPLICATION TO AMEND PERMIT TO DRILL FOR MINERALS  
TYPE ONLY - FILE IN DUPLICATE

OFFICE OF CONSERVATION  
LAFAYETTE DISTRICT

(Print on PINK paper)

<b>CURRENT</b>		SERIAL NUMBER: <u>972565</u>
DATE OF APPLICATION: <u>May 21, 2018</u>	EFF DATE OF CHANGE: <u>NOVEMBER 8, 2018</u>	
PARISH: <u>Cameron</u>	CODE NO. <u>12</u>	
FIELD: <u>Ocean View Beach</u>	CODE NO. <u>7125</u>	
OPERATOR: <u>Northstar Offshore Ventures LLC</u>	CODE NO. <u>N4923</u>	
ADDRESS: <u>11 Greenway Plaza, Suite 2800</u> <u>Houston, Texas 77046</u>		
WELL NAME: <u>IVAN U FISK SR SWD</u> No. <u>001</u> LUW: _____		
LOCATION: Section: <u>032</u> Township: <u>15S</u> Range: <u>13W</u>		
SAME		
ACTION: <input type="checkbox"/> PARISH	<input type="checkbox"/> FIELD	<input checked="" type="checkbox"/> OPERATOR
<input type="checkbox"/> WELL NO.	<input type="checkbox"/> SWD	<input type="checkbox"/> LOCATION
	<input type="checkbox"/> LEASE TO UNIT	<input type="checkbox"/> UNIT TO UNIT
	<input type="checkbox"/> UNIT TO LEASE	<input type="checkbox"/> LEASE TO LEASE
CURRENT PRODUCT: <input type="checkbox"/> OIL	<input type="checkbox"/> GAS	<input checked="" type="checkbox"/> OTHER: <u>SWD</u>
COMPLETION ZONE: _____		
APPLICABLE CONSERVATION ORDERS: <u>29B</u>		
FOR ADDITIONAL INFORMATION, CONTACT: <u>Audrey Montalbano, J. Connor Consulting, Inc.</u>		
Phone No.: <u>281-578-3388</u>		
SUBMITTED BY: <u>Keith Krenek, VP Production</u>		OFFICE OF CONSERVATION
SIGNATURE: <u><i>Keith Krenek</i></u>		MAY 31 2018
Phone No.: <u>713-503-4497</u>		
INJECTION & MINING DIVISION		
<b>FORMERLY</b>		
WELL NAME: <u>IVAN U FISK SR SWD</u>		No. <u>001</u> LUW: _____
OPERATOR: <u>Northstar Offshore Group, LLC</u>		CODE NO. <u>N123</u>
PARISH: <u>Cameron</u>	CODE NO. <u>12</u>	
FIELD: <u>Ocean View Beach</u>	CODE NO. <u>7125</u>	
SUBMITTED BY: <u>James Katgudurian, Trustee</u>		
SIGNATURE: <u><i>James Katgudurian</i></u>		
Phone No.: <u>914-646-9451</u>		Date: <u>5/23/18</u>
OFFICE USE ONLY		OFFICE USE ONLY
DISTRICT APPROVAL: _____		DATE: _____
ISSUED BY: _____		DATE: <u>NOVEMBER 8, 2018</u>

FORM MD-10-R-A-1 (07/2014)

CBP  
11/8/18

**ORPHAN WELL AFFIDAVIT**

STATE OF LOUISIANA

PARISH OF CAMERON

BEFORE ME, the undersigned authority, dully commissioned and qualified within and for the State and Parish aforesaid, personally came and appeared CHARLES ROUGEAN, who being first duly sworn, deposed and said:

That he/she is authorized and qualified to attest to the following statements on behalf of Applicant, NORTH STAR OFFSHORE VENTURES, LLC

1. Applicant has filed application(s) to become Operator of Record for the following well(s):

<u>Well Name &amp; No.</u>	<u>Serial No.</u>
<u>IVAN C. FISK SR SWD</u>	<u>972565</u>

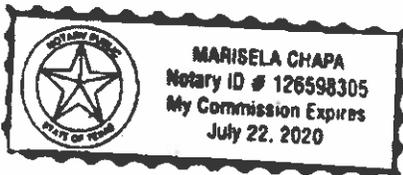
2. Applicant has authority by virtue of a lease or other agreement with the well site mineral owner and a surface owner (if subsurface disposal wells are located thereon), to conduct oil and gas operations/subsurface injection on the premises. Such document is effective MARCH 1 1960, \_\_\_\_\_, has been filed of record with the Clerk of Court in CAMERON Parish, Louisiana, and is currently in effect.

That Applicant is assuming full responsibility and liability for the aforesaid well(s); that Applicant will operate the well(s) in accordance with the rules and regulations of the State of Louisiana, Department of Natural Resources, Office of Conservation; and that Applicant will, when the well(s) has no further use, plug and abandon the aforesaid well(s) in accordance with Statewide Order No. 29-B, Section XIX or successor regulation.

SIGNED: *Charles Rougean*

SWORN TO AND SUBSCRIBED before me, the undersigned authority, this 23<sup>rd</sup> day of October, 2018 at HARRIS COUNTY, HOUSTON, TEXAS Louisiana.

*Marisela Chapa*  
NOTARY PUBLIC



OFFICE OF CONSERVATION

OCT 26 2018

INJECTION & MINING DIVISION

West Cameron Block 20 wells

Ivan Fisk SWD

<u>Area/Block</u>	<u>Well #</u>	<u>OCS-G #</u>	<u>API number</u>	<u>Field</u>
WC 20	#2	00680	17-1700-00006-00	WC 45
WC 20	#14	00680	17-1700-20068-00	WC 45
WC 20	#15	00680	17-700-20071-00	WC 45
WC 20	#D-1	00680	17-700-41272-00	WC 45
WC 20	#D-2	00680	17-700-41273-00	WC 45
WC 20	#D-3	00680	17-700-41299-00	WC 45

OFFICE OF CONSERVATION

OCT 26 2018

INJECTION & MINING DIVISION

West Cameron Block 20 wells

Ivan Fisk SWD

<u>Area/Block</u>	<u>Well #</u>	<u>OCS-G #</u>	<u>API number</u>	<u>Field</u>
WC 20	#2	00680	17-1700-00006-00	WC 45
WC 20	#14	00680	17-1700-20068-00	WC 45
WC 20	#15	00680	17-700-20071-00	WC 45
WC 20	#D-1	00680	17-700-41272-00	WC 45
WC 20	#D-2	00680	17-700-41273-00	WC 45
WC 20	#D-3	00680	17-700-41299-00	WC 45

OFFICE OF CONSERVATION  
OCT 26 2018  
INJECTION & MINING DIVISION



## NORTHSTAR OFFSHORE VENTURES LLC

(713) 626-9696

11 Greenway Plaza, Suite 2800  
Houston, Texas 77046

FAX (713) 626-3444

May 21, 2018

**RECEIVED**

MAY 30 2018

OFFICE OF CONSERVATION  
LAFAYETTE DISTRICT

Mr. Patrick Molbert  
Louisiana Office of Conservation  
825 Kaliste Saloom - Building III  
Lafayette, LA 70508

Re: Northstar Offshore Ventures LLC  
IVAN U FISK SR SWD Well No. 001  
Ocean View Beach Field (7125)  
Cameron Parish, LA

Dear Mr. Molbert:

Northstar Offshore Ventures LLC (N4923) has acquired the subject well from Northstar Offshore Group LLC (N123), effective August 1, 2017.

In accordance with Statewide Order 29-B, the following documents are enclosed for your review and approval:

1. Form MD-10-R-A, Amended Permit to Drill, in duplicate

Please email invoice for the Application fee to [audrey.montalbano@jccteam.com](mailto:audrey.montalbano@jccteam.com).

Should you have any questions or require additional information, please contact Audrey Montalbano, J. Connor Consulting, Inc., at 281.578.3388 or [audrey.montalbano@jccteam.com](mailto:audrey.montalbano@jccteam.com)

Sincerely,

Keith Krenek  
VP Production

KK/AMM  
Enclosures

OFFICE OF CONSERVATION

MAY 31 2018

INJECTION & MINING DIVISION

**Gloria Roscoe**

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**From:** Roger Souders <RSouders@nstaroffshore.com>  
**Sent:** Tuesday, October 16, 2018 3:58 PM  
**To:** Stephen Lee; Pierre Catrou; Jonathan Rice; Gloria Roscoe; Carrie Wiebelt  
**Cc:** Keith Krenek; Charles Rougeau; bgerdes56@bellsouth.net  
**Subject:** Ivan Fisk SW disposal well #1, Cameron Parish , LA serial Number #972565  
**Attachments:** DOC100.pdf

Gentlemen , pursuant to our discussion on last week, Northstar Offshore Ventures LLC has filed a new DNR OR1 with our current list of officers and as shown below the DNR OR1 has been approved. Accordingly, please transfer the referenced "orphaned " salt water disposal well which is currently under the name Northstar Offshore Group to Northstar offshore Ventures LLC (NOV) as the current Operator. NOV is also the Operator of all of the wells in the WC 20 Field ( OCS-G 0680) which will use this Saltwater disposal well.

If you have any further questions in this regard please let me now or if you have any technical questions do not hesitate to contact Keith Krenek at (713) 386-1042.

Sincerely,

Roger Souders

Land Manager

Your DNR OR1 application has been APPROVED.

Company: NORTHSTAR OFFSHORE VENTURES LLC  
DNR OOC Code: EP0104  
Filing Type: Environmental Division--Supplemental Filing  
Filing Year: 2018

*Operation Type 33  
off shore / out of state  
waste*

Roger B. Souders  
Northstar Offshore Ventures LLC  
Phone( 713) 386-1049 direct  
Cell (281) 732-2799  
Email:rsouders@nstaroffshore.com  
[www.nstaroffshore.com](http://www.nstaroffshore.com)

*N4923 & EP0104*  
*Charles Rougeau*  
*Jennifer E. Bell*  
*Keith A. Krenek on contact list*  
*✓ Avery C. Alcorn*  
*✓ David L. Hlean*

*N4929* → *Org Type 09*  
*Operation Type 01*  
*Producer/Operator*

*N123 also has <sup>1</sup> Brian H. McMillan, Kenneta M. Schott,  
Thomas H. Malloy, Jr.*

## Gloria Roscoe

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**From:** Russell McGee  
**Sent:** Thursday, June 07, 2018 11:50 AM  
**To:** Gloria Roscoe  
**Cc:** Russell McGee  
**Subject:** Please contact me before you change operator of well

Thursday, June 07, 2018

**RE:** Northstar Offshore Group, LLC – OC N123  
IVAN FIXK SR SWD No. 001 – SN 972565  
Well status: "26" Act 404 Orphan well  
Operator: Northstar Offshore Group, LLC – OC N123  
Ocean View Beach – FC 7125  
Cameron Parish, LA

Ms. Gloria,

Northstar Offshore Ventures LLC – OC N4923 posted a bond to become operator of record of the above referenced well. Please contact me before to complete an operator change for the well.

Thanks,

Russell W. McGee  
LA Office of Conservation  
Permits Section  
(225) 342-4440 office  
(225) 342-8701 facsimile  
e-mail [russell.mcgee@la.gov](mailto:russell.mcgee@la.gov)  
Mailing address:  
P. O. Box 94275  
Baton Rouge, LA 70804-9275  
Physical Address:  
617 North Third Street  
9-th Floor  
Baton Rouge, LA 70802

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**AFFIDAVIT OF CARRIE A. WIEBELT, P.E.**

STATE OF LOUISIANA                    )  
  )  
PARISH OF EAST BATON ROUGE        )

I, CARRIE A. WIEBELT, having first been duly sworn, depose and say:

1. My name is CARRIE A. WIEBELT and I am employed by the Department of Natural Resources, Office of Conservation, as an Engineer 6, Permits Section Manager.

2. My position requires insuring that permits to drill and amended permits are in compliance with Statewide and Field Orders, which includes managing the data and financial security associated with wells.

3. I hereby certify that, based upon the records of the Office of Conservation, a demand for payment on Bond No. RLB0014817 was sent to RLI Insurance Company via Certified Mail, Return Receipt Requested on November 16, 2017. (Exhibit Wiebelt-A)

4. I further certify that RLI Insurance Company has not tendered payment to the Office of Conservation in accordance with the call of Performance Bond No. RLB0014817.

FURTHER AFFIANT SAITH NOT.

Carrie A. Wiebelt  
Carrie A. Wiebelt, P.E.  
Petroleum Analyst Manager, Permits  
Section Manager, Department of Natural  
Resources, Office of Conservation

Subscribed and sworn to before me this 9<sup>th</sup> day of August, 2019.

John W. Adams  
Notary Public