

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

In re:

CASTEX ENERGY PARTNERS, L.P., ET AL.¹,

Debtor.

CASE NO. 17-35835 (MI)

Chapter 11

(Jointly Administered)
(Emergency Hearing Requested)

EMERGENCY MOTION PURSUANT TO BANKRUPTCY CODE SECTIONS 105(a), 361, AND 363, AND BANKRUPTCY RULES 2002, 6004, AND 9006, FOR ENTRY OF AN ORDER APPROVING ORDINARY COURSE OF BUSINESS ASSIGNMENT BY CASTEX ENERGY PARTNERS, L.P. OF WORKING INTEREST FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES UNDER PREPETITION SECURITY INTERESTS, AND THE POSTPETITION INTERIM ORDER AND AGREEMENT REGARDING ADEQUATE PROTECTION LIENS AND INTERESTS AND POSTPETITION FINANCING LIENS AND INTERESTS, AND THE PARTICIPATION AGREEMENT WITH ASSIGNEE

IF YOU OBJECT TO THE RELIEF REQUESTED, YOU MUST RESPOND IN WRITING, SPECIFICALLY ANSWERING EACH PARAGRAPH OF THIS PLEADING. UNLESS OTHERWISE DIRECTED BY THE COURT, YOU MUST FILE YOUR RESPONSE WITH THE CLERK OF THE BANKRUPTCY COURT WITHIN 21 DAYS FROM THE DATE YOU WERE SERVED WITH THIS PLEADING. YOU MUST SERVE A COPY OF YOUR RESPONSE ON THE PERSON WHO SENT YOU THE NOTICE; OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

EMERGENCY RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE MOTION ON AN EMERGENCY BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO THE REQUESTED RELIEF OR IF YOU BELIEVE THAT THE EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU SHOULD FILE AN IMMEDIATE RESPONSE. A HEARING WILL BE CONDUCTED ON THIS MATTER ON NOVEMBER [9], 2017 AT 1:30 P.M. IN COURTROOM 404, UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF TEXAS, 515 RUSK STREET, HOUSTON, TEXAS 77002.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

¹ The Debtors are the following five entities (the last four digits of their respective taxpayer identification numbers (if required) follow in parentheses): Castex Energy Partners, L.P. (5230); Castex Energy 2005, L.P. (7632); Castex Energy II, LLC (N/A), Castex Energy IV, LLC (N/A) and Castex Offshore, Inc. (8432). The address of the Debtors is Three Allen Center, 333 Clay Street, Suite 2900, Houston, Texas 77002.

NOW INTO COURT, through undersigned counsel, comes Debtor Castex Energy Partners, L.P. (“Debtor” or “CEP”), with approval of all debtors, who respectfully states as follows in support of this motion (this “Motion”):

RELIEF REQUESTED

1. The Debtor seeks entry of an order, substantially in the form attached hereto as **Exhibit A** (the “Order”) authorizing CEP to assign to LLOLA, L.L.C. (“LLOLA”) in the ordinary course of business, a portion of CEP’s undivided working interest in a prospect located in Jeanerette Field, Louisiana comprised of leases and acreage described below, free and clear of any liens, claims, interests and encumbrances created under (i) the prepetition claims, liens and security interests held by the Debtors’ prepetition lenders (“Prepetition Lender Group”), (ii) the postpetition adequate protection liens, claims and interests held by the Prepetition Lender Group and (iii) the postpetition liens, claims and interests held by the postpetition DIP lenders (“Postpetition Lender Group”) (Such liens, claims and interests, collectively, the “Interests”).²

JURISDICTION AND VENUE

2. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This is a “core” proceeding pursuant to 28 U.S.C. § 157(b).

3. The statutory bases for the relief requested herein are sections 105(a), 361 and 363 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), and Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) 2002, 6004, and 9006.

²

See the terms of adequate protection and DIP financing approved by this Court through its *Interim Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507, Bankruptcy Rules 2002, 4001, and 9014, and Local Bankruptcy Rules 2002-1, 4001-1(b), 4002-1(i), and 9013-1 (i) Authorizing the Debtors to (A) Obtain Postpetition Senior Secured Superpriority Financing and (B) Use Cash Collateral, (ii) Granting Adequate Protection to Prepetition Secured Parties, (iii) Modifying the Automatic Stay, and (iv) Granting Related Relief* (ECF Doc. No. 35) (“Adequate Protection and DIP Order”).

BACKGROUND

4. The Debtors are headquartered in Houston, Texas. The Debtors, affiliates of one another (i) engage in the exploration, development, production and acquisition of oil and natural gas properties located along the southern coasts of Louisiana and Texas and onshore Louisiana (Castex Energy Partners, L.P.), (ii) hold legal title and act as designated operator of federal offshore leases (Castex Offshore, Inc.), (iii) own the operating entities (Castex 2005, L. P.), and (iv) act as general and small interest limited partners of certain of the Debtors (Castex Energy II, LLC and Castex Energy IV, LLC).

5. On October 16, 2017 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtors continue to manage and operate their businesses as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

6. On October 27, 2017, the United States Trustee filed its Notice of Appointment of Committee of Unsecured Creditors (ECF Doc. No. 69).³

7. In support of this Motion, the Debtors rely in part on the *Declaration of Aaron Killian in Support of First Day Pleadings* (the “First Day Declaration”) (ECF Doc. No. 3). The Debtors further rely on the Declaration of Jonathan Wilson attached hereto as **Exhibit C** provided in support of the Motion and detailing the transactions discussed herein and the need for emergency relief.

THE PARTICIPATION AGREEMENT

8. CEP is currently the owner of 43.75% of 8/8ths working interest in certain leases

³ The Debtors reserve all rights with respect to the existence of the committee and its retention of professionals.

covering a prospect area sometimes referred to as the Jeanerette Deep Prospect located in St. Mary Parish, Louisiana (the "Prospect"). The other working interest owners are GOME 1271 LLC ("GOME") and Castex Energy 2016, L.P. ("Castex 2016").

9. On or about October 23, 2017, after extended arms' length negotiations that commenced prior to the Petition Date, CEP executed a Participation Agreement in the ordinary course of business with LLOLA and LLOX, L.L.C., which are entities unaffiliated with any of the Debtors, concerning the exploration and development of the Prospect (the "Participation Agreement"). A copy of the Participation Agreement is attached hereto and made a part hereof as **Exhibit B** (Certain information within the exhibits to the Participation Agreement has been withheld or redacted to preserve competitive information). The Participation Agreement was executed subject to CEP obtaining a form of consent executed by a required percentage of the Prepetition Lender Group and by the members of the Postpetition Lender Group, whereby both Groups would in effect recognize that the assignment under the Participation Agreement would be free and clear of the Interests (while all rights of the Lender Groups being maintained upon CEP's interests as described therein).

10. Agreements such as the Participation Agreement are common types of agreements whereby a party holding interests in a prospect will transfer a portion of such interests to another party (or other parties), while retaining a portion of the interest held, in return for an additional carried interest after payout of a well (or wells) to be drilled under the operatorship of the assignee. Under the terms of the Participation Agreement, CEP agreed to execute and deliver an assignment ("Assignment") of an undivided 35.75% of 8/8ths working interest in the Prospect leases to LLOLA, subject to the terms of the Participation Agreement. CEP will retain an 8.0% of 8/8ths working interest after the Assignment.

11. Pursuant to a joint operating agreement executed contemporaneous with the Participation Agreement, LLOX, L.L.C. ("LLOX") was named as operator of the Contract Area (as defined in the Participation Agreement and identified by the leasehold interests and lands listed on Exhibits A and B to the Participation Agreement – LLOX is an affiliate of LLOLA). LLOX has agreed to commence the drilling of a test well for purposes of developing the Contract Area for the benefit of the working interest owners, CEP, LLOLA, GOME and Castex 2016. The test well must be commenced prior to November 25, 2017 because certain of the leases comprising the Contract Area expire on that date. *See* redacted list of Leases identified on Exhibit A to Participation Agreement (redacted for maintenance of competitive information).

12. As monetary consideration for the Assignment, CEP will receive no less than \$372,400 in Sunk Costs (as defined in the Participation Agreement⁴) incurred by CEP as of October 18, 2017, which will be credited against CEP's share of the drilling costs of the test well. Any Additional Sunk Costs that CEP can establish that it incurred or incurs after October 18, 2017 will be added to the credit toward the test well drilling cost and other amounts due under the joint operating agreement.

13. As additional consideration for the Assignment, after Payout (as defined in Article V of the Participation Agreement – in essence, LLOX recovering the costs of drilling the test well – LLOLA will assign to CEP an undivided 8.9375% of 8/8ths working interest (proportionately reduced in the event that LLOLA post acquisition title work confirms that

⁴ "LLOLA agrees that, upon spudding of the Well, it will owe CEP the sum of \$372,400, which is the LLOLA Interest (as defined hereinafter) share of all leasehold and seismic costs incurred by CEP in the Contract Area as of October 18, 2017 (the "Sunk Costs"). The Parties agree that the Sunk Costs shall be used as a credit to be applied (i) first, against CEP's obligation to pay its working interest share of all costs as provided for in Section 3.2 and (ii) second, if any credit is remaining, against any subsequent costs incurred. As to additional Sunk Costs (if any) incurred by CEP after October 18, 2017 for drilling title opinions, title curative costs, and leasehold acquisition costs ("Additional Sunk Costs") related to the Test Well that are not otherwise covered by and subject to the Operating Agreement, the Additional Sunk Costs shall be used as a credit against CEP's obligation to pay its proportionate share of the costs incurred under this Agreement and the Operating Agreement." *See* Participation Agreement at Article 3.1.

LLOLA did not acquire at least 35.75% of 8/8ths working interest from CEP) (the “Reversionary Interest”).

14. As a result, following Payout, CEP’s working interest in the Contract Area shall increase from 8.0% to 16.9375%. Prior to Payout, CEP shall receive its share of net production revenue equivalent to 8.0% of 8/8ths working interest.

15. LLOLA requires that the assignment under the Participation Agreement be free and clear of the Interests, and has agreed to a form of consent to be executed by a required percentage of the Prepetition Lender Group and by the members of Postpetition Lender Group (the “Consent”). Under the Participation Agreement and Consent, CEP must obtain the executed Consent from all required Lenders by November 10, 2017, so that it can provide the Consents to LLOLA, so that LLOX can take the actions required to commence the drilling of the test well before November 25, 2017.⁵

16. Due to shortened notice, CEP is unable to verify that it will receive all of the necessary executed Consents by November 10, 2017, and therefore brings this motion, seeking an order approving the Assignment free and clear of the Interests, so that CEP can receive the benefits of the Participation Agreement, and maintain a material interest in the Prospect on a carried basis.

17. Emergency consideration is requested because of the need for commencement of drilling of the test well prior to November 25, 2017.

BASIS FOR RELIEF REQUESTED

A. The Assignment Under and Pursuant to the Participation Agreement is Supported by the Sound Business Judgment of the Debtor, CEP.

18. Section 363(b)(1) of the Bankruptcy Code provides, in relevant part, that “[t]he

⁵ CEP has warranted that no other liens or encumbrances exist in, to or upon its interests in the Prospect.

trustee, after notice and hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). The proposed use, sale, or lease of property of the estate may be approved under section 363(b) of the Bankruptcy Code if it is supported by the sound business judgment of the trustee or debtor in possession. *See ASARCO, Inc. v. Elliot Mgmt. (In re ASARCO, L.L.C.)*, 650 F.3d 593, 601 (5th Cir. 2011) (“Section 363 of the Bankruptcy Code addresses the debtor’s use of property of the estate and incorporates a business judgment standard.”). This standard is flexible and encourages discretion. *Id.*

19. Here, CEP has determined in its business judgment that the Participation Agreement, the Assignment and the exploration and development of the Contract Area is in the best interests of CEP and the Debtors and their estates.

20. First, the terms of the Participation Agreement are reasonable and customary. The Participation Agreement was negotiated at arm’s length with LLOLA and LLOX and is an ordinary course business transaction of CEP. CEP’s business involves oil and gas exploration and this transaction is indicative of the types of transactions that are necessary to continue the future operation and profitability of the reorganized entities. CEP has been negotiating with LLOLA and LLOX for approximately over a year leading up to the Participation Agreement. As part of the negotiations, LLOX and LLOLA requested that LLOX serve as operator of the prospect (given the expedited requirement for the spudding of the well), with Castex Energy, Inc. being given the option to operate after production is obtained. CEP believes that LLOX is well suited for expeditious development of the Prospect and because of other ongoing operations conducted by Castex Energy, Inc. on other properties CEP has determined that LLOX should operate the Prospect. Because of the negotiation history, the conclusion that LLOX is well suited to be operator of the Prospect, the fact that the terms of the Participation Agreement are

market terms, and the danger of losing the Prospect and ability of CEP to participate in the Contract Area because of lease termination and the uncertainty of CEP being able to re-lease the properties covered by the imminently expiring leases, CEP believes that any attempts to begin anew with a marketing process would be an absurdity. CEP further believes that if the Assignment and the Participation Agreement are not approved by this Court and LLOX and LLOLA walk away, CEP will lose any future opportunity to participate in the development of the Prospect (while the other working interest parties may pursue alternative avenues that will result in a loss to CEP of the possibility to participate materially in the development of the Contract Area). Required permits have already been obtained by LLOX to operate the properties and LLOX is currently performing site prep. Time is of the utmost essence.

21. Second, if the test well is successfully completed, CEP will receive its share of revenue related to its 8% working interest prior to Payout, and will also receive the additional Reversionary Interest, as a carried interest. Maintaining its interests in the Contract Area is beneficial to CEP and its estate. Given its current financial situation, and the budget submitted to this Court, CEP has no budget for a share of drilling costs equal (or anywhere close to) its current 43.75% of 8/8ths interest (the test well cost is estimated to be at least \$5 million). Therefore, as LLOLA will be paying for the vast majority of the drilling cost allocated to the CEP retained 8% working interest, and carrying CEP for the Reversionary Interest, CEP will be able to participate in the test well and in unit production as a 16.9375% working interest owner after Payout. Maintaining a foothold in the Contract Area allows CEP to retain the prospect of future participation and increased reserve value.

22. Last, in the event that the Assignment is not approved free and clear of all liens and encumbrances, LLOLA has retained the right under the Participation Agreement to walk

away without consequence. In CEP's estimation none of the other current working interest owners will provide CEP with better terms under a participation agreement (all prospective assignees will require delivery of assignment free and clear of the Interests).

23. Further, it is anticipated that in fact either (i) the required Consents will be received or (ii) the required percentage of the Prepetition Lender Group and by the members of Postpetition Lender Group will not oppose this Motion. This Motion is filed out of an abundance of caution in case the required Consents are not received timely.

24. Loss of the Participation Agreement, the funding of the drilling costs and maintenance of a material interest by CEP, could also generate the possibility of loss of CEP's interest in a material component of the Contract Area. As mentioned, at least 3 leases are expiring, and it is not certain that CEP could obtain new replacement leases. Failure to spud the well prior to November 25, 2017 could result in the working interest owners, including CEP, losing an interest in approximately 40 acres within the 660 acre unit. More importantly, if LLOX and LLOLA elect to walk away, the current working interest owners will not be able to obtain permits or secure contracts necessary to spud the well prior to additional upcoming lease expiration or rental dates, resulting in 68.75% of the unit being lost. As mentioned, it is possible that the other working interest owners, along with third parties, will obtain replacement leases to the detriment of CEP.

25. CEP, has determined that the Assignment and the Participation Agreement is in the best interest of the CEP estate, and in no way adversely affects the other Debtors' estates (and the other Debtors concur).

B. The Working Interests Should be Assigned Free and Clear of the Interests.

26. Pursuant to section 363(f) of the Bankruptcy Code, the Debtors propose that the

Assignment be free and clear of the Interests.

27. Pursuant to section 363(f) of the Bankruptcy Code, a debtor may sell property of the estate “free and clear of any interest in such property of an entity other than the estate” if any one of the following conditions is satisfied:

- (1) applicable nonbankruptcy law permits the sale of such property free and clear of such interest;
- (2) [the lienholder or claimholder] consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) [the lienholder or claimholder] could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

28. Because section 363(f) of the Bankruptcy Code is stated in the disjunctive, satisfaction of any one of its five requirements will suffice to permit the sale of assets “free and clear” of liens and interests. *In re Nature Leisure Times, LLC*, No. 06-41357, 2007 WL 4554276, at *3 (Bankr. E.D. Tex. Dec. 19, 2007); *In re C-Power Products, Inc.*, 230 B.R. 800 (Bankr. N.D. Tex. 1998); *In re Porras*, No. 95-30583, 2001 WL 871286 (Bankr. W.D. Tex. 2001).

29. Here, the interest being assigned is subject only to the Interests, and LLOLA is requiring a release of the Interests. CEP has negotiated a form of consent with the administrative agent for both Lender Groups (through counsel) and is awaiting executed Consents. CEP suggests that the Postpetition Lender Group executed Consents are forthcoming prior to November 10, but, due to shortened notice on the Prepetition Lender Group, it is possible that CEP will not receive the required percentage of the Prepetition Lender Group Consents before

that date. Any Lien as defined in the Adequate Protection and DIP Order and any Interest as defined herein, will attach to the CEP working interest including the Reversionary Interest, and any and all rights and other interests of CEP under and in connection with the Participation Agreement as provided in the Adequate Protection and DIP Order and as it may be entered in final form after final hearing.

30. Section 363(f) of the Bankruptcy Code is also supplemented by section 105(a) of the Bankruptcy Code, which provides that “[t]he Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of the [Bankruptcy Code].” 11 U.S.C. § 105(a).

31. Here, the Debtors propose to consummate the Assignment and the Participation Agreement in a commercially reasonable manner and expect that the value realized from the development of the Contract Area fairly reflects the value of the interests assigned by the Assignment and the interests retained by CEP under the Participation Agreement.

32. The Debtors will provide notice to the parties on its limited matrix, the newly formed Committee and putative counsel (with full reservation of rights). And all notice parties under the Court’s CM/ECF system. Included will be all members of the Prepetition and Postpetition Lender Groups, along with the administrative agent and counsel therefor. CEP submits that there will be no objection to the Assignment, the Participation Agreement or this Motion from these groups or their members, and that this Court should, after hearing, deem the members of the Prepetition and Postpetition Lender Groups to consent to the relief requested herein.

C. LLOLA Should Be Afforded All Protections Under Section 363(m) of the Bankruptcy Code as a Good Faith Purchaser.

33. Section 363(m) of the Bankruptcy Code protects a good faith purchaser’s interest

in property purchased from a debtor notwithstanding that a sale conducted under section 363(b) of the Bankruptcy Code is later reversed or modified on appeal. Specifically, section 363(m) of the Bankruptcy Code provides that:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m).

34. Courts have defined “good faith purchaser” as a purchaser of assets for value, in good faith, and without notice of adverse claims. *In re TMT Procurement Corp.*, 764 F.3d 512, 521 (5th Cir. 2014).

35. CEP and LLOLA (as well as LLOX) have negotiated the terms of the Participation Agreement extensively, and the terms thereof are market terms.

36. CEP requests that the Court make a finding in the Order that LLOLA is a good faith transferee under the Assignment and the Participation Agreement, and that the Assignment and Participation Agreement have been consummated and will be consummated in good faith, such that LLOLA and CEP, along with the transaction, represent and constitute agreements providing for exchanges for good and equivalent consideration and that all parties are entitled to the full protections of section 363(m) of the Bankruptcy Code.

D. There is Good Cause to Shorten the Notice Period.

37. The notice and hearing requirements contained in section 363(b)(1) of the Bankruptcy Code are satisfied if appropriate notice and an opportunity for hearing are given in light of the particular circumstances. *See* 11 U.S.C. § 102(1)(A) (defining “after notice and a

hearing” to mean such notice and an opportunity for hearing “as [are] appropriate in the particular circumstances”).

38. While Bankruptcy Rules 2002(a)(2) and 2002(i) generally require a twenty one-day notice of proposed sales of property outside the ordinary course of business be provided by mail to “the debtor, the trustee, all creditors and indenture trustee,” courts are authorized to shorten the twenty one-day notice period generally applicable to asset sales, or direct another method of giving notice, upon a showing of “cause.” *See* FED. R. BANKR. P. 2002(a)(1)(2).

39. Here, noticing the Assignment on twenty one-days’ notice is not possible, given the requirement that the test well be spudded prior to November 25, 2017, and the preparations therefore that are required.

40. For these reasons, CEP submits that consideration and approval of this Motion on an emergency basis is necessary and proper. CEP requests hearing on November 10, 2017.

E. Waiver of Bankruptcy Rule 6004(h) is Appropriate.

41. CEP seeks a waiver of any stay of the effectiveness of the order approving this Motion. Under Bankruptcy Rule 6004(h), “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.”

42. Because the Participation Agreement (and certain key Contract Area leases) will terminate if not consummated on a more expedited basis, the Debtors requires the ability to consummate the Assignment and the Participation Agreement immediately. Ample cause exists to justify a waiver of the fourteen day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

EMERGENCY CONSIDERATION

43. In accordance with Bankruptcy Local Rule 9013-1(i), CEP respectfully requests emergency consideration, on November 9, 2017. For the reasons discussed herein, any delay in granting the relief requested could cause irreparable harm.

NOTICE

44. CEP will provide notice of this Motion to: (a) the Office of the United States Trustee for the Southern District of Texas; (b) the Debtors' thirty (30) largest unsecured creditors on a consolidated basis, as identified in their chapter 11 petitions; (c) O'Melveny & Myers LLP, counsel to Capital One, National Association in its capacity as administrative agent for the Prepetition Lender Group and the Postpetition Lender Group, as well as to each member of the Lender Group; (d) Norton Rose Fulbright LLP as counsel to Castex Energy, Inc., as a restructuring support party under the Restructuring Support Agreement; (e) Andrews Kurth Kenyon LLP as putative counsel for the Official Committee of Unsecured Creditors (with Debtors reserving all rights as to the existence of the committee and its retention of professionals), and (e) any party that has requested notice pursuant to Bankruptcy Rule 2002 as of the time of service. The Debtors submit that, in light of the nature of the relief requested, no other or further notice need be given.

NO PRIOR REQUEST

45. No prior request for relief sought in this Motion has been made to this or any other court.

WHEREFORE, the Debtors respectfully request entry of the Order, substantially in the form attached hereto as **Exhibit A**, authorizing and approving the Assignment free and clear of the Interests and as well the consummation of the Participation Agreement and all related

transactions as described herein.

Respectfully submitted,

KELLY HART & PITRE

/s/ Louis M. Phillips

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Proposed Counsel for the Debtors

CERTIFICATE OF SERVICE

I certify that on November 7, 2017, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas. Additionally, I have caused Prime Clerk, LLC, the Debtors' Claims and Noticing Agent, to serve the foregoing document on the master service list.

/s/ Louis M. Phillips

Louis M. Phillips

EXHIBIT B

Participation Agreement

PARTICIPATION AGREEMENT

Jeanerette Deep Prospect – Carter #2 Well
St. Mary Parish, Louisiana

THIS AGREEMENT is made and entered into effective October 23, 2017, by and between CASTEX ENERGY PARTNERS, L.P. (“CEP”), whose address is 333 Clay Street, Suite 2900, Houston, Texas 77002, and LLOLA, L.L.C. (“LLOLA”) and LLOX, L.L.C. (“LLOX” or “OPERATOR”) with LLOLA and LLOX’s address being 1001 Ochsner Boulevard, Suite A, Covington, Louisiana 70433, and sometimes hereinafter referred to collectively as the “Parties” and individually as “Party.”

RECITALS

CEP represents without warranty of title, either express or implied, that it owns or has rights to earn certain oil and gas lease(s), hereinafter referred to as the “Leases” described in Exhibit “A” attached hereto and by this reference made a part hereof, which said Leases cover oil and gas leasehold interests in lands depicted in Exhibit “B” attached hereto and by this reference made a part hereof, which oil and gas leasehold interests are hereinafter referred to as the “Contract Area.”

LLOLA desires to acquire an interest in the Contract Area, upon the terms and conditions hereinafter set forth; and

CEP, LLOX, and LLOLA desire to enter into an agreement for the exploration and development of the Contract Area.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises, and the terms, conditions, and covenants herein contained, it is agreed by and between the Parties hereto as follows:

I.

TEST WELL

LLOX as OPERATOR agrees to attempt to commence on or before November 25, 2017, drilling operations for a well (herein referred to as the “Test Well”) at the approximate location set out on the Authorization for Expenditure (“AFE”) attached hereto as Exhibit “C.” OPERATOR agrees to continue the drilling of the Test Well with due diligence in a workmanlike manner to a depth of approximately 14,071’ TVD below the surface or to a depth sufficient to adequately test the Plan 8 Sand, whichever is the lesser depth, unless all Parties agree to complete or abandon the well at a lesser depth, or unless granite or other impenetrable substances or condition in the hole is encountered at a lesser depth (in which event OPERATOR may, at its option, drill a substitute well in place of the Test Well and LLOLA and CEP will have the option to participate in said substitute well in the same manner as provided for the Test Well).

II.

INFORMATION AND REPORTS

In connection with the drilling of the Test Well, OPERATOR shall deliver or cause to be delivered to CEP all information as set forth on the Well Information Sheet, attached hereto as Exhibit “D”.

CEP or its authorized representative shall at all times have complete and free access, at its own risk, cost and expense, to the derrick floor of the Test Well and to any and all information obtained or acquired in the course of, or as a result of, drilling the Test Well.

III.

COSTS OF DRILLING AND COMPLETING THE TEST WELL

3.1 LLOLA agrees that, upon spudding of the Well, it will owe CEP the sum of \$372,400, which is the LLOLA Interest (as defined hereinafter) share of all leasehold and seismic costs incurred by CEP in the Contract Area as of October 18, 2017 (the “Sunk Costs”). The Parties agree that the Sunk Costs shall be used as a credit to be applied (i) first, against CEP’s obligation to pay its working interest share of all costs as provided for in Section 3.2 and (ii) second, if any credit is remaining, against any subsequent costs incurred. As to additional Sunk Costs (if any) incurred by CEP after October 18, 2017 for drilling title opinions, title curative costs, and leasehold acquisition costs (“Additional Sunk Costs”) related to the Test Well that are not otherwise covered by and subject to the Operating Agreement, the Additional Sunk Costs shall be used as a credit against CEP’s obligation to pay its proportionate share of the costs incurred under this Agreement and the Operating Agreement.

3.2 LLOLA shall pay the LLOLA Interest share of all costs of drilling the Test Well or substitute well and, if the Test Well is a dry hole, all costs of plugging and abandoning the Test Well and restoration of the surface upon which the Test Well is located will be shared in the same manner. To the extent the credit described in Article 3.1 hereinabove is insufficient to cover CEP’s share of the costs described herein, CEP shall be billed for and agrees to pay its share (in the proportions set forth on Exhibit “A” to the Operating Agreement) of excess costs pursuant to the terms of the Operating Agreement which shall be executed concurrently herewith. In the event of a dry hole, CEP will be refunded its proportionate share of any amount paid/credited in excess of the actual costs incurred within thirty (30) days after the Test Well is plugged and abandoned.

3.3 At such time as the Test Well reaches Casing Point, the OPERATOR shall give prompt notice of such to all non-operators and the provisions of Article VI C. 1., Option No. 2 of the Operating Agreement shall apply. For purposes of this Agreement, “Casing Point” shall be defined as the time the Test Well has reached its authorized depth, all logs, cores, and other tests have been completed and the results thereof furnished to the non-operating working interest owners. As more expressly set forth herein and in the Operating Agreement, until Payout (as described hereinbelow) has occurred, LLOLA agrees to pay the LLOLA Interest share and CEP agrees to pay its share (in the proportions set forth on Exhibit “A” to the Operating Agreement) of all costs and expenses covered under the Operating Agreement, subject to LLOLA’s rights to non-consent certain operations as provided for in the Operating Agreement.

IV.

INTEREST EARNED

In consideration of the credit in favor of CEP provided for in Article 3.1 above, and within ten (10) days of execution of this Agreement, and also subject to the further terms and provisions of this Agreement, CEP agrees to execute and deliver to LLOLA, without representation or warranty of title, either express or implied, an assignment of an undivided 35.75% of 8/8ths working interest in the Leases in the Contract Area (the “LLOLA Interest”). The LLOLA Interest will be subject to the proportionate share of the landowner’s royalty provided for in the Leases and any and all overriding royalties, production payments, or other burdens on production, if any, listed on Exhibit “A” to this Agreement. The Parties acknowledge that CEP has rights in certain leases pursuant to a Farmout Agreement dated August 1, 2016 by and between CEP, et al and Jeanerette Partners, LLC (the “Farmout Agreement”) covering a portion of the Contract Area. After receipt of an assignment of the lease(s) identified in the Farmout Agreement, CEP agrees to execute and deliver to LLOLA, without representation or warranty of title, either express or implied, an assignment of the LLOLA Interest in the farmout leases covering the Contract Area and the farmout leases so acquired shall be considered “Leases” as defined in this Agreement.

V.

CASTEX REVERSIONARY INTEREST

Within ten (10) days of notice from CEP that Payout has occurred, LLOLA agrees to execute and deliver to CEP, without representation or warranty of title, either express or implied, an assignment of 8.9375% of 8/8ths working interest in and to the Leases and the Contract Area (the "Reversionary Interest"). The Reversionary Interest shall not be burdened by any overriding royalties, production payments, or other burdens on production except those burdens listed on Exhibit "A" to this Agreement. Payout shall be deemed to have occurred on the date when LLOLA has recouped from its share of the net sales proceeds of production from the Leases (after deduction of production taxes, excise taxes, transportation costs, lessor's royalty, and the lease burdens set out on Exhibit "A" of this Agreement) an amount equal to LLOLA's share of (i) all costs incurred directly related to the drilling, testing, completing, equipping, and operating all of the wells drilled in the Contract Area, (ii) the cost of all production facilities, pipelines, flowlines and other equipment necessary to produce the same, and (iii) any production handling and operating fees, the fee paid under Article 3.1 above, and any other bonus, rental, or other lease maintenance payments made pursuant to this Agreement or the Operating Agreement). The OPERATOR (or Castex Energy, Inc., as operator under Article XVI of the Operating Agreement) shall provide CEP and LLOLA with quarterly statements as to the status of costs and revenues accounted for in the calculation of Payout. LLOLA's working interest in any wells that may be drilled on the Leases or on Lands pooled therewith before Payout occurs will be the LLOLA Interest as provided for in the Operating Agreement.

VI.

DELAY RENTALS

If any delay rentals or lease bonus payments, prior to commencement of drilling operations, should become due and payable under the terms of the Leases, CEP shall make a best efforts effort to pay any such payment on or before the due date, billing LLOLA for the LLOLA Interest share of said payment insofar as same applies to the Leases (or accepting a credit toward drilling costs as provided for in Article 3.1 of this Agreement). CEP shall not be held liable for failure to make timely payment for any reason whatsoever.

VII.

OPERATING AGREEMENT

Concurrent with the execution of this Agreement, the Parties shall execute and/or ratify the Operating Agreement, which names LLOX, L.L.C. as OPERATOR for all operations. Except as provided for herein, all joint operations in the Contract Area shall be conducted in accordance with said Operating Agreement. In the event of a conflict between the terms and conditions of the Operating Agreement and this Agreement, the terms and conditions of this Agreement shall control.

VIII.

REPRESENTATIONS AND WARRANTIES

1. CEP makes the following representations and warranties to LLOLA as of the Effective Date:

A. There are no material claims, demands, actions, suits, governmental inquiries, or proceedings pending, or to CEP's knowledge, threatened, against CEP which would have a material adverse effect upon the consummation of the transaction or operations contemplated by this Agreement. Furthermore, CEP has not placed any encumbrances on the Leases (other than the royalties and overriding royalties set forth on Exhibit "A") and has not mortgaged or allowed, and will not mortgage or allow, any liens to be placed on the Leases to be assigned to LLOLA or pledged any production of oil or gas to third parties concerning the Leases to be assigned to LLOLA. CEP further represents and warrants the matters referenced in the preceding sentence through such

time as LLOLA receives an assignment in the Leases as provided for in Article IV herein.

B. CEP has (and will continue to have) sufficient cash, available lines of credit or other sources of immediately available funds to enable it to fulfill all of its obligations under this Agreement and the Operating Agreement, including the ability and right to comply with cash calls as required.

2. The Parties make the following representations and warranties to each other as of the Effective Date:

A. Such Party is duly organized and validly existing under the laws of the state where it is organized;

B. Such Party has all requisite corporate power and authority to enter into this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby; and

C. This Agreement has been duly executed and delivered by each Party and constitutes a legal, valid and binding obligation of each Party, enforceable against each Party in accordance with its terms.

3. CEP MAKES NO REPRESENTATION OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE QUALITY, ACCURACY AND COMPLETENESS OF THE INFORMATION INCLUDED IN THE PROSPECT PRESENTATION OR ANY OTHER EVALUATION DATA FURNISHED BY CEP TO LLOLA AND LLOX, AND LLOLA AND LLOX EXPRESSLY ACKNOWLEDGE THE INHERENT RISK OF ERROR IN THE ACQUISITION, PROCESSING AND INTERPRETATION OF GEOLOGICAL AND GEOPHYSICAL DATA. CEP, ITS AFFILIATED COMPANIES, THEIR OFFICERS, DIRECTORS, AND EMPLOYEES SHALL HAVE NO LIABILITY WHATSOEVER TO THE EXTENT CAUSED BY THE USE OF OR RELIANCE UPON THE EVALUATION DATA BY LLOLA, LLOX, OR THEIR REPRESENTATIVES, EXCEPT SUCH AS MAY RESULT FROM CEP'S GROSS NEGLIGENCE, FRAUD, OR WILLFUL MISCONDUCT.

IX.

RELATIONSHIP OF THE PARTIES

The rights and obligations of the Parties hereunder shall be individual, separate, and several and not joint and collective. It is expressly agreed that the Parties do not intend to create, and it is not the purpose or intention of this Agreement to create, and this Agreement shall never be construed as creating, a partnership of any kind, a joint venture, mining partnership, or other relationship whereby any Party will be liable for the acts, either of omission or commission, of any other Party hereto. The Parties shall be individually responsible only for their own obligations, except as herein described.

X.

GENERAL PROVISIONS

10.1 This Agreement, together with all of its exhibits, is intended by the Parties to be a complete and final statement of the agreement of the Parties with respect to the subject matter hereof, and supersedes any prior oral or written statements or agreements.

10.2 Subject to all matters hereof, this Agreement shall be binding upon the Parties hereto and their respective successors and assigns.

10.3 Failure by any Party to comply with any of its obligations, agreements or conditions herein contained may be waived in writing, but not in any other manner, by the Party to whom such compliance is owed. No waiver of, or consent to a change in, any of the provisions of this Agreement shall be deemed or shall constitute a waiver of, or consent to a change in, other provisions hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

10.4 This Agreement shall be a covenant running with the land and shall bind any assignee of a Party's right, title or interest in this Agreement.

10.5 The captions in this Agreement are for convenience only and shall not be considered part of or affect the construction or interpretation of any provision of this Agreement.

10.6 References herein to the singular include the plural, and vice versa.

10.7 This Agreement shall not be deemed or construed to authorize any Party to act as an agent, servant, or employee for any other Party for any purpose whatsoever except as explicitly set forth in this Agreement or in the Operating Agreement. In their relations with each other under this Agreement, the Parties shall not be considered fiduciaries except as expressly provided in this Agreement.

10.8 Each provision of this Agreement shall be construed as though all Parties participated equally in the drafting of the same. Consequently, the Parties acknowledge and agree that any rule of construction that a document is to be construed against the drafting Party shall not be applicable to this Agreement.

10.9 If and for so long as any provision of this Agreement shall be deemed to be judged invalid for any reason whatsoever, such invalidity shall not affect the validity or operation of any other provision of this Agreement except only so far as shall be necessary to give effect to the construction of such invalidity, and any such invalid provision shall be deemed severed from this Agreement without affecting the validity of the balance of this Agreement.

10.10 There shall be no modification of this Agreement except by written consent of all Parties.

10.11 Should the Test Well not be spudded on or before, January 1, 2018, the Parties shall have the right to withdraw from this Agreement and request and receive a reimbursement of monies that each has remitted to the other under the terms of this Agreement (except for funds spent related to location prep).

XI.

ASSIGNMENT OF AGREEMENT

Prior to the Test Well reaching Casing Point, this Agreement, and the rights and obligations created hereunder, may not be assigned by LLOLA in whole or in part, without the prior written consent of CEP, which shall not be unreasonably withheld. Any assignment made in violation of this Article XI shall be null and voidable and of no force and effect, all at CEP's option.

XII.

EXECUTION

If this Agreement and the Operating Agreement are not duly executed by all Parties on or before November 3, 2017, then and thereupon, this Agreement shall become null and void and of no force or

effect. This Agreement may be executed in any number of counterparts, each of which shall be considered an original for all purposes and shall bind the interests of the executing parties regardless of whether executed by all named parties.

XIII.

APPROVAL BY LENDERS

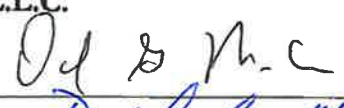
This Agreement is contingent upon the written release and waiver of any and all liens, privileges, encumbrances, or security interests held on the LLOLA Interest by the "Required Lenders," as defined under the "DIP Agreement," to which CEP is a party, and the "Credit Agreement," to which CEP is a party ("Lenders' Releases"). CEP represents that once it obtains the Lenders' Releases, all of CEP's prepetition and postpetition lenders will have waived and released any and all liens, privileges, encumbrances, or security interests they hold on the LLOLA Interest. If Lenders' Releases are not obtained by CEP by the close of business on November 8, 2017, this Agreement and the Joint Operating Agreement may be voided by LLOLA and/or LLOX in the sole discretion of either LLOLA or LLOX.

IN WITNESS WHEREOF, this Agreement has been executed effective the day and year first above written.

CASTEX ENERGY PARTNERS, L.P.
By Castex Energy II, LLC, its General Partner

By: 
Jonathan Wilson, Vice President

LLOLA, L.L.C.

DAS By: 
Name: David B. McCann
Title: President

LLOX, L.L.C.

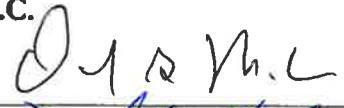
DAS By: 
Name: David B. McCann
Title: President

EXHIBIT “A”

Attached to and made a part of that certain Participation Agreement dated October 23, 2017 between LLOX, L.L.C. as Operator, and Castex Energy Partners, L.P. et al, as Non-Operators.

1. LANDS SUBJECT TO THE AGREEMENT:

See Exhibit “A-1” attached hereto.

2. RESTRICTIONS AS TO DEPTHS, FORMATIONS OR SUBSTANCES

NONE

3. ADDRESSES OF PARTIES TO THE AGREEMENT:

Castex Energy, Inc.	GOME 1271 LLC
333 Clay Street	333 Clay Street
Suite 2900	Suite 2900
Houston, TX 77002	Houston, Texas 77002
Attn: Jonathan Wilson	Attn: Jonathan Wilson
Phone: (281) 878-0061	Phone: (281) 878-0061
Fax: (281) 447-1009	Fax: (281) 447-1009
jwilson@CastexEnergy.com	jwilson@CastexEnergy.com
Castex Energy Partners, L.P.	LLOLA, L.L. C.
333 Clay Street	1001 Oschner Boulevard
Suite 2900	Suite A
Houston, Texas 77002	Covington, Louisiana 70433
Attn: Jonathan Wilson	Attn: David Seay
Phone: (281) 878-0061	Phone: 985-276-5219
Fax: (281) 447-1009	Fax: 985-276-5220
jwilson@castexenergy.com	Email:DavidS@LLOX.com
Castex Energy 2016, L.P.	LLOX, L.L.C.
333 Clay Street	1001 Oschner Boulevard
Suite 2900	Suite A
Houston, TX 77002	Covington, Louisiana 70433
Attn: Jonathan Wilson	Attn: David Seay
Phone: (281) 878-0061	Phone: 985-276-5219
Fax: (281) 447-1009	Fax: 985-276-5220
jwilson@castexenergy.com	Email: DavidS@LLOX.com

INTERESTS OF PARTIES TO THE AGREEMENT:

LLOX, L.L.C. will not own an interest in the Contract Area, but will be the Operator and will represent LLOLA, L.L.C. under this Agreement

Before Payout WI After Payout WI

Castex Energy Partners,L.P.	0.0800000	0.1693750
GOME 1271 LLC	0.5562500	0.5562500
Castex Energy 2016, L.P.	0.0062500	0.0062500
LLOLA, L.L.C.	0.3575000	0.2681250

1.0000000

1.0000000

5. OIL AND GAS LEASES SUBJECT TO THE AGREEMENT:

LEASE NUMBER	LESSOR	LESSEE	LEASE DATE	EXPIRATION DATE	RECORDING BOOK	PAGE	FILE
JR000012	ADELINE SUGAR	CASTEX ENERGY					
JR000013-001	FACTORY, LIMITED	2005, LP	11/25/2014	11/25/2017	310	30	321056
JR000013-002	JOHN FARRELL	CASTEX					
JR000013-002	ROANE ET AL	ENERGY, INC.	11/25/2014	11/25/2017	310	73	321066
JR000014-001	GLORIA BEAULLIEU	CASTEX					
JR000014-002	DOLL ET AL	ENERGY, INC.	11/25/2014	11/25/2017	310	63	321065
JR000014-002		CASTEX ENERGY					
JR000014-002	BANTA INC	PARTNERS LP	12/8/2014	12/8/2017	326	636	323524
JR000014-003	ALISON HAYNES	CASTEX ENERGY					
JR000014-003	BARABAN, ET AL	PARTNERS LP	3/5/2015	3/5/2018	314	240	321707
JR000014-004	DONALD	CASTEX ENERGY					
JR000014-004	LIEBENBERG	PARTNERS LP	7/10/2015	7/10/2018	324	173	323126
JR000014-005	HENRY T PORTER ET	CASTEX					
JR000014-005	AL	ENERGY, INC.	1/30/2015	1/30/2018	313	179	321537
JR000014-006	WILLIAM MICHAEL	CASTEX ENERGY					
JR000014-007	LASALLE	PARTNERS LP	7/9/2015	7/9/2018	324	143	323120
JR000014-008	CONRAD O'NIELL	CASTEX ENERGY					
JR000014-009	LOBDELL	PARTNERS LP	7/13/2015	7/13/2018	324	178	323127
JR000014-010	DAVID A LORD	CASTEX ENERGY					
JR000014-011	LIVING TRUST AGREE	PARTNERS LP	7/31/2015	7/31/2018	324	194	323130
JR000014-012	PETER ROANE	CASTEX ENERGY					
JR000014-013	LASALLE	PARTNERS LP	7/10/2015	7/10/2018	324	148	323121
JR000014-014	CHRISTUS HEALTH	CASTEX ENERGY					
JR000014-015	SOUTHWESTERN LA	PARTNERS LP	7/30/2015	7/30/2018	324	184	323128
JR000014-016	PATRICIA FRICK	CASTEX ENERGY					
JR000014-017	POWERS	PARTNERS LP	7/31/2015	7/31/2018	324	189	323129
JR000014-018		CASTEX ENERGY					
JR000014-019	ROBERT BRANIGER	PARTNERS LP	8/3/2015	8/3/2018	324	199	323131
JR000014-020	EDWARD A LASALLE	CASTEX ENERGY					
JR000014-021	JR	PARTNERS LP	9/3/2015	9/3/2018	324	158	323123
JR000014-022	JOHN WALTER	CASTEX ENERGY					
JR000014-023	LIEBENBERG	PARTNERS LP	8/4/2015	8/4/2018	324	168	323125
JR000014-024	KATIE ELIZABETH	CASTEX ENERGY					
JR000014-025	LASALLE	PARTNERS LP	7/21/2015	7/21/2018	324	163	323124
JR000014-026	GERALDINE LEBLANC	CASTEX ENERGY					
JR000014-027	GUILLOTTE	PARTNERS LP	8/4/2015	8/4/2018	324	214	323134
JR000014-028	SUSAN GUILLOTTE	CASTEX ENERGY					
JR000014-029	RICE	PARTNERS LP	8/4/2015	8/4/2018	324	209	323133
JR000014-030	JOSEPH FRANK	CASTEX ENERGY					
JR000014-031	LEBLANC	PARTNERS LP	8/4/2015	8/4/2018	324	204	323132
JR000014-032	ADAM JACOB	CASTEX ENERGY					
JR000014-033	LASALLE	PARTNERS LP	7/17/2015	7/17/2018	324	153	323122
JR000014-034	BP AMERICA						
JR000014-035	PRODUCTION	CASTEX ENERGY					
JR000014-036	COMPANY	PARTNERS LP	10/1/2015	4/1/2017	326	52	323418
JR000014-037		CASTEX ENERGY					
JR000014-038	RONALD C HERTEL	PARTNERS LP	8/3/2015	8/3/2018	326	645	323526
JR000014-039	BEVERLY ELIZABETH	CASTEX ENERGY					
JR000014-040	TOBIN DEMENT	PARTNERS LP	9/25/2015	9/25/2018	326	660	323529
JR000014-041	LAURENCE WALTER	CASTEX ENERGY					
JR000014-042	TOBIN	PARTNERS LP	9/25/2015	9/25/2018	326	665	323530
JR000014-043		CASTEX ENERGY					
JR000014-044	MITCHELL MENDOZA	PARTNERS LP	10/12/2015	10/12/2018	326	655	323528
JR000014-045	BAPTIST						
JR000014-046	FOUNDATION OF	CASTEX ENERGY					
JR000014-047	TEXAS	PARTNERS LP	9/30/2015	9/30/2018	329	56	323848
JR000014-048	ZACHARY DAVID	CASTEX ENERGY					
JR000014-049	LASALLE	PARTNERS LP	10/12/2015	10/12/2018	326	631	323523
JR000014-050	JAMES GARDINER	CASTEX ENERGY					
JR000014-051	GARRISON	PARTNERS LP	7/30/2015	7/30/2018	326	640	323525
JR000014-052	UNIFIED	CASTEX ENERGY					
JR000014-053	MANAGEMENT, LTD.	PARTNERS LP	10/16/2015	10/16/2018	329	44	323845
JR000014-054	PETTY BUSINESS	CASTEX ENERGY					
JR000014-055	ENTERPRISES, LP	PARTNERS LP	10/16/2015	10/16/2018	329	48	323846
JR000014-056		CASTEX ENERGY					
JR000014-057	DABNEY NOEL PETTY	PARTNERS LP	10/16/2015	10/16/2018	329	52	323847
JR000014-058		CASTEX ENERGY					
JR000014-059	CALVIN MENDOZA	PARTNERS LP	8/3/2015	8/3/2018	326	650	332352
JR000014-060	MARGUERITE ANDRE	CASTEX ENERGY					
JR000014-061	HEBERT	PARTNERS LP	8/3/2015	8/3/2018	329	62	323849

JR000016SUB	ENERGYQEUST II LLC STEVEN J MIGUEZ AND GLENDA N	CASTEX ENERGY, INC.	2/18/2015	2/18/2018	313	427	321595
JR000018	MIGUEZ ADELINE SUGAR FACTORY COMPANY	CASTEX ENERGY, INC.	1/20/2015	1/20/2018	316	137	321941
JR000019	L GEORGE J ROANE, III, ET UX	CASTEX ENERGY PARTNERS LP JEANERETTE PARTNERS, LLC	3/15/2016	3/15/2019	335	347	324815
	ALLEN J GUILLOTTE JR, ET AL	JEANERETTE PARTNERS, LLC	7/21/2015	7/21/2018	328	707	323823
	JONATHAN BARRILLEAUX, ET AL	JEANERETTE PARTNERS, LLC	2/10/2015	2/10/2018	313	152	321430
			1/19/2015	1/19/2018	330	179	324041

6. BURDENS ON PRODUCTION:

NONE

17

EXHIBIT "B"

Attached to and made a part of that certain Participation Agreement dated October 23, 2017 between LLOX, L.L.C. as Operator, and Castex Energy Partners, L.P. et al as Non-Operator.

CASTEX ENERGY, INC.

JEANERETTE FIELD

ST. MARY PARISH, LOUISIANA

LEGEND

■■■■ PROPOSED UNIT

NOTE: ALL UNIT BOUNDARIES ARE
GEOGRAPHIC

NOTE: WELLS LESS THAN 11,000' NOT
SHOWN ON BASE MAP

PROPOSED UNIT PLAT



DATE:

JEANERETTE.DGN

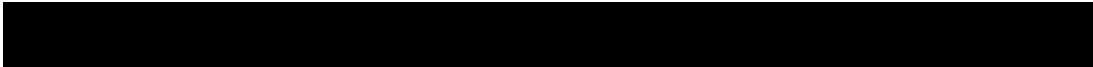
LOUIS GILBERT & ASSOCIATES, INC.

Exhibit "C" to Participation Agreement dated October 23, 2017 between LLOX, L.L.C. and Castex Energy Partners, L.P. et al

LLOX, L.L.C.

Authority For Expenditure - WI Allocation & Approval Sheet

Prepared by Mike Kaberlein Date: 9/27/2017



Prospect: Jeanerette Deep State: LA
Field: Jeanerette Parish/County: St. Mary
Well Name: Carter #2 AFE: _____

OWNER	WORKING INTEREST	AMOUNT	APPROVED BY	DATE APPROVED
LLOLA, L.L.C.	35.75000%	\$ 1,533,428		
Castex Energy Partners, L.P.	8.0000000%	\$343,145		/ /
GOME 1271 LLC	55.6250000%	\$2,385,929		/ /
Castex Energy 2016, L.P.	0.6250000%	\$26,808		/ /
TOTALS	100.00000%	\$4,289,310		

The Owner approving this AFE hereby makes the following election:

_____ Accepts _____ Declines LLOX's or their Agent's Operator Extra Expense and Excess Liability Insurance
(note: if a WI Owner declines coverage, please furnish COI evidencing sufficient coverage as per the JOA)

SEE PAGE 2 FOR COST DETAILS

AFTER APPROVAL PLEASE RETURN THIS FORM TO:

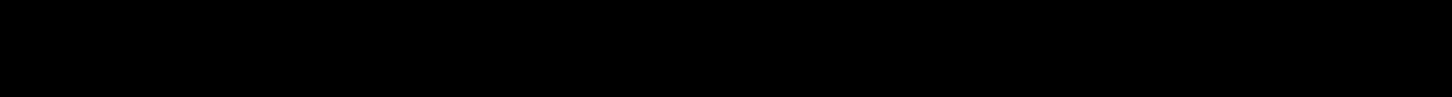
Dave Seay, LLOX, L.L.C.
davids@llox.com

LOX L.L.C.
AUTHORITY FOR EXPENDITURE

AFE #: _____
REV 0

FIELD OR AREA: Jeanerette LEASE / WELL #: Jeanerette Deep Prospect

STATE/PARISH/COUN St. Mary Parish, La. PROPOSED TD: 14,071' MD
14000' TVD



SUB ACCT CODE		DRILLING: 4006 COMP: 4011	SUMMARY OF ESTIMATED COST			
			DRILLING	COMPLETION / TA	TOTAL	
		INTANGIBLE COST - DESCRIPTION			DRILL / TA / COMPLT	
0050		Drilling Rig 32.0 Days @ \$18,000 \$/Day	576,000	-	576,000	
0051		Drill Rig Completion 8 Days @ \$18,000 \$/Day	-	144,000	144,000	
0055		Workover/Completion F 7 Days @ \$5,000 \$/Day	-	35,000	35,000	
0020		Permits & Surveying	30,000	-	30,000	
0030		Location Construction / Cleanup / Dredging / Mooring	330,000	-	330,000	
0040		MOB / DEMOB (Tugs, AHV's, Rig)	350,000	-	350,000	
0060		Engineering / Supervision \$3,000 \$/Day	96,000	45,000	141,000	
0220		Dock Service / Dispatcher \$/Day	-	-	-	
0070		Communications \$75 \$/Day	2,400	1,125	3,525	
0080		Other Rentals \$2,000 \$/Day	64,000	30,000	94,000	
0081		Hammer, Casing & Tubing Crews and Tools	70,000	50,000	120,000	
0085		Drill Pipe Rentals 15 Days \$ 1,500 \$/Day	22,500	22,500	45,000	
0086		Filter Unit \$ - \$/Day	-	-	-	
0090		Bits	80,000	5,000	85,000	
0095		Directional Services / LWD	300,000	-	300,000	
0096		Mud Loggers 15 Days on Loc. 1,200 \$/Day	18,000	-	18,000	
0110		Drilling / Completion Fluids	350,000	150,000	500,000	
0125		Electric Line Services	50,000	20,000	70,000	
0126		Slickline Services	-	5,000	5,000	
0130		Perforating	-	15,000	15,000	
0140		Cement & Cement Services	120,000	80,000	200,000	
0150		Fuel, Water, Power 3,000 \$/Day	96,000	45,000	141,000	
0160		Transportation - Marine \$/Day	-	-	-	
0165		Transportation - Land 1,500 \$/Day	48,000	22,500	70,500	
0166		Helicopter Service \$/Day	-	-	-	
0170		Disposal (Cuttings/Mud/etc. Hauled Off)	150,000	-	150,000	
0171		Vacuum Trucks	60,000	-	60,000	
0172		Closed Loop System/Rentals 3,500 \$/Day	112,000	52,500	164,500	
0185		Fishing Services	-	-	-	
0200		Miscellaneous Services \$2,500 \$/Day	80,000	37,500	117,500	
0230		Stimulation - Tools	-	-	-	
0231		Stimulation - Pumping	-	-	-	
0232		Nitrogen / Coil Tubing / Liftframe	-	-	-	
0237		Testing	-	20,000	20,000	
0260		Insurance	6,000	-	6,000	
0250		Overhead \$14,000 / month	14,000	-	14,000	
0200		15%	453,735	117,019	570,754	
SUBTOTAL - INTANGIBLE COST			\$3,478,635	\$897,144	\$4,375,779	
				-		
		TANGIBLE COST (FTG) (\$ / FT)		-		
0023		Drive Pipe 20" 150 \$50	7,500	-	7,500	
0021		Conductor Casing	-	-	-	
0022		Surface Casing 13 3/8" 3000 \$25	75,000	-	75,000	
0020		Intermediate Casing 9 5/8" 11900 \$30	357,000		357,000	
0030		Drilling Liner 7" 1500 \$30	45,000	-	45,000	
0040		Production Casing / Tieback 7" 12500 \$30		375,000	375,000	
0031		Production Liner 5 1/2 1500 \$20		30,000	30,000	
0050		Tubing 2 7/8" 13300 \$10		133,000	133,000	
0095		Liner Hanger	60,000	-	60,000	
0097		Surface Wellhead Equipment	30,000	15,000	45,000	
0090		Surface Tree	-	35,000	35,000	
0051		Packers & Tubing Accessories	-	50,000	50,000	
0200		Other Costs- (10%)	86,175	95,700	181,875	
SUBTOTAL - TANGIBLE COST			\$660,675	\$733,700	\$1,394,375	
0240		PLUG & ABANDON	150,000			
		DRY HOLE COST	\$4,289,310			
				-		
TOTAL COST (DRILL, LOG & TA)			\$ 4,139,310	\$ 1,630,844	\$ 5,770,154	

EXHIBIT “D”

Attached to and made a part of that certain Participation Agreement dated October 23, 2017 between LLOX, L.L.C. as Operator, and Castex Energy Partners, L.P. et al as Non-Operator.

Castex Well Data Requirments
Carter #2 Well
Jeanerette Deep Field

<u>Attention</u>	<u>Required/Requested Information</u>	<u>No. of Copies</u>
Landman Reservoir Engineer Operations	Drilling Application/Permit, Location Plat with Elevation, Completion Report, Abandonment Report, FERC Filings, Federal MMS Filings, Form CSGT, Lafayette Weekly Drlg Report and all other regulatory reports	2
Reservoir Engineer Operations	Casing Program; Completion Procedure (when applicable)	1
Geologist Operations	Daily Mud Logs-Telecopy daily to Operations Dept.	1
Geologist Operations	DST Reports/Charts, DST Fluid And Gas Sample Analysis, Sample Descriptions, Core Descriptions and Analyses, Final Copy of Mud Logs	2
Geologist Reservoir Engineer Operations	Casing Approval or P&A Approval (as required by Contracts)	
Geologist Operations	Wireline Logs	Field copies [4 paper & 1 digital] Final copies [4 paper & 1 digital]
Geologist	8 mm LIS Customer Digital Well Tape / CD	1
Geologist	Geological Correspondence and information, including Paleo Samples upon Request, Slabbed Section of Cored Interval (if applicable)	1
Landman	Land Correspondence, Operating Agreements, Payout Notices, Well Proposals, etc.	1
Geophysicist	Geophysical Data	1
Reservoir Engineer	Weekly Production Reports (including gas, oil, and water with producing days and FTP), Pressure Surveys (Bottomhole and Surface), Annual Back Pressure Deliverability Tests, Gas and Water Analyses Monthly Mud Directional	1
Operations Manager Engineering Technician	<u>Daily Drilling and Completion Reports</u> Daily before 8 a.m. e-mail reports to Operations: kivy@castexenergy.com; mjohnson@castexenergy.com; lholeman@castexenergy.com; tschwartz@castexenergy.com; sgoncarovs@castexenergy.com; jmelnik@castexenergy.com; akillian@castexenergy.com; and slubanko@castexenergy.com to each of the persons listed below. Mail daily one copy of detailed report.	1
	<u>24 Hour Notification</u>	
Geologist / Geophysicist	Log Runs, Tests, Changes in Evaluation Programs (Notify Geologist or, if unavailable, one of the individuals listed below.	
Geologist	Richard Stinson Work: 281-878-0021 E-mail: rstinson@castexenergy.com	1
Reservoir Engineer:	Bryan Saunders Work: 281-878-0031 Cell: 832-627-7412 E-mail: bsaunders@castexenergy.com	1
Landman:	Jonathan Wilson Work: 281-878-0061 Email: jwilson@castexenergy.com	
Operations:	Kevin Ivy Work: 281-878-0022 Cell: 832-326-0894 E-mail: kivy@castexenergy.com	1