



**IT IS HEREBY ADJUDGED and DECREED that the below described is SO ORDERED.**

**Dated: September 14, 2017.**

*Craig A. Gargotta*

**CRAIG A. GARGOTTA  
UNITED STATES BANKRUPTCY JUDGE**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
SAN ANTONIO DIVISION**

**In re:** §  
§ **Case No. 17-51905-CAG**  
§  
**GALVESTON BAY PROPERTIES,** §  
**LLC.** §  
§ **Chapter 11**  
§  
**Debtor** §

**FINAL ORDER**

**(I) AUTHORIZING DEBTOR TO OBTAIN SECURED, SUPERPRIORITY, POSTPETITION FINANCING PURSUANT TO BANKRUPTCY CODE SECTIONS 105, 361, 362, 364(C)(1), 364(C)(2), 364(C)(3), AND 364(E) AND (II) SCHEDULING FINAL HEARING PURSUANT TO BANKRUPTCY RULES 4001(B)**

Upon the motion, dated August 14, 2017 (the "Motion"), of Galveston Bay Properties, LLC ("GBP" or "DIP Borrower" or the "Company"<sup>1</sup>), the debtor and debtor-in-possession in the above-captioned case (the "Chapter 11 Case"), seeking, among other things, entry of an interim order and a Final Order (defined below), under sections 105, 361, 362, 363(c)(2), 364(c)(1), 364(c)(2), 364(c)(3), and 364(e) of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 4001, and 6003 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy

<sup>1</sup> Except as defined differently in this Order, all capitalized terms shall have the same use and meaning as in the Motion and the Interim Order entered on August 18, 2017.

Rules”), and the “Local Bankruptcy Rules”) (i) authorizing the Debtor to (a) obtain postpetition financing on a secured superpriority basis and (ii) scheduling a final hearing pursuant to Bankruptcy Rules 4001(b) and 4001(c), and (iii) granting related relief, the Bankruptcy Court conducted an interim hearing on August 18, 2017 (the “Interim Hearing”) and a final hearing on September 13, 2017 (the “Final Hearing”).

The Court having considered the Motion and the evidence submitted at the Interim Hearing and the Final Hearing; and in accordance with Bankruptcy Rules 2002, 4001(b), (c), and (d), and Local Bankruptcy Rule 9014, due and proper notice of the Motion and the Final Hearing having been given; and all objections, if any, to the entry of this Final Order having been withdrawn, resolved or overruled by the Court; and after due deliberation and consideration, and for good and sufficient cause appearing therefor:

**IN ADDITION TO ANY FINDINGS AND CONCLUSIONS ANNOUNCED ON THE RECORD AT THE INTERIM HEARING AND THE FINAL HEARING, WHICH ARE INCORPORATED HEREIN BY REFERENCE, THE COURT MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:**

A. Jurisdiction and Venue. The Court has jurisdiction over this proceeding pursuant to 28 U.S.C. § 1334. Consideration of the Motion constitutes a core proceeding under 28 U.S.C. § 157(b)(2). Venue for the Chapter 11 Case and the proceeding on the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Committee Formation/Trustee. As of the date hereof, no chapter 11 trustee or official committee of unsecured creditors or any other statutory committee (collectively, a “Committee”) has been appointed in the Chapter 11 Case pursuant to sections 328 or 1103 of the Bankruptcy Code.

C. Notice. Notice of the Final Hearing and the relief requested in the Motion has been provided by the Debtor, by telecopy, email, overnight courier and/or hand delivery, to all necessary creditors and parties in interest.

D. No Control. None of the proposed DIP Lenders are control persons or insiders of the Debtor.

E. No Credit Available on More Favorable Terms. The Debtor has been unable to obtain on more favorable terms and conditions than those provided in this Final Order: (a) adequate unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense, (b) credit for money borrowed with priority over any or all administrative expenses of the kind specified in Sections 503(b) or 507(b) of the Bankruptcy Code, or (c) credit for money borrowed secured by a lien on property of the estate that is not otherwise subject to a lien. The Debtor is unable to obtain credit for borrowed money without granting the DIP Liens and the DIP Superpriority Claims (defined below) to (or for the benefit of) the DIP Secured Parties.

F. Adequate Protection for the Prepetition Secured Parties. All parties' rights are fully reserved. Nothing contained herein shall prevent or preclude Shadow Tree or any other creditor or party in interest from seeking adequate protection or relief relating to any alleged lack of adequate protection. All oil and gas production revenues and proceeds thereof, and any other "cash collateral" (as defined by 11 U.S.C. § 363(a)) of Shadow Tree (defined herein below) shall be kept by the Debtor in a separate, segregated DIP Account, and held at all times apart from the advances made by the DIP Lenders. This order does not authorize the use of cash collateral.

G. Extension of Financing. The DIP Lenders are Grace Oil Investments, LLC and REM Petroleum Investments, LLC and each has indicated a willingness and ability to provide financing to the Debtor in accordance with the Final Facility Documents (including the DIP Budget (subject to Permitted Budget Variances)) and subject to (i) the entry of this Final Order and (ii) findings by this Court that such financing is essential to the Debtor's estate (and the continued operations of the Debtor), that the DIP Lenders are good faith financiers, and that the DIP Lenders' claims, superpriority claims, security interests and liens and other protections granted pursuant to and in connection with this Final Order will not be affected by any subsequent reversal, modification, vacatur, stay or amendment of, as the case may be, this Final Order as provided in section 364(e) of the Bankruptcy Code. The Final Facility Documents are attached hereto as Exhibit "B." As set forth herein below, the Court approves and authorizes the Debtor's entry into the Final Facility Documents; provided, however, that all rights, claims, arguments, and positions of all creditors and parties in interest are expressly reserved and preserved regarding the following issues: (1) use of cash collateral (it is expressly noted that no use of Shadow Tree's cash collateral is authorized herein); (2) confirmation of any plan proposed in this Bankruptcy Case; (3) classification and treatment of any prepetition Claim (as defined by Bankruptcy Code section 101(5) under any plan proposed in this Bankruptcy Case; (4) classification and treatment of any prepetition membership interest in the Debtor under any plan proposed in this Bankruptcy Case; (5) any distribution and/or payments to Clow Partners as described under the Final Facility Documents, which distribution and/or payments may only be approved in a plan proposed in this Bankruptcy Case and confirmed by the Bankruptcy Court; (6) any exercise by the Equity Purchasers of the 33.5% Right (as defined in the Final Facility Documents), which exercise may only be approved in a plan proposed in this Bankruptcy Case and confirmed by the Bankruptcy Court; (7) any allocation or distribution of membership units to Clow Partners, Polk Family Partnership LP, Prospect Oil Company, Rubicon Resources, LLC, and/or Westwood Energy, Inc., on account of their prepetition membership interests; (8) the use and allocation of the Equity Purchase Price (as defined in the Final Facility Documents), which use and allocation is subject to the terms and conditions of any plan proposed in this Bankruptcy Case and confirmed by the Bankruptcy Court; (9) the performance of the Parties under the Escrow Agreement attached as Exhibit E to the Final Facility Documents of the duties and obligations contained therein, which remain subject to being included in a plan proposed in this Bankruptcy Case and confirmed by the Bankruptcy Court; (10) the proposed performance of any reorganized debtor under Exhibit C to the Final Facility Documents, which remain subject to being included in a plan proposed in this Bankruptcy Case and confirmed by the Bankruptcy Court; and (11) any other issue requiring Bankruptcy Court consideration and approval pursuant to any plan to be filed in this Bankruptcy Case before performance by the Debtor or a reorganized debtor may be authorized and approved.

H. Business Judgment and Good Faith Pursuant to Section 364(e). The terms and conditions of this Final Order, the DIP Loan and the Final Facility Documents, are fair, reasonable, and the best available under the circumstances, reflect the Debtor's exercise of prudent business judgment, and are supported by reasonably equivalent value and consideration; all obligations incurred, payments made, and transfers or grants of security set forth in this Final Order and the Final Facility Documents by the DIP Lenders are granted to or for the benefit of the DIP Lenders for fair consideration and reasonably equivalent value, and are granted contemporaneously with the making of the loans and/or commitments and other financial accommodations secured thereby; the DIP Loan was negotiated in good faith and at arm's length among the DIP Lenders and the Debtor; and the use of the proceeds to be extended under the DIP Loan will be so extended in good faith and for valid business purposes and uses, as a consequence of which the DIP Lenders are entitled to the protection and benefits of section 364(e) of the Bankruptcy Code.

I. Relief Essential; Best Interest of Bankruptcy Estate. The relief provided in this Final Order is necessary, essential, and appropriate for the continued operation of the Debtor's businesses and the management and preservation of its assets and property. It is in the best interest of the Debtor's bankruptcy estate that the Debtor be allowed to enter into the Final Facility Documents (subject to the limitations and reservation of rights set forth in paragraph G, *supra*, incur the DIP Loan, grant the liens and claims contemplated herein and under the Final Facility Documents to the DIP Lenders, subject to the terms of this Final Order.

**NOW, THEREFORE**, on the Motion of the Debtor and the record before this Court with respect to the Motion, including the record made during the Interim Hearing and the Final Hearing, and good and sufficient cause appearing therefor, **IT IS ORDERED, ADJUDGED, AND DECREED** that:

1. Motion Granted. The Motion is granted in accordance with the terms and conditions set forth in this Final Order. Any objections to the Motion with respect to entry of this Final Order to the extent not withdrawn, waived or otherwise resolved are hereby denied and overruled. The filing and contents of any plan proposed by the Debtor in this case shall remain subject to the fiduciary obligations of the Debtor to its bankruptcy estate.

2. DIP Loan. The Debtor is expressly and immediately authorized and empowered to enter into the Final Facility Documents and to incur and to perform the DIP Obligations in accordance with and subject to this Final Order, the Final Budget, and the Final Facility Documents, to enter into, execute and/or deliver all Final Facility Documents and all other instruments, certificates, agreements and documents, and to take all actions, which may be reasonably required or otherwise necessary for the performance by the Debtor under the Final Facility Documents, including the creation and perfection of the DIP Liens described and provided for herein. The Debtor is hereby immediately authorized to borrow up to the total available \$2,500,00.00 under the DIP Loan, which funds shall be used solely as expressly provided in this Final Order and the Final Budget attached hereto as Exhibit "A." The DIP Loans shall (i) be evidenced by the books and records of the DIP Lenders and, although not required, upon the request of the DIP Lenders, a note executed and delivered to the DIP Lenders by the Debtor in accordance with the terms of the Final Facility Documents, (ii) bear interest and

incur fees at the rates set forth in the Final Facility Documents, (iii) be secured in the manner specified below and under the applicable Final Facility Documents, (iv) be payable in accordance with the applicable Final Facility Documents; provided that no amounts shall be payable on account of the DIP Loan from the DIP Collateral or the proceeds thereof unless: (a) the senior secured allowed claim of Shadow Tree (defined below) has been repaid in full; or (b) under a concurrent repayment schedule contained in a plan of reorganization confirmed by the Bankruptcy Court, and in no event shall amounts be payable on account of the DIP Loan under such plan in the event of a material default under such plan in the treatment of Shadow Tree's allowed claim, and (v) otherwise be governed by the terms set forth in this Final Order and the Final Facility Documents. The Final Facility Documents are subject to the limitations contained in paragraph G, *supra*. No provision in this paragraph prohibits or limits the DIP Lenders' ability to exercise their conversion rights under the Final Facility Documents.

3. Modification of the Automatic Stay. The automatic stay provisions of Section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified without further notice, application, or order of the Court, but only to the extent necessary to permit the DIP Lender, subject in all respects to the Final Facility Documents and this Final Order, to perform any act authorized or permitted under or by virtue of this Final Order: (i) to implement the DIP Financing authorized by this Final Order and pursuant to the terms of the Final Facility Documents, and (ii) to take any act reasonably necessary to create, validate, evidence, attach, or perfect any Lien, security interest, right, or claim in the DIP Collateral.

4. DIP Superpriority Claims. Subject to paragraph 6 below, as applicable, pursuant to Section 364(c)(1) of the Bankruptcy Code, the DIP Obligations constitute (without the need to file a proof of claim) superpriority claims (the "DIP Superpriority Claims") against the Debtor, with priority over any and all administrative expenses of the kind specified in Sections 503(b) or 507(b) of the Bankruptcy Code. The DIP Superpriority Claims shall have recourse to and be payable from all prepetition and postpetition assets of the Debtor, including, but not limited to, the DIP Collateral, subject to the other terms of this Final Order; provided that no amounts shall be payable on account of the DIP Loan from the DIP Collateral or the proceeds thereof unless: (a) the senior secured allowed claim of Shadow Tree (defined below) has been repaid in full; or (b) under a concurrent repayment schedule contained in a plan of reorganization confirmed by the Bankruptcy Court, and in no event shall amounts be payable on account of the DIP Loan under such plan in the event of a material default under such plan in the treatment of Shadow Tree's allowed claim. No provision in this paragraph prohibits or limits the DIP Lenders' ability to exercise their conversion rights under the Final Facility Documents.

5. DIP Liens.  
(a) As security for the full and timely payment of the DIP Obligations, the DIP Lenders are hereby granted, pursuant to Sections 364(c)(2), 364(c)(3), and 364(d)(1) of the Bankruptcy Code, valid, enforceable, non-avoidable, and fully perfected security interests in and liens (collectively, the "DIP Liens") upon all DIP Collateral (as defined below), subject and subordinate only to the existing valid, perfected pre-pretition liens of Shadow Tree Capital Management LLC, Shadow Tree Funding Vehicle A-Hydrocarb LLC, Quintium Private Opportunities Fund LP, and Samuel Gradess, Trustee (collectively, "Shadow Tree"), and Texas

General Land Office, Texas Railroad Commission, and Archrock Partners Operating LLC (“Archrock”), including its liens filed or perfected postpetition by Archrock as permitted by section 546(b) of the Bankruptcy Code (collectively, the “Non-Primed Liens”), which DIP Liens shall (i) constitute security interests in and Liens upon all DIP Collateral (as defined below). Notwithstanding the foregoing, the DIP Lenders shall not and do not receive liens on the Excluded Collateral as defined in paragraph 5(b) herein.

(b) As used herein, "DIP Collateral" shall mean all assets and property of the Debtor and its estate, real or personal, tangible or intangible, now owned or hereafter acquired, whether arising before or after the Petition Date, including, without limitation, all contracts, general intangibles, instruments, equipment, accounts, and documents, all goods, inventory and fixtures, all documents, cash, cash equivalents, chattel paper, letters of credit and letter of credit rights, investment property, commercial tort claims, money, insurance, receivables, receivables records, deposit accounts, collateral support, supporting obligations and instruments, all interests in leaseholds and real properties, all patents, copyrights, trademarks, tradenames and other intellectual property, all equity interests, all books and records relating to the foregoing, all other personal and real property of the Debtor, and all other collateral pledged under the DIP Financing Documents, save and expressly except any and all actions under Sections 544, 545, 547, 548 and 550 of the Bankruptcy Code (the "Avoidance Actions"), (in each case as the foregoing are defined in the Uniform Commercial Code as in effect from time to time in the State of Texas (and, if defined in more than one Article of such Uniform Commercial Code, shall have the meaning given in Article 9 thereof)) and any and all commercial tort claims, including, without limitation, any and all D&O claims and claims against or covered by directors and officers insurance policies, if any, and any and all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing exceptions to the DIP Collateral (in each case as the foregoing are defined in the Uniform Commercial Code as in effect from time to time in the State of Texas (and, if defined in more than one Article of such Uniform Commercial Code, shall have the meaning given in Article 9 thereof)) (the “Excluded Collateral”).

(c) Except as expressly permitted in the respective Final Facility Documents or this Final Order, and absent full payment and satisfaction of all obligations of the Debtor under the DIP Facility, the Debtor shall not (i) grant or impose any Liens on the DIP Collateral or (ii) except as permitted in the respective Final Facility Documents, prime or seek to prime the DIP Liens and shall not offer any other parties any Lien on the DIP Collateral. In addition, the Debtor shall not incur, create, assume, become, or be liable in any manner with respect to, or permit to exist, any secured indebtedness, except as expressly permitted under the Final Facility Documents and the Budget, and this Final Order.

6. Carve Out. Notwithstanding anything in this Final Order, any Final Facility Documents, or any other order of this Court to the contrary, all claims and Liens granted hereunder to or for the benefit of the DIP Lenders, including the DIP Superpriority Claims and the DIP Liens, shall be subject to payment of the Carve Out and the Non-Primed Liens. As used in this Final Order, the term "Carve Out" means: (i) all unpaid fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code, (ii) all allowed and unpaid professional fees and out-of-pocket disbursements incurred by the Debtor and any Committee that remain unpaid

subsequent to the payment, pro rata with other nonpriority administrative creditors, of such fees and expenses from available funds remaining in the Debtor's estate for such creditors, in an aggregate amount not exceeding \$130,000 (such sum to be calculated by including unused retainer held by any professional subject to the Carve Out, in an aggregate amount not exceeding the budgeted amounts for such unpaid professional fees and disbursements as reflected in any Budget; provided, however, that nothing herein shall be construed to impair the ability of any party to object to any of the fees, expenses, reimbursement or compensation described herein, and provided further that the Carve-Out shall not reduce the amounts payable to the DIP Lenders under the Final Facility Documents.

7. Termination of DIP Financing. The Debtor's authorization to use the DIP Financing shall immediately terminate upon the occurrence of a "Termination Event", which shall mean the earliest to occur of (a) the expiration of five (5) business days (the "Default Notice Period") following the provision of written notice to the Debtor (with a copy of such notice provided to counsel for the Debtor, counsel for any Committee, counsel for Shadow Tree, counsel for Archrock, and the U.S. Trustee) upon the occurrence of an Event of Default (as defined in the Term Sheet or the Final Facility Documents) and such Event of Default remains uncured at the expiration of such Default Notice Period unless the Bankruptcy Court determines no such Event of Default has occurred following the filing of a motion or proceeding during such Default Notice Period requesting such a determination, (b) the occurrence of a Maturity Date as that term is defined in the DIP Term Sheet, and (c) any date on which the Final Order is not in full force and effect. Notwithstanding anything contained in the Motion, the Term Sheet, or the Final Facility Documents, the appointment of a chapter 11 trustee or the appointment of an examiner with enlarged powers shall not be an Event of Default, nor shall the mere filing of a motion, pleading or proceeding by the Debtor or any other creditor or party in interest that could reasonably be expected to result in a material impairment of the rights or interests of the DIP Lenders; provided, however, that the entry of an Order granting of any Motion that results in a material impairment of the rights or interests of the DIP Lenders shall be an Event of Default. The DIP Lenders shall have no further obligation to fund hereunder if a chapter 11 Trustee is appointed or an examiner with enlarged powers is appointed.

8. Perfection of Liens. This Final Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the DIP Liens without the necessity of executing, filing, or recording any mortgage, security agreement, pledge agreement, financing statement, or other instrument or document, or the taking of any other act that otherwise may be required under state or federal law, rule, or regulation of any jurisdiction to validate or perfect the DIP Liens or to entitle the DIP Lenders to the priorities granted herein. The Debtor may execute, and the DIP Lenders are hereby authorized to execute, file, and/or record mortgages, security agreements, pledge agreements, financing statements, and/or other instruments or documents to evidence the DIP Liens, and the Debtor is hereby authorized, promptly upon a demand by a DIP Lender made in accordance with the terms of the Final Facility Documents, to execute, file, and/or record any such mortgages, security agreements, pledge agreements, financing statements, or other instruments or documents as the respective DIP Lenders may request; provided, however, that no such execution, filing, or recordation shall be necessary or required in order to create or perfect the DIP Liens, and further, if the DIP Lender, in its sole discretion, shall choose to execute, file, and/or record such mortgages, security agreements, pledge agreements, financing

statements, or other instruments or documents, or otherwise confirm perfection of such Liens, all such instruments and documents shall be deemed to have been filed or recorded as of the Petition Date. A copy of this Final Order may, in the discretion of any DIP Lender, be filed with or recorded in any filing or recording office in addition to or in lieu of such mortgages, security agreements, pledge agreements, financing statements, or other instruments or documents, and each and every federal, state, and local governmental agency, department, or office is hereby directed to accept a copy of this Final Order and any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by this Final Order and the Final Facility Documents, for filing and recording, and to deem this Final Order to be in proper form for filing and recording. Notwithstanding the foregoing, pursuant to any applicable law, the DIP Lenders are hereby authorized (but not required) to file or record financing statements and other filing or recording documents or instruments with respect to the DIP Collateral and DIP Liens as applicable, without the Debtor's signature in such form and in such offices as the DIP Lenders determine appropriate to perfect the security interests of the DIP Lenders under the Final Facility Documents and this Final Order; and the DIP Lenders are authorized to use collateral descriptions such as "all personal property" or "all assets", in each case "whether now owned or hereafter acquired", words of similar import or any other description DIP Lenders so choose in any such financing statements.

9. Limitation of Liability. In determining to extend credit under the DIP Facility, or in exercising any rights or remedies pursuant to this Final Order and the Final Facility Documents, the DIP Lenders shall not be deemed to be in control of the Debtor's operations or to be acting as a "responsible person" or "owner or operator" with respect to the operation or management of the Debtor (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. §§ 9601, et seq., as amended, or any similar federal or state statute).

10. Collateral Rights. Except as expressly permitted in this Final Order and the Final Facility Documents, in the event that any person or entity that holds a Lien or security interest in DIP Collateral that is junior or subordinate to the DIP Liens in such DIP Collateral receives or is paid the proceeds of such DIP Collateral, or receives any other payment with respect thereto from any other source, prior to payment in full and in cash and the complete satisfaction of all DIP Obligations, such junior or subordinate Lienholder shall be deemed to have received, and shall hold, the proceeds of any such DIP Collateral in trust for the DIP Lender, and shall immediately turnover such proceeds to the DIP Lenders for application in accordance with this Final Order and the Final Facility Documents. Notwithstanding anything in the Final Facility Documents, in the event that the DIP Lender receives or is paid the proceeds of DIP Collateral, or receives any other payment with respect thereto from any other source, inconsistent with the provisions of paragraphs 2 and 4 herein, the DIP Lender shall be deemed to have received, and shall hold, the proceeds of any such DIP Collateral in trust for Shadow Tree, and shall immediately turnover such proceeds to Shadow Tree.

11. Survival of Interim Order. The provisions of the Interim Order and any actions taken pursuant thereto (a) shall survive the entry of this Final Order and any order: (i) confirming any chapter 11 plan in the Case, (ii) converting the Case to a successor case, or (iii) dismissing the Case, and (b) shall continue in full force and effect notwithstanding the entry of any such



order, and the claims, Liens, and security interests granted pursuant to the Interim Order shall maintain their priority as provided by the Interim Order until all of the DIP Obligations approved thereunder are indefeasibly paid in full and discharged in accordance with this Final Order and the Final Facility Documents.

12. Subsequent Reversal or Modification. This Final Order is entered pursuant to, inter alia, Section 364 of the Bankruptcy Code and Bankruptcy Rules 4001(b) and (c), granting the DIP Lenders all protections afforded by Section 364(e) of the Bankruptcy Code. If any or all of the provisions of this Final Order are hereafter reversed, modified, vacated, or stayed, that action will not affect (a) the validity of any obligation, indebtedness, or liability incurred hereunder by the Debtor to the DIP Lenders, or (b) the validity and enforceability of any lien, claim, obligation, or priority authorized or created under the Interim Order or this Final Order or pursuant to the Final Facility Documents as of such date. Notwithstanding any such reversal, stay, modification, or vacatur, any postpetition indebtedness, obligation, or liability incurred by the Debtor to the DIP Lenders, prior to written notice being delivered to DIP Lenders, of the effective date of such action, shall be governed in all respects by the original provisions of the Interim Order, this Final Order, and the DIP Lenders shall be entitled to all the rights, remedies, privileges, and benefits granted herein and (except as limited by paragraph G, *supra*, in the Final Facility Documents with respect to all such indebtedness, obligations, or liability.

13. No Waiver. This Final Order shall not be construed in any way as a waiver or relinquishment of any rights that the DIP Lenders may have to bring or be heard on any matter brought before this Court.

14. Binding Effect; Successors and Assigns. Except as otherwise provided in the Final Facility Documents, the provisions of this Final Order shall be binding upon and inure to the benefit of the DIP Lender, the Debtor, and their respective successors and assigns (including any trustee or fiduciary hereafter appointed or elected as a legal representative of the Debtor, its estate, or with respect to the property of its estate) whether in these Case, in any successor case, or upon dismissal of any Case or successor case; provided, however, that the DIP Lenders shall have no obligation to extend any financing to, or permit the use of Cash Collateral or DIP Collateral by, any chapter 7 or chapter 11 trustee or similar representative person appointed for the Debtor's estates.

15. No Proof of Claim. The DIP Lenders shall not be required to file proofs of claim in the Case or any successor case in order to maintain their respective claims with respect to the DIP Obligations, all of which shall be due and payable in accordance with this Final Order, and the Final Facility Documents, without the necessity of filing any such proof of claim; the statements of claim in respect of the respective DIP Obligations set forth in this Final Order, together with the evidence accompanying the Motion, and presented at the Interim Hearing and the Final Hearing, are deemed sufficient to and do constitute proofs of claim in respect of such obligations and such secured status.

16. Monitoring of Collateral. The DIP Lenders, and their consultants and advisors, shall be given reasonable access to the Debtor's books, records, assets, and properties.

17. Financial Reporting. The Debtor shall provide the DIP Lenders with the monthly financial reporting given to the U.S. Trustee and all the financial reporting required under and in all instances consistent with the Final Facility Documents. Any financial reporting the Debtor provides to the DIP Lenders under the Final Facility Documents shall also be provided to Shadow Tree.

18. Preservation of Prepetition Priorities. Nothing in this Final Order is intended to change or otherwise modify the prepetition priorities among prepetition secured creditors of the Debtor, including (i) any operators' or non-operators' lien or recoupment rights to the extent their liens or rights are valid, enforceable, non-avoidable and perfected, and (ii) any claims of the lienholders or any other mechanic or materialmen or mineral lien claimants to the extent their liens are valid, enforceable, non-avoidable and perfected, including as permitted by section 546(b) of the Bankruptcy Code, and nothing in this Final Order, including the granting of the DIP Liens, shall be deemed to have changed or modified such prepetition priorities, all of which are hereby expressly preserved.

19. Critical Vendor Claims. Notwithstanding anything contained in this Final Order, the Budget or the Final Facility Documents to the contrary, Debtor is authorized to pay the Critical Vendor Claims identified in any Order Granting Debtor's Emergency Motion for Order Authorizing Debtor to Pay Prepetition Claims of "Critical Vendors" [Dkt. No. 12-1] that may be approved by the Court ("Critical Vendor Order").

20. Controlling Effect of Order. In the event of any conflict between the terms of this Final Order, the Interim Order, the Final Facility Documents, or any related loan documents, the terms of this Final Order shall control.

21. Order Effective Immediately. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062, 9024, or any other Bankruptcy Rule, or rule 62(a) of the Federal Rules of Civil Procedure, this Final Order shall be immediately effective and enforceable upon its entry, and there shall be no stay of execution or effectiveness of this Final Order.

22. Service of this Final Order. Immediately upon entry of this Final Order, the Debtor shall serve, by United States mail, first-class postage prepaid, notice of the entry of this Final Order on all creditors and parties in interest in this bankruptcy case.

23. Retention of Jurisdiction. The Bankruptcy Court has and will retain jurisdiction to interpret and enforce this Final Order according to its terms.

24. Notification of Funding. The Debtor shall file a notice or notices with the Court and serve upon all ECM/ECF notice parties a pleading providing notice of the occurrence of the actual receipt by the Debtor of the DIP Loan funding approved herein.

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ORDER SUBMITTED BY:

Kell C. Mercer  
Texas Bar No. 24007668  
Kell C. Mercer, PC  
1602 E. Cesar Chavez Street  
Austin, TX 78702  
(512) 767-3214  
[kell.mercer@mercerc-law-pc.com](mailto:kell.mercer@mercerc-law-pc.com)



**LOAN AGREEMENT  
AND  
OPTION TO PURCHASE EQUITY INTEREST**

THIS AGREEMENT (the "Agreement") is made and entered into the \_\_\_ day of August, 2017 (the "Effective Date"), by and among the following named parties (individually, a "Party," and collectively, the "Parties") whose addresses and other contact information are set forth with their respective names, to-wit:

**GRACE OIL INVESTMENTS, LLC** ("Grace")  
5027 S. 136<sup>th</sup> Avenue, Unit 605  
Tulsa, Ok 74134  
Attention: Andrey Korkunov  
Telephone: 424 362 8695  
Email: spica1962@protonmail.com

**REM PETROLEUM INVESTMENTS, LLC** ("Reznikov")  
605 W 42<sup>nd</sup> Street, Apt 33F  
New York, NY 10036  
Attention: Mikhail Reznikov  
Telephone: 917 685 3710  
Email: mreznikov@ucapgroup.net

**GALVESTON BAY PROPERTIES LLC** ("GB Properties")  
2464 FM 725  
New Braunfels, Texas 78130  
Attention: Dan Polk, President and Manager  
Telephone: 325 370 7868  
Email: [Progastx@gmail.com](mailto:Progastx@gmail.com)

**GALVESTON BAY OPERATING COMPANY LLC** ("GB Operating")  
2464 FM 725  
New Braunfels, Texas 78130  
Attention: Dan Polk, President and Manager  
Telephone: 325 370 7868  
Email: [Progastx@gmail.com](mailto:Progastx@gmail.com)

The **MEMBERS** of Galveston Bay Properties LLC  
whose signatures appear on the signature pages hereof

**W I T N E S S E T H:**

**WHEREFORE**, GB Properties is the owner of certain oil and gas leases, wells, platforms, pipelines, Railroad Commission bonds and other property and equipment covering or pertaining to lands located in the state waters of Galveston Bay, Chambers and Galveston Counties, Texas, which GB Properties acquired out of the bankruptcy of Galveston Bay Energy LLC (the "Project"). A schedule of the oil and gas leases included in the Project is attached hereto as Exhibit A. GB Properties is seeking a loan in the amount of \$2,500,000 the proceeds of which will be used to continue the development of the Project. Grace and Reznikov

(collectively, "Lenders") have agreed to join in providing the loan sought by GB Properties together with the right to acquire up to 52% of the ownership of GB Properties, GB Operating and other affiliates of these entities, including a Management Company, if one is formed for the purpose of managing the Project (collectively, the "GB Companies"). The following instrument establishes the terms and conditions of the loan to be made to GB Properties by Grace and Reznikov and sets forth the rights of Grace and Reznikov to acquire shares of the ownership of the GB Companies.

**WHEREFORE**, GB Properties is the debtor-in-possession in that voluntary chapter 11 bankruptcy proceeding filed on August 9, 2017 (the "Petition Date") styled and numbered *In re Galveston Bay Properties LLC*, In the United States Bankruptcy Court for the Western District of Texas, San Antonio Division, Case No. 17-51905-CAG (the "Bankruptcy Case" pending before the "Bankruptcy Court").

**WHEREFORE**, on August 18, 2017, the Bankruptcy Court entered that certain Interim Order (I) Authorizing Debtor to Obtain Secured, Superpriority, Postpetition Financing Pursuant to Bankruptcy Code Sections 105, 361, 362, 364(C)(1), 364(C)(2), 364(C)(3), and 364(D), and (II) Scheduling Final Hearing (the "Interim Order"). The Interim Order set a final hearing on this Agreement for September 6, 2017, at 9:00 a.m. (the "Final Hearing").

**WHEREFORE**, Grace and Reznikov are willing to make the Loan to GB Properties subject to the terms and conditions of this Agreement and subject to the terms and conditions set forth in the orders of the Bankruptcy Court approving the proposed financing.

## ARTICLE I DEFINITIONS

Capitalized terms used in this Agreement shall have the following meanings, unless defined differently elsewhere in this Agreement:

1. "DIP Bank Account" shall mean and refer to the debtor-in-possession bank account established and maintained in conformance with the guidelines and procedures of the Office of the United States Trustee.
2. "Confirmation Order" shall mean and refer to the order of the Bankruptcy Court confirming the GB Plan of Reorganization.
3. "GB Plan of Reorganization" shall mean and refer to a plan proposed by GB Properties as debtor-in-possession in the Bankruptcy Case that proposes to restructure the debts of and claims against GB Properties through its continued operations and the Option to Purchase Equity Interest contained herein below.
4. "Final Financing Order" means an order which is entered in the Bankruptcy Case by the Bankruptcy Court on motion by GB Properties, which order is in form and substance acceptable to Lender in all respects, authorizes the incurrence by GB Properties of post-petition secured and superpriority debt in accordance with this Agreement, and has not been vacated or stayed in a manner or to an extent unacceptable to Lender.

**ARTICLE II  
LOAN AGREEMENT**

1. **The Loan.** Subject to the terms and conditions of the Interim Order and entry of a Final Financing Order, Lenders agree to loan to GB Properties the sum of \$2,500,000.00 on the terms and subject to the conditions set forth in this Agreement (the "Loan"). The Parties acknowledge that the sums of \$240,000 and \$16,000.00 have been advanced prior to the execution hereof, and further advances may be made by notice from GB Properties to Lenders. The Loan shall be represented by a promissory note (the "Note"), a copy of which is attached hereto as Exhibit B, and each draw shall be noted on the reverse of the Note. The term of the Loan shall be one year from the date of funding of the Loan (the "Maturity Date"). The Note shall bear interest at the rate of 5.5% per annum. GB Properties shall have until the Maturity Date to pay to Lenders the entire Loan, together with all accrued but unpaid interest, unless Lenders elect to convert the Loan to a share of the equity ownership in the GB Companies, as provided below; provided that no amounts shall be payable on account of the Loan from the Security (defined below) or the proceeds thereof unless: (a) the senior secured allowed claim of Shadow Tree (defined below) has been repaid in full; or (b) under a concurrent repayment schedule contained in the GB Plan of Reorganization, and in no event shall amounts be payable on account of the Loan under such plan in the event of a material default under such plan in the treatment of Shadow Tree's allowed claim. No provision in this paragraph prohibits or limits the Lenders' ability to exercise their conversion rights set forth in this Agreement.

2. **Use of Loan Proceeds.** The proceeds of the Loan shall be advanced by the Lenders and deposited in the DIP Bank Account (except for the Prior Advance which was deposited in the IOLTA of GB Properties proposed counsel) and shall be used by GB Properties during the Bankruptcy Case exclusively for the following purposes: (1) to pay expenses as identified in the budget approved by the Lender, through November 3, 2017, as such budget may be modified, extended or supplemented from time to time with Lender's prior written consent and as approved by the Bankruptcy Court in the Interim Order and any final order (the "Budget"); (2) to pay pre-Petition Date obligations of GB Properties expressly approved by Lenders and authorized by the Bankruptcy Court; (3) to pay fees payable by GB Properties to the office of the United States Trustee; (3) to pay fees and expenses of professionals retained by GB Properties to the extent consistent with the Budget and subject to all necessary authorizations by the Bankruptcy Court; and (4) to pay other expenses authorized by the Bankruptcy Court in orders that are reasonably acceptable to Lenders and entered in the Bankruptcy Case.

3. **Prior Advances.** The Parties acknowledge that GB Properties has issued to Grace a promissory note in the original principal amount of \$240,000 dated August 18, 2017 (the "\$240K Note"). With the execution of this Agreement, the \$240K Note is deemed terminated and of no further force and effect, and the sum of \$240,000 shall be deemed to have been delivered to GB Properties in advance of the execution of this Agreement and shall be deemed to be a portion of the Loan. In addition, the Parties acknowledge that Lenders have advanced to GB Properties the sum of \$16,000 prior to the execution hereof. Accordingly, the funding of the Loan after the execution of this Agreement shall be limited to the sum of \$2,244,000, upon the delivery of which to GB Properties, the Loan shall be deemed fully funded.

4. **Security.** The Loan shall be secured by GB Properties' grant to Lenders of a deed of trust lien covering all of the oil and gas leases included in the Project and described on Exhibit A (the "Mortgaged Property") together with a perfected security agreement covering all equipment,

proceeds of production and other personalty related to the Project (collectively, the "Security Documents"), the same being all of the property acquired by GB Properties from Galveston Bay Energy LLC, its predecessor in interest. The liens granted by the Security Documents shall be subject to the terms and limitations of paragraph 5 of the Interim Order entered in the Bankruptcy Case by the Bankruptcy Court on August 18, 2017, including, without limitation, the superior liens of and subordinate only to the existing valid, perfected pre-petition liens of Shadow Tree Capital Management LLC, Shadow Tree Funding Vehicle A-Hydrocarb LLC, Quintium Private Opportunities Fund LP, and Samuel Gradess, Trustee (collectively, "Shadow Tree"), and Texas General Land Office, Texas Railroad Commission, and Archrock Partners Operating LLC ("Archrock"), including its liens filed or perfected postpetition by Archrock as permitted by section 546(b) of the Bankruptcy Code (collectively, the "Non-Primed Liens"). The Bankruptcy Court has entered the Interim Order approving the liens and security interests granted to Lenders pursuant to the provisions of this Article I, Section 4, and the Final Order shall authorize the same. It is expressly acknowledged and agreed that the Loan shall not be secured by any claims or causes of action under Sections 544, 545, 547, 548 and 550 of the Bankruptcy Code (the "Avoidance Actions"), (in each case as the foregoing are defined in the Uniform Commercial Code as in effect from time to time in the State of Texas (and, if defined in more than one Article of such Uniform Commercial Code, shall have the meaning given in Article 9 thereof)) and any and all commercial tort claims, including, without limitation, any and all D&O claims and claims against or covered by directors and officers insurance policies, if any, and any and all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing exceptions to the DIP Collateral (in each case as the foregoing are defined in the Uniform Commercial Code as in effect from time to time in the State of Texas (and, if defined in more than one Article of such Uniform Commercial Code, shall have the meaning given in Article 9 thereof)) (the "Excluded Collateral").

5. **Closing.** The closing of the Loan transaction contemplated herein (the "Loan Closing ") shall occur simultaneously with the execution of this Agreement by all signatory Parties, and the Effective Date (as inserted in the opening paragraph of this Agreement), shall be the date that the last of the Parties executes a counterpart hereof, the Note and Security Documents are executed and delivered by the GB Companies, and the Loan is funded by Lenders. The funding of the loan shall occur as soon as possible following the Loan Closing and final bankruptcy court approval on or after September 6, 2017; provided, however, that the amount of \$1,278,942 approved in the Interim Order, less the prior advanced amount of \$240,000, was approved in the Inteirm Order and shall be wired by Lenders such that it is actually received by the GB Properties no later than noon on Monday, August 28, 2017.

6. **Method of Requesting Advances.**

- a. **Making Requests.** Each request for funding under the Loan shall be in writing, shall be made on a business day, and shall specify (i) the date for the advance under the Loan, which date must be a business day; (ii) lawful instructions for the disbursement of the proceeds of such advance into the DIP Bank Account; (iii) identification of the Budget item(s) for which the advance is requested; and (iv) such other information Lenders may reasonably require from time to time related to the requested advance.
- b. **Timing and Acceptance of Requests.** Requests which Lenders receive after 12:00 noon (prevailing Austin, Texas time) shall be deemed received on the next business day. Lenders shall make such advance under the Loan in immediately available funds within five (5) days of the date on which the advance request is deemed to have been received, subject to such delays as Lender may reasonably require to confirm that all conditions precedent to making such advance under the Agreement have



been satisfied or waived by Lender. In no event shall Lenders be required to make any advance that would cause the aggregate advances to exceed the Loan.

7. **Reorganization Efforts.** GB Properties shall file the GB Properties Plan of Reorganization on or before August 31, 2017, and shall use best efforts to have a confirmation hearing set to occur on or before November 3, 2017.

8. **Representations and Warranties.** In order to induce Lenders to enter into this Agreement and make the Loan, GB Properties represents and warrants to Lenders as follows:

- a. **Authority.** Subject to the Interim Order and entry of the Final Order, GB Properties possesses all requisite authority, power, licenses, permits, and franchises to conduct GB Properties' business and to execute, deliver, and perform and comply with the terms of this Agreement, the Note, and the Security Documents, to mortgage, grant, bargain, sell, pledge, assign, convey, transfer, and set over the Mortgaged Property and to grant and create the liens contemplated in this instrument and the other Security Documents and for which no approval or consent is required which has not been obtained. The address of GB Properties is as set forth in the opening paragraph of this Agreement. GB Properties has no other principal place of business. All current records pertaining to GB Properties' accounts receivable (including computer records) are kept at the office of James Linnemann, CPA, at 4632 O Connor Ct., Irving, TX 75062-3781.
- b. **Authorization; Consent.** Subject to the Interim Order and entry of the Final Order, the execution, delivery and performance of this Agreement, the Note and the Security Documents have been duly authorized by all necessary action by GB Properties and do not and will not (i) violate any provision of any laws applicable to GB Properties, or any order, judgment or decree of any court or other agency of government binding on GB Properties; (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any contractual obligation of GB Properties, other than any such breach which will not, collectively or individually, cause a Material Adverse Effect, as defined below, and except those agreements for which appropriate waivers or consents have been obtained and which are in full force and effect and copies of which have been provided to Lenders; (iii) result in or require the creation or imposition of any lien upon any of the properties or assets of GB Properties (other than in favor of Lenders); or (iv) require any approval, authorization or declaration of, or to, any other person except for those persons from whom appropriate consents or approvals have been obtained and which are in full force and effect and copies of which have been provided to Lenders.
- c. **Binding Obligations.** Subject to the Interim Order and entry of the Final Order, this Agreement, the Note and the Security Documents, when executed and delivered will be, legal, valid and binding obligations of GB Properties enforceable in accordance with their respective terms except as the enforceability of same may be limited by the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.
- d. **Financial Condition.** The financial information pertaining to GB Properties previously delivered to Lenders fairly presents the financial position of each of GB Properties as

of the date thereof. There has been no material adverse change in the condition, financial or otherwise, of GB Properties since the date such information was provided to Lenders.

- e. Title, Etc. GB Properties has good and defensible title in and to all properties included in the Project free and clear of all liens except liens indicated on Schedule II-8-e
- f. Liabilities; Litigation. (i) GB Properties has no Debt, except as indicated on Schedule II-8-f (which includes a balance sheet for GB Properties prepared by James O. Linnemann), and (ii) there is no litigation, legal, administrative or arbitral proceeding, investigation or other action of any nature pending or, to the knowledge of GB Properties, threatened against or affecting GB Properties or threatened against or affecting any property owned or leased by GB Properties which, if determined adversely against GB Properties, will have a Material Adverse Effect, except as set forth on Schedule II-8-f.
- g. Taxes; Governmental Charges. GB Properties has filed all tax returns (federal, state and local) and reports required to be filed and has paid all taxes, assessments, fees and other governmental charges levied upon GB Properties or upon any of GB Properties' properties or income which are due and payable.
- h. Licenses and Permits. Except where the failure to do so would not result in a Material Adverse Effect, GB Properties possesses all governmental and regulatory licenses, permits, franchises and authorizations material to the conduct of GB Properties' business. All such leases, licenses, permits, franchises and authorizations in any manner related to the property or business of GB Properties and all other instruments, documents and agreements pursuant to which GB Properties has obtained the right to use any property are in good standing, valid and effective in accordance with their respective terms, and there is not under any of such leases, instruments, documents or agreements any existing breach or default, nor has there occurred any event that (with or without the giving of notice of lapse of time, or both) would constitute a breach or default and result in a Material Adverse Effect.
- i. Defaults. GB Properties is not in default under, nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a default under, any loan or credit agreement, indenture, mortgage, deed of trust, security agreement or other instrument or agreement evidencing or pertaining to any debt of GB Properties or under any contract or instrument to which GB Properties is a party or by which GB Properties is bound including, without limitation, any oil and/or gas lease, operating agreement, unitization agreement or other similar agreement for the production of hydrocarbons.
- j. Environmental. (i) Except for matters which would not have a Material Adverse Effect on GB Properties, all of its properties, assets and operations are in full compliance with all environmental laws. GB Properties is not aware of, and has not received notice of, any past, present, or future conditions, events, activities, practices, or incidents which may interfere with or prevent the compliance or continued compliance in all material respects by GB Properties with all environmental laws; (ii) GB Properties has obtained all permits, licenses, and authorizations which are required under all environmental laws applicable to their respective businesses and properties; and (iii)

there is no action, suit, proceeding, investigation, or inquiry before any court, administrative agency, or other governmental authority pending or, to the knowledge of GB Properties, threatened against GB Properties relating in any way to any environmental law.

- k. **Material Adverse Effect.** For purposes of this Agreement, "Material Adverse Effect" means any set of circumstances or events which (i) will or could reasonably be expected to have any adverse effect whatsoever upon the validity, performance, or enforceability of this Agreement or the other Security Documents, (ii) is or could reasonably be expected to be material and adverse to the financial condition of GB Properties, or (iii) will or could reasonably be expected to impair the ability of GB Properties to fulfill its obligations under the terms and conditions of this Agreement or the other Security Documents. To be material and adverse, the degree or gravity of the circumstances or events must be more than trivial or inconsequential; the events or circumstances must entail a measure of seriousness, significant extent or substantial impact so as to effect or threaten to effect consequences not promptly and easily remedied.

**9. Reporting requirements.** GB Properties will report to Lenders on a monthly basis, prior to the fifteenth day of each calendar month regarding the activities of the preceding calendar month, including the financial status of the GB Companies, the application of the proceeds of the Loan and the progress and results of operations on the Project. Such reports will contain such financial and production data as Lenders may reasonably require.

**10. Events of Default.** The Events of Default are described in the Note and are hereby incorporated into this Agreement by this reference.

**11. Rights and Remedies.** Upon the occurrence of an Event of Default, Lenders may exercise any or all of the following rights and remedies:

- a. By notice to GB Properties, declare the entire unpaid principal amount of the Note outstanding, all interest accrued and unpaid thereon, and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Note, all such accrued interest and all such amounts shall become and be forthwith due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by GB Properties.
- b. Exercise or enforce any or all other rights or remedies available to Lenders by applicable law, agreement or otherwise.

### **ARTICLE III CONVERSION RIGHTS**

**1. Conversion Right.** On or before forty-five (45) days following dismissal of the Bankruptcy Case or entry of the Confirmation Order (the "18.5% Conversion Deadline"), Lenders shall have the option to convert the Loan to an 18.5% share (the "18.5% Conversion"), on a fully diluted basis, of the equity ownership of the GB Companies. If Lenders simultaneously elect (or have otherwise already elected) to exercise the 33.5% Right provided for below, the aggregate equity ownership interest of Lenders in the GB Companies, on a fully diluted basis, will be 52%. To exercise the right to convert the Loan

prior to the 18.5% Conversion Deadline, Lenders shall give notice to GB Properties of their election to convert the Loan to an 18.5% share of the equity ownership of the GB Companies. Promptly following its receipt of such notice, the GB Companies shall (w) redeem from the owners of the GB Companies shown on the signature pages of this Agreement (the "Owners of the GB Companies") all of their units of ownership and (x) in a simultaneous transaction, deliver to Grace and Reznikov, or any other entity designated by Mikhail Reznikov, the sole Member of Reznikov, in the proportions set forth in the attached Schedule III -1 (or in such proportions as directed by them; the allocations between and among Grace and Reznikov may be in any proportion they may direct in the notice, including an allocation of zero interest to any of them) membership units in each of the GB Companies representing an 18.5% share of the equity ownership therein, (y) deliver to the Owners of the GB Companies certificates representing their shares of the equity ownership of the GB Companies as diluted by the issuance to Grace, and Reznikov as set forth in the attached Schedule III -1 and (z) cause the corporate records of each of the GB Companies to be adjusted to reflect the extinguishment of the Loan, the cancellation of the units of ownership of Owners of the GB Companies and the issuance of to each of Grace and Reznikov (or any of them) membership units representing 18.5% of the equity ownership of the GB Companies in the shares as indicated in the notice and issuance to each of the Owners of the GB Companies their fully diluted interests.

If the 18.5% Conversion is implemented without the exercise of the 33.5% Right, or if the 18.5% Conversion and the exercise of the 33.5% Right occur simultaneously, the calculation of the equity ownership shares of all members of the GB Companies after the 18.5% Conversion alone or with the exercise of the 33.5% Right shall be as set forth in the attached Schedule III -1.

Except as otherwise provided in GB Properties' Plan of Reorganization confirmed by the Bankruptcy Court, and as otherwise subject to all necessary approvals of the Bankruptcy Court in the Bankruptcy Case, and in no manner prohibited by the Bankruptcy Code or other applicable law: (1) on the first anniversary of the exercise of the 18.5% Conversion (but not the 33.5% Right), to the extent that funds are available for the same, GB Properties will distribute to Clow Partners the sum of \$1,040,625; or (2) to the extent that there are insufficient funds to make such distribution, GB Properties will grant to Clow Partners a production payment in the amount of the unpaid portion of the \$1,040,625 (the "Obligation") which shall be paid out of 75% of the production revenues from the Project to which GB Properties is entitled after payment of royalties and current operating expenses. The Obligation shall accrue interest at the rate of 5.5% per annum, compounded annually, from and after the issuance of the Obligation, until paid in full, and shall be memorialized in a document substantially in the form of that attached hereto as Exhibit D, to be recorded in Chambers and Galveston Counties, Texas.

Except as otherwise provided in GB Properties' Plan of Reorganization confirmed by the Bankruptcy Court, and as otherwise subject to all necessary approvals of the Bankruptcy Court in the Bankruptcy Case, and in no manner prohibited by the Bankruptcy Code or other applicable law: (1) On the first anniversary of the exercise of both the 18.5% Conversion and the 33.5% Right, to the extent that there are insufficient funds to make such distribution, GB Properties will distribute to Clow Partners the sum of \$2,925,000; or (2) to the extent that there are insufficient funds to make such distribution, GB Properties will grant to Clow Partners a production payment in the amount of the unpaid portion of the \$2,925,000, which shall be deemed the Obligation and shall be paid out as described above.

To secure the performance of the 18.5% Conversion by the Owners of the GB Companies, upon the execution of this Agreement, the Owners of the GB Companies will deliver to an escrow agent selected by Equity Purchasers and the Owners of the GB Companies the following:

- a. Resolutions executed by all Owners of the GB Companies authorizing cancellation of all certificates representing units of ownership originally issued to the Owners of the GB Companies;
- b. A set of newly prepared certificates representing 100% of the equity ownership of each of the GB Companies in the following denominations representing the exercise of the 18.5% Conversion:

Grace	9.25
REM	9.25
Clow Partners	56.50
Polk Family Partnership LP	16.00
Westwood	3.00
Rubicon	3.00
Prospect	3.00
<b>Total:</b>	<b>100.00</b>

provided, however, that any delivery of membership units to Clow Partners and Polk Family Partnership LP shall be and is expressly subject to all necessary approvals of the Bankruptcy Court in the Bankruptcy Case, including through a confirmed plan of reorganization, and may be in no manner prohibited by the Bankruptcy Code or other applicable law.

**ARTICLE IV  
OPTION TO PURCHASE EQUITY INTEREST**

1. **Purchase right.** In addition to the 18.5% Conversion and in consideration of their making the Loan, and subject to confirmation of the GB Properties Plan of Reorganization implementing and authorizing such grant, GB Properties and the Owners of the GB Companies grant to each of Grace, Reznikov and Great People TX, Inc. ("Great People") (collectively, the "Equity Purchasers") the right to acquire 33.5% of the equity ownership of the GB Companies (the "33.5% Right"), on a fully diluted basis, in the proportions set forth in the attached Schedule IV -1 (or in such proportions as directed by them in a notice to GB Properties of their intention to exercise the right granted herein; the allocations between and among Grace, Reznikov and Great People may be in any proportion they may direct in the notice, including an allocation of zero interest to any of them. Clow Partners shall be allocated the entire reduction of its ownership interests in the GB Companies. If both the 18.5% Conversion and the exercise of the 33.5% Right occur, the allocation of the units of ownership shall be as set forth on Schedule III -1. If the Equity Purchasers elect only to exercise the 33.5% Right, the allocation of the reduction of the ownership interests of Clow Partners and the allocation of the units of ownership attributable to the 33.5% Right shall be as set forth on Schedule IV -1 below. In the event that Equity Purchasers elect not to exercise the 33.5% Right, or elect to exercise less than all of such right (the unclaimed portion thereof shall be reallocated to Clow Partners), GB

Properties shall be authorized to market the portion of the 33.5% Right not exercised by Equity Purchasers by offering for sale the units of ownership not claimed by Equity Purchasers, or comparable interests in the properties of GB Properties (by sale or farmout or other form of trade) or by obtaining a loan and utilizing the assets of GB Properties as collateral therefor.

2. **Closing date.** The date of the exercise of the 33.5% Right (the "Closing Date") shall be no later than the fifteenth (15th) day following dismissal of the Bankruptcy Case or Confirmation of GP Properties Plan of Reorganization implementing and authorizing the purchase right.
3. **Equity Purchase Price.** The exercise price (the "Equity Purchase Price") for the exercise of the 33.5% Right is the sum of \$4,500,000 to be delivered to GB Properties on the Closing Date.
4. **Application of Proceeds.** The entire Equity Purchase Price shall be devoted to the continued development of the Project in accordance with the Development Plan and, subject to confirmation by the Bankruptcy Court, the implementation of GB Properties Plan of Reorganization. Except as otherwise provided in GB Properties' Plan of Reorganization confirmed by the Bankruptcy Court, and as otherwise subject to all necessary approvals of the Bankruptcy Court in the Bankruptcy Case, and in no manner prohibited by the Bankruptcy Code or other applicable law: (1) On the first anniversary of the exercise of the 33.5% Right (without the 18.5% Conversion), to the extent that funds are available for the same, GB Properties will distribute to Clow Partners the sum of \$1,884,375; or (2) to the extent that there are insufficient funds to make the entire payment, GB Properties will grant to Clow Partners a production payment in the amount of the unpaid portion of the \$1,884,375 which shall be paid out of 75% of the production revenues from the Project to which GB Properties is entitled after payment of royalties and current operating expenses (for the avoidance of doubt, only one payment in the amount of either \$1,040,625, \$2,925,000, or \$1,884,375 will be made to Clow Partners in case of one of the scenarios takes place: 18.5% Conversion only, joint 18.5% Conversion and exercise of the 33.5% Right, and exercise of the 33.5% Right (without the 18.5% Conversion), respectively.) Such payment shall be deemed the Obligation set forth in Article III above. As provided above in Article III, the Obligation shall accrue interest at the rate of 5.5% per annum, from and after the issuance of the Obligation, compounded annually, until paid in full, and shall be memorialized in a document substantially in the form of that attached hereto as Exhibit D, to be recorded in Chambers and Galveston Counties, Texas,
5. **Security for exercise of the 33.5% Right.** In order secure the performance by the Owners of the GB Companies upon the exercise of the 33.5% Right by the Equity Purchasers, upon the execution of this Agreement, the Owners of the GB Companies will deliver to an escrow agent selected by Equity Purchasers and the Owners of the GB Companies the following:
  - a. Resolutions executed by all Owners of the GB Companies authorizing cancellation of all certificates representing units of ownership originally issued to the Owners of the GB Companies;
  - b. Two sets of newly prepared certificates representing 100% of the equity ownership of each of the GB Companies in the following denominations, one representing the exercise of only the 33.5% Right and one representing the exercise of both the

18.5% Conversion and the 33.5% Right:

<u>The 33.5% Right set</u>	<u>No. Units</u>
Grace	24.94
REM	5.58
Great People	2.98
Clow Partners	41.50
Polk Family Partnership LP	16.00
Westwood	3.00
Rubicon	3.00
Prospect	3.00
<b>Total:</b>	<b>100.00</b>

and

<u>Both 18.5% Conversion and 33.5% Right</u>	<u>No. Units</u>
Grace	34.17
REM	14.86
Great People	2.97
Clow Partners	23.00
Polk Family Partnership LP	16.00
Westwood	3.00
Rubicon	3.00
Prospect	3.00
<b>Total:</b>	<b>100.00</b>

The Resolutions and the two (2) sets of certificates shall be held by such escrow agent pending the exercise by the Equity Purchasers prior to the expiration of the term within which such rights must be exercised of either (A) only the 33.5% Right or (B) both the 33.5% Right and the 18.5% Conversion. The delivery of such membership units into escrow and the release of the same from escrow shall be pursuant to the GB Plan of Reorganization, the Confirmation Order, and the terms and provisions of an escrow agreement in substantially the same form as that attached hereto as Exhibit E; provided, however, that any delivery of membership units to Clow Partners and Polk Family Partnership LP shall be and is expressly subject to all necessary approvals of the Bankruptcy Court in the Bankruptcy Case, including through a confirmed plan of reorganization, and may be in no manner prohibited by the Bankruptcy Code or other applicable law.

The allocations of the units of ownership set forth in the tables above may be revised among the Owners of the GB Companies, on one hand, or among the Equity Purchasers, on the other, the foregoing tables and deliveries of certificates being intended to provide security for the performance by the Owners of the GB Companies with respect to the equity purchases contemplated in this Agreement.

- 6. Purchases of ownership of GB Properties and the Management Company.** Simultaneously with the exercise of the 18.5% for 33.5% Right, the GB Companies will cause similar ownership interests to be conveyed to Equity Purchasers in the same allocations, of a fully diluted basis. The capitalization of each of such entities will be

adjusted for the conveyances, and the consideration for each such conveyance shall be deemed to be ten dollars and other good and valuable consideration.

7. **Continued operations after equity purchase.** Not less than sixty (60) days and not more than ninety (90) days prior to the Closing of the exercise of the 33.5% Right, GB Operating will make a presentation to Equity Purchasers of a Development Plan for the Project for the six months following the Closing date setting forth the proposed operations, the estimated budget therefor and the expected results thereof together with a report setting forth the results of operations on the Project during the preceding six months. The Equity Purchasers shall have thirty (30) days following the presentation to elect:
- o To implement the Development Plan presented by GB Operating;
  - o To request revisions to the proposed Development Plan which are acceptable to GB Properties; or
  - o To refuse to implement the proposed Development Plan.

Not less than thirty (30) days and not more than sixty (60) days prior to the expiration of a Development Plan then in effect, GB Operating will present a Development Plan for the next succeeding six-month period.

An election to implement a proposed Development Plan, as the same may be revised by the agreement of the Parties, will obligate the Parties to bear their respective shares of the costs and expenses of the operations included in the Development Plan.

Despite negotiations in good faith, if no agreement regarding the proposed Development Plan for the next succeeding six-month term is reached by the Parties within thirty (30) days of the presentation of the plan to the Equity Purchasers, then all subsequent operations will be undertaken on a well-by-well basis (subject to completion of the expiring Development Plan and the operations being undertaken pursuant thereto).

8. **Supplements to Company Agreements of the GB Companies.** Upon the exercise by Lenders/Equity Purchasers of any right to acquire membership interests in the GB Companies, the Parties shall enter into a supplement to the company agreement of each of the GB Companies in order to establish the following, unless the Parties decide to formulate new company agreements for the GB Companies prior to the exercise of any right to acquire membership interests in the GB Companies:
- a. The operational personnel of the GB Companies will not be changed without the consent of Dan Polk, and Dan Polk shall be designated the CEO of GB Properties and shall be authorized to exercise all management authority necessary to manage, direct and supervise the implementation by GB Operating of the Development Plan adopted by the owners of GB Properties, as the same may be modified and extended from time to time.
  - b. The interests of all members of the GB Companies will be subject to restrictions on transfer such that any member desiring to sell any interest in any of the GB Companies must first offer the interest to be sold to the other members, *pro rata*. In addition, if a Major Member, as defined below, elects to sell and obtains an offer it is willing to accept, all other members will have the right to join in the sale on the same terms. If Clow Partners sells any interest to a third party, Clow Partners must retain sufficient interest to be able to comply with the obligation to provide to the Equity Purchasers



the ownership interests to which Equity Purchasers may be entitled upon the exercise of the 18.5% Conversion or the 33.5% Right.

- c. No new Members will be accepted by any of the GB Companies without the consent of the existing members, except any purchaser of a membership interest from Clow Partners.
- d. Grace, Reznikov and Polk Family Petroleum LP (the "Major Members") will agree on the compensation to be paid to the executives of the GB Companies.
- e. Dan Polk, as the representative of GB Properties, shall be given sole authority to hire and fire employees, consultants and contractors of GB Operating and to establish their compensation arrangements.

## ARTICLE V MISCELLANEOUS

1. **Notices.** Any notice required to be given pursuant to this Agreement shall be in writing and shall be delivered in person, or by private courier service, with written receipt of acceptance returned to the sender, or via registered mail, return receipt requested, postage prepaid, or by telecopier (with confirmation of receipt by telecopier sent within four (4) hours of completion of transmission with the result that if there is no such confirmation of receipt by telecopy, the original notice sent by telecopier shall *not* be deemed effective notice) to each of the Parties at the address, or at the telecopier number, set forth in the opening paragraph or on the signature pages of this Agreement. The agent for receipt of any notice shall be the individual who has executed this Agreement on behalf of each of the Parties. The agent and/or address for each of the Parties may be unilaterally altered by either Party upon providing written notice thereof to the other Party. Notice shall be deemed delivered when received at each of the addresses set forth in the opening paragraph of this Agreement, except with respect to telecopies, which shall be deemed received as provided above in this section. The email addresses given on the initial page of this Agreement are for the convenience of the Parties but are not usable for purposes of this section.
2. **Miscellaneous.**
  - a. This Agreement, the Note and the Security Documents contain the entire understanding of the Parties, and there is no other agreement, either oral or written, between them governing the subject matter hereof. Subject to any necessary Bankruptcy Court approvals, this Agreement may be amended by the consent of all of the Parties to a written document setting forth the amendment. Any amendment must be executed only by duly authorized officers of each of the Parties. No rights of either of the Parties may be waived without a written waiver signed by the Party sought to be charged with the waiver.
  - b. This Agreement may be executed in one or more original, facsimile or electronic counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same document. In making proof of this Agreement, it shall not be necessary to produce nor to account for all counterparts hereof, and it shall be sufficient to produce but one counterpart

original hereof executed by the Party sought to be charged thereby. The Parties specifically intend that this Agreement may be executed by facsimile or by the exchange of documents in electronic format in accordance with the Uniform Electronic Transactions Act (Tex. Bus. & Com. Code Sec. 43.001 *et seq.*).


- c. If any provision of this Agreement or the application thereof is determined to be invalid or unenforceable, the remainder of this Agreement and other applications of the provision shall not be affected thereby, and this Agreement shall be deemed amended to eliminate the invalid or unenforceable provision insofar as it has any impact upon the other provisions of this Agreement.
- d. The failure of any Party to seek redress for any violation, or to insist upon the strict performance, of any provision of this Agreement shall not prevent any Party from seeking redress for any subsequent act, or failure to act, or to insist upon the strict performance of this Agreement. No single or partial exercise by a Party of any right or remedy hereunder shall preclude other or further exercise thereof or the exercise of any other right or remedy.
- e. This Agreement shall be governed by the laws of the State of Texas and the United States of America. Any legal action or proceeding with respect to this Agreement or any of the transactions contemplated herein shall be brought in the Bankruptcy Court, and by execution and delivery of this Agreement, each Lender accepts for itself and expressly consents to the jurisdiction of the Bankruptcy Court. Notwithstanding the foregoing, if the Bankruptcy Case is dismissed or closed, or if the Lenders obtain relief from the automatic stay or are otherwise authorized to enforce their remedies hereunder or under applicable law while any event of default exists, any legal action or proceeding shall be brought in any state or federal court of competent jurisdiction located in Comal County, Texas or the Western District of Texas.
- f. This Agreement shall be binding upon and shall inure to the benefit of each of the Parties and their respective successors and assigns.
- g. Time is of the essence of this agreement.

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IN WITNESS WHEREOF, this Agreement is executed effective as of the Effective Date as provided above

**LENDERS**

GRACE OIL INVESTMENTS, LLC

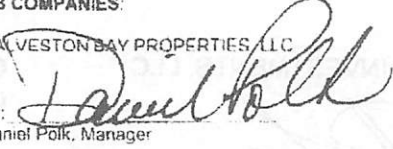
By:   
Andrey Korkunov, Manager

REM PETROLEUM INVESTMENTS, LLC


By:   
Mikhail Reznikov, Manager

**GB COMPANIES:**

GALVESTON BAY PROPERTIES, LLC

By:   
Daniel Polk, Manager

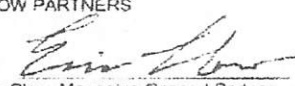
GALVESTON BAY OPERATING COMPANY, LLC

By:   
Craig Alexander, President and Manager

**OWNERS OF THE GB COMPANIES:**


Galveston Bay Properties LLC:

**CLOW PARTNERS**

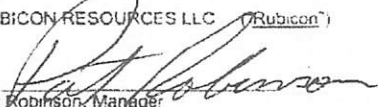
By:   
Eric Clow, Managing General Partner

POLK FAMILY PETROLEUM, L.P.

By: POLK FAMILY PARTNERS, LLC

By:   
Kaisea Polk, Manager

RUBICON RESOURCES LLC ("Rubicon")

By:   
Pat Robinson, Manager

WESTWOOD ENERGY LLC ("Westwood")

By:   
James O. Linnebach, Manager

IN WITNESS WHEREOF, this Agreement is executed effective as of the Effective Date as provided above.

**LENDERS:**

GRACE OIL INVESTMENTS, LLC

By: \_\_\_\_\_  
Andrey Korkunov, Manager

REM PETROLEUM INVESTMENTS, LLC

By: \_\_\_\_\_  
Mikhail Reznikov, Manager

**GB COMPANIES:**

GALVESTON BAY PROPERTIES, LLC

By: \_\_\_\_\_  
Daniel Polk, Manager

GALVESTON BAY OPERATING COMPANY, LLC

By: \_\_\_\_\_  
Craig Alexander, President and Manager

**OWNERS OF THE GB COMPANIES:**

**Galveston Bay Properties LLC:**

CLOW PARTNERS

By: \_\_\_\_\_  
Eric Clow, Managing General Partner

POLK FAMILY PETROLEUM, L.P.

By: POLK FAMILY PARTNERS LLC

By: \_\_\_\_\_  
Kelsea Polk, Manager

RUBICON RESOURCES LLC ("Rubicon")

By: \_\_\_\_\_  
Pat Robinson, Manager

WESTWOOD ENERGY LLC ("Westwood")

By: \_\_\_\_\_  
James O. Linnemann, Manager

PROSPECT OIL COMPANY LLC ("Prospect")

By: Walter H. Walne, III  
Walter H. Walne, III, Manager

**Galveston Bay Operating Company, LLC:**

INBAY OPERATING COMPANY INC.

By: \_\_\_\_\_  
Kelsea Polk, President

**Attachments:**

Schedule II-8-e Permitted liens.

Schedule II-8-f Liabilities; Litigation

Schedule III -1 Equity ownership of the GB Companies following the 18.5% Conversion or following the 18.5% Conversion and the exercise of the 33.5% Right

Schedule IV -1 Equity ownership of the GB Companies following the exercise of the 33.5% Right but not the 18.5% Conversion

Exhibit A - Schedule of the oil and gas leases included in the Project

Exhibit B – Copy of the Promissory Note

Exhibit C – Application of proceeds of the Loan

Exhibit D – Form of Production Payment

Exhibit E – Form of Escrow Agreement

**Schedule II-8-e Permitted liens**

The Non-Primed Liens

**Schedule II-8-f Liabilities; Litigation**

Cause No. 17-08-09550; Shadow Tree Capital Management LLC, et al v. Galveston Bay Properties, LLC., et al; in the 284th Judicial District of Montgomery County District Court (stayed by the bankruptcy proceeding; see below)

Case No. 17-51905-CAG; Chapter 11; *In Re: Galveston Bay Properties LLC, Debtor*; In The United States Bankruptcy Court for the Western District of Texas, San Antonio Division

**Schedule III -1 Equity ownership of the GB Companies following only the 18.5% Conversion or both the 18.5% Conversion and the exercise of the 33.5% Right**

After 18.5% Conversion without exercise of 33.5% Right		Distribution to Clow Partners
Grace	9.25	
Reznikov	9.25	
Clow Partners	56.50	\$1,040,625
Polk Family Partnership LP	16.00	
Westwood	3.00	
Rubicon	3.00	
Prospect	3.00	
<b>Total:</b>	<b>100.00</b>	

After 18.5% Conversion AND exercise of 33.5% Right		Distribution to Clow Partners
Grace	34.17	
Reznikov	14.86	
Great People	2.97	
Clow Partners	23.00	\$2,925,000
Polk Family Partnership LP	16.00	
Westwood	3.00	
Rubicon	3.00	
Prospect	3.00	
<b>Total:</b>	<b>100.00</b>	

**Schedule IV -1 Equity ownership of the GB Companies following only the exercise of the 33.5% Right**  
Partners Distribution to Clow

Grace	24.94	
Reznikov	5.58	
Great People	2.98	
Clow Partners	41.50	\$1,884,375
Polk Family Partnership LP	16.00	
Westwood	3.00	
Rubicon	3.00	
Prospect	3.00	
<b>Total:</b>	<b>100.00</b>	

Exhibit A

Schedule of the oil and gas leases included in the Project

[Attached]

Page 1

**Exhibit A - Part 1A  
Leases**

Mineral File No.	GBE File Number	Lease Name	Field Name	Lessor	Lessee	Lease Date	Recording	Description
MF 030081	100-0001-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	6/11/1945	Vol. 99, Pg. 267	640 acres being ST 18-19A, Galveston & Turtle Bays from surface to 8500'
MF 030082	100-0002-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	6/11/1946	Vol. 99, Pg. 271	640 acres being ST 22-23A, Galveston & Turtle Bays From surface 8500'
MF 030094	100-0003-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	6/11/1946	Vol. 99, Pg. 404	303 acres being ST 21A, Galveston & Turtle Bays from surface to 8500'
MF 033740	100-0004-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 532	640 acres being ST 14-15B, Galveston Bay from surface to 8500'
MF 033743	100-0005-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 544	640 acres being ST 18-19B, Galveston Bay from surface to 8500'
MF 033746	100-0006-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 552	640 acres being ST 22-23B, Galveston Bay from surface to 8500'
MF 033749	100-0007-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 564	303 acres being ST 25A, Galveston Bay from Surface to 8500'
MF 033750	100-0008-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 568	320 acres being ST 25-B, Galveston Bay from surface to 8500'
MF 033751	100-0009-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 572	640 acres being ST 26-27A, Galveston Bay, less 70 acres being the S/2 SW/4 NW/4 NS/4 SW/4 & N/2 N/2 SW/4 SW/4 leaving 570 acres, more or less, from surface to 8500'
MF 033752	100-0010-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 576	640 acres being ST 26-27A, Galveston Bay, less 140 acres being the S/2 S/2 NE/4 N/2 SE/4 & N/2 S/2 SE/4 leaving 500 acres, more or less, from surface to 8500'
MF 033753	100-0011-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 580	454.211 acres according to resurvey but called 540 acres being ST 28-B, Galveston Bay, from surface to 8500'
MF 033754	100-0012-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 584	405.464 acres according to resurvey but called 477 acres being ST 29-B Galveston Bay from surface to 8500'
MF 033755	100-0013-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 588	486.56 acres according to resurvey but called 606 acres being ST 29-32A Galveston Bay from surface to 8500'
MF 034332	100-0014-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	6/13/1949	Vol. 119, Pg. 616	303 acres being ST 24A, Galveston Bay from Surface to 8500'
MF 034334	100-0015-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	6/13/1949	Vol. 119, Pg. 612	303 acres being ST 28A Galveston Bay from surface to 8500'
MF 038504	100-0016-000	Trinity Bay State Unit 18	Trinity Bay	State of Texas	Humble Oil & Refining Co.	3/12/1952	Vol. 142, Pg. 16	1198 acres being ST 22-23C Trinity Bay from surface to 8500'
MF 037662	100-0017-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Union Oil Co of California	10/10/1951	Vol. 141, Pg. 585	640 acres being ST 18-19C Trinity Bay from surface to 8500'
MF 044166	100-0018-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	5/10/1955	Vol. 167, Pg. 388	W 160 acres being ST 32-B Trinity Bay being that Portion included in the Trinity Bay Field Unit as established by Pooling Agreement dated 10/4/57 recorded in Vol. 195, pg 432 from surface to 8500'
MF 048045	100-0019-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	6/10/1957	Vol. 194, Pg. 34	W 160 acres being the W/2 ST 24-B Trinity Bay being that Portion included in the Trinity Bay Field Unit as established by Pooling Agreement dated 10/4/57 recorded in Vol. 195, pg 432 from surface to 8500'
MF 096828	101-0001-000	West Fishers Reef State Tract 2-3A	Fishers Reef	State of Texas	Vintage Petroleum Inc.	10/3/1995	File No. 95 284 730	240 acres out of 320 acres being the NE/2 of ST 2-3A Trinity Bay as shown on the official map of Trinity Bay in TGLO as follows: 80 acres being the E/2 NE/4 limited to depths from 9350' to 10500' as shown on the Log og Vintage ST Tr 1-4A well #1 located in the aerial boundaries of ST 1-4A unit rec under file no. 02551735 Chambers Co., TX and 160 acres being the W/2 NE/4 SE/4SW/4NW/4, SE/2NE/4NW/4, SE/2SW/4NE/4NW/4, E/2NE/4NW/4 and SE/4NW/4 limited to depth from Prio



Mineral File No.	GBE File Number	Lease Name	Field Name	Lessor	Lessee	Lease Date	Recording	Description
MF 096829	101-0002-000	West Fishers Reef State Tract 2-3A	Fishers Reef	State of Texas	Vintage Petroleum Inc.	10/3/1995	File No. 95 284 739	Out of 320 acres being the SW/2 of ST 2-3A Trinity Bay as shown on the official map of Trinity Bay in TGLO as follows: 160 acres being the NW/SSE/S.E/2SW/4 and E/W/3SW/4 limited to depths from 8950' to 9950' as seen ST Tr 2-3A #1 well as described in ST 2-3A unit #1 recorded under file no. 9839573 and 10 acres being N/2N/2NE/4SE/4 limited to depths below Frio 15 sand
MF 096830	101-0003-000	ST 6-7A	Fishers Reef	State of Texas	Vintage Petroleum Inc.	10/3/1995	File No. 95 284 748	40 acres out of 320 acres being SW/2 of ST 6-7A Trinity Bay as shown on the official map of TGLO as follows: SE/4SE/4 of ST 6-7A limited to the Frio Fmn being 9350' to 10500' as shown on log of Vintage Pet ST 1-4A well no. 1 as reflected in ST 1-4A unit agreement dated eff. 12/1/01 recorded file no. 02551735.
MF 19755	101-0006-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	2/6/1936	Vol. 52, Pg. 116	637.1 acres being Tract 46 Galveston Bay as shown on the GLO map of Galveston, Turtle & East Bays dated December 1935
MF 028471	101-0007-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	3/9/1944	Vol. 86, Pg. 524	627.4 acres being Tract 45 Galveston Bay as shown on the GLO map of Galveston, Turtle & East Bays dated
MF 030083	101-0008-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	5/11/1946	Vol. 99, Pg. 275	606 acres being Tract 1-4A Galveston Bay as shown on the General Land Office map of Galveston, Turtle & East Bays No. 16F Miscellaneous File, General Land Office.
MF 030084	101-0009-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	6/11/1946	Vol. 99, Pg. 279	640 acres being Tract 1-4B Galveston Bay as shown on the General Land Office map of Galveston, Turtle & East Bays No. 16F Miscellaneous File, General Land Office.
MF 030085	101-0010-000	ST 5-8A	Fishers Reef	State of Texas	Humble Oil & Refining Co.	6/11/1946	Vol. 99, Pg. 283	606 acres being Tract 5-8A Galveston Bay as shown on the General Land Office map of Galveston, Turtle & East Bays No. 16F Miscellaneous File, General Land Office.
MF 030086	101-0011-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	6/11/1946	Vol. 99, Pg. 287	640 acres being Tract 5-8A Galveston Bay as shown on the General Land Office map of Galveston, Turtle & East Bays No. 16F Miscellaneous File, General Land Office.
MF 030088	101-0012-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	6/11/1946	Vol. 99, Pg. 295	640 acres being Tract 9-12B Galveston Bay as shown on the General Land Office map of Galveston, Turtle & East Bays No. 16F Miscellaneous File, General Land Office.
MF 044164	101-0013-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	5/10/1955	Vol. 167, Pg. 398	303 acres out of 606 acres being th S/2 of Tract 9-12A Trinity Bay as shown on official map of Trinity Bay on fil
MF 047494	101-0014-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	12/12/1956	Vol. 189, Pg. 517	320 acres being the NW/2 of Tract 1-4C Trinity Bay as shown on official map of Trinity Bay on fil in the General
MF 019987	102-0001-000	RFR Frio 15 GU Tract 246	Ref Fish Reef	State of Texas	Humble Oil & Refining Co.	3/19/1936	Vol. 52, Pg. 237	640 acres, more or less being Tract 246, Galveston Bay
MF 019988	102-0002-000	RFR Tract 247	Ref Fish Reef	State of Texas	Humble Oil & Refining Co.	3/19/1936	Vol. 52, Pg. 239	320 acres, more or less, in the SE/2 of Tract 247.
MF 028498	102-0003-000	RFR Tract 224	Ref Fish Reef	State of Texas	Humble Oil & Refining Co.	3/9/1944	Vol. 86, Pg. 568	640 acres, more or less being Tract 224, Galveston Bay
MF 028499	102-0004-000	RFR Frio 15 GU Tract 225	Ref Fish Reef S.	State of Texas	Humble Oil & Refining Co.	3/9/1944	Vol. 86, Pg. 571	640 acres, more or less, being Tract 225, Galveston Bay
MF 062790	103-0001-000	State Tract 343	North Point Bolivar	State of Texas	Occidental Petroleum Corp. etal	12/3/1968	Vol. 1981, Pg. 262	640 acres, more or less, being Tract 343, Galveston Bay, N Point Bolivar Field, Galveston Co., TX
MF 104268	101-0014-000	ST 6-7A	Perelandra (Frio 13)	State of Texas				Tract 6-7A, RRC No. 03-26773
MF 104825		ST 236/237 Unit	HALFLUNG (Big Gas Sand)	State of Texas				Tract 6236/237, RRC No. 03-234101

Exhibit A - Part 1A  
Leases

Mineral File No.	GBE File Number	Lease Name	Field Name	Lessor	Lessee	Lease Date	Recording	County	Description
MF 030081	100-0001-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	6/11/1945	Vol. 99, Pg. 267	Chambers	640 acres being ST 18-19A, Galveston & Turtle Bays from surface to 8500'
MF 030082	100-0002-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	6/11/1946	Vol. 99, Pg. 271	Chambers	640 acres being ST 22-23A, Galveston & Turtle Bays From surface 8500'
MF 030094	100-0003-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	6/11/1946	Vol. 99, Pg. 404	Chambers	303 acres beings ST 21A, galveston & Turtle Bays from surface to 8500'
MF 033740	100-0004-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 532	Chambers	640 acres being ST 14-15B, Galveston Bay from surface to 8500'
MF 033743	100-0005-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 544	Chambers	640 acres being ST 18-19B, Galveston Bay from surface to 8500'
MF 033746	100-0006-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 552	Chambers	640 acres being ST 22-23B, Galveston Bay from surface to 8500'
MF 033749	100-0007-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 564	Chambers	303 acres being ST 25A, Galveston Bay from Surface to 8500'
MF 033750	100-0008-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 568	Chambers	320 acres being ST 25-B, Galveston Bay from surface to 8500'
MF 033751	100-0009-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 572	Chambers	640 acres being ST 26-27A, Galveston Bay, less 70 acres being the S/2 SW/4 NW/4 NS/4 SW/4 & N/2 N/2 SW/4 SW/4 leaving 570 acres, more or less, from surface to 8500'
MF 033752	100-0010-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 576	Chambers	640 acres being ST 26-27A, Galveston Bay, less 140 acres being the S/2 S/2 NE/4 N/2 SE/4 & N/2 S/2 SE/4 leaving 500 acres, more or less, from surface to 8500'
MF 033753	100-0011-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 580	Chambers	454.211 acres according to resurvey but called 540 acres being ST 28-B, Galveston Bay, from surface to 8500'
MF 033754	100-0012-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 584	Chambers	405.464 acres according to resurvey but called 477 acres being ST 29-B Galveston Bay from surface to 8500'
MF 033755	100-0013-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	12/17/1948	Vol. 117, Pg. 588	Chambers	486.56 acres according to resurvey but called 606 acres being ST 29-32A Galveston Bay from surface to 8500'
MF 034332	100-0014-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	6/13/1949	Vol. 119, Pg. 616	Chambers	303 acres being ST 24A, Galveston Bay from Surface to 8500'
MF 034334	100-0015-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	6/13/1949	Vol. 119, Pg. 612	Chambers	303 acres being ST 28A Galveston Bay from surface to 8500'
MF 038504	100-0016-000	Trinity Bay State Unit 18	Trinity Bay	State of Texas	Humble Oil & Refining Co.	3/12/1952	Vol. 142, Pg. 16	Chambers	1198 acres being ST 22-23C Trinity Bay from surface to 8500'
MF 037662	100-0017-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Union Oil Co of California	10/10/1951	Vol. 141, Pg. 585	Chambers	640 acres being ST 18-19C Trinity Bay from surface to 8500'
MF 044166	100-0018-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	5/10/1955	Vol. 167, Pg. 388	Chambers	W 160 acres being ST 32-B Trinity Bay being that Portion included in the Trinity Bay Field Unit as established by Pooling Agreement dated 10/4/57 recorded in Vol. 195, pg 432 from surface to 8500'
MF 048045	100-0019-000	Trinity Bay State Unit 1	Trinity Bay	State of Texas	Humble Oil & Refining Co.	6/10/1957	Vol. 194, Pg. 34	Chambers	W 160 acres being the W/2 ST 24-B Trinity Bay being that Portion included in the Trinity Bay Field Unit as established by Pooling Agreement dated 10/4/57 recorded in Vol. 195, pg 432 from surface to 8500'

Mineral File No.	GBE File Number	Lease Name	Field Name	Lessor	Lessee	Lease Date	Recording	County	Description
MF 096828	101-0001-000	West Fishers Reef State Tract 2-3A	Fishers Reef	State of Texas	Vintage Petroleum Inc.	10/3/1995	File No. 95 284 730	Chambers	240 acres out of 320 acres being the NE/2 of ST 2-3A Trinity Bay as shown on the official map of Trinity Bay in TGLO as follows: 80 acres being the E/2 NE/4 limited to depths from 9350' to 10500' as shown on the Log og Vintage ST Tr 1-4A well #1 located in the aerial boundaries of ST 1-4A unit rec under file no. 02551735 Chambers Co., TX and 160 acres being the W/2 NE/4 SE/4SW/4NW/4, SE/2NE/4NW/4, SE/2SW/4NE/4NW/4, E/2NE/4NW/4 and SE/4NW/4 limited to depth from Frio Fmn to Vicksburg Fmn as seen on log of ST Tr 2-3A #1 well located in aerial boundaries of ST 2-3A unit recorded under file No.9839573 Chambers CO., TX
MF 096829	101-0002-000	West Fishers Reef State Tract 2-3A	Fishers Reef	State of Texas	Vintage Petroleum Inc.	10/3/1995	File No. 95 284 739	Chambers	Out of 320 acres being the SW/2 of ST 2-3A Trinity Bay as shown on the official map of Trinity Bay in TGLO as follows: 160 acres being the NW/SSE/S,E/2SW/4 and E/W/3SW/4 limited to depths from 8950' to 9950' as seen ST Tr 2-3A #1 well as described in ST 2-3A unit #1 recorded under file no. 9839573 and 10 acres being N/2N/2NE/4SE/4 limited to depths below Frio 15 sand located at 9040' as shown Humble State well No. C-12 as described in ST 1-4A unit recorded under file no. 00467586
MF 096830	101-0003-000	ST 6-7A	Fishers Reef	State of Texas	Vintage Petroleum Inc.	10/3/1995	File No. 95 284 748	Chambers	40 acres out of 320 acres being SW/2 of ST 6-7A Trinity Bay as shown on the official map of TGLO as follows: SE/4SE/4 of ST 6-7A limited to the Frio Fmn being 9350' to 10500' as shown on log of Vintage Pet ST 1-4A well no.1 as reflected in ST 1-4A unit agreement dated eff. 12/1/01 recorded file no. 02551735.
MF 19755	101-0006-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	2/6/1936	Vol. 52, Pg. 116	Chambers	637.1 acres being Tract 46 Galveston Bay as shown on the GLO map of Galveston, Turtle & East Bays dated December 1935
MF 028471	101-0007-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	3/9/1944	Vol. 86, Pg. 524	Chambers	627.4 acres being Tract 45 Galveston Bay as shown on the GLO map of Galveston, Turtle & East Bays dated December 1935
MF 030083	101-0008-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	5/11/1946	Vol. 99, Pg. 275	Chambers	606 acres being Tract 1-4A Galveston Bay as shown on the General Land Office map of Galveston, Turtle & East Bays No. 16F Miscellaneous File, General Land Office.
MF 030084	101-0009-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	6/11/1946	Vol. 99, Pg. 279	Chambers	640 acres being Tract 1-4B Galveston Bay as shown on the General Land Office map of Galveston, Turtle & East Bays No. 16F Miscellaneous File, General Land Office.
MF 030085	101-0010-000	ST 5-8A	Fishers Reef	State of Texas	Humble Oil & Refining Co.	6/11/1946	Vol. 99, Pg. 283	Chambers	606 acres being Tract 5-8A Galveston Bay as shown on the General Land Office map of Galveston, Turtle & East Bays No. 16F Miscellaneous File, General Land Office.
MF 030086	101-0011-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	6/11/1946	Vol. 99, Pg. 287	Chambers	640 acres being Tract 5-8A Galveston Bay as shown on the General Land Office map of Galveston, Turtle & East Bays No. 16F Miscellaneous File, General Land Office.
MF 030088	101-0012-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	6/11/1946	Vol. 99, Pg. 295	Chambers	640 acres being Tract 9-12B Galveston Bay as shown on the General Land Office map of Galveston, Turtle & East Bays No. 16F Miscellaneous File, General Land Office.
MF 044164	101-0013-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	5/10/1955	Vol. 167, Pg. 398	Chambers	303 acres out of 606 acres being th S/2 of Tract 9-12A Trinity Bay as shown on official map of Trinity Bay on fil in the General Land Office

Mineral File No.	GBE File Number	Lease Name	Field Name	Lessor	Lessee	Lease Date	Recording	County	Description
MF 047494	101-0014-000	Fishers Reef Unit	Fishers Reef	State of Texas	Humble Oil & Refining Co.	12/12/1956	Vol. 189, Pg. 517	Chambers	320 acres being the NW/2 of Tract 1-4C Trinity Bay as shown on official map of Trinity Bay on file in the General Land Office
MF 019987	102-0001-000	RFR Frio 15 GU Tract 246	Ref Fish Reef	State of Texas	Humble Oil & Refining Co.	3/19/1936	Vol. 52, Pg. 237	Chambers	640 acres, more or less being Tract 246, Galveston Bay
MF 019988	102-0002-000	RFR Tract 247	Ref Fish Reef	State of Texas	Humble Oil & Refining Co.	3/19/1936	Vol. 52, Pg. 239	Chambers	320 acres, more or less, in the SE/2 of Tract 247, Galveston Bay
MF 028498	102-0003-000	RFR Tract 224	Ref Fish Reef	State of Texas	Humble Oil & Refining Co.	3/9/1944	Vol. 86, Pg. 568	Chambers	640 acres, more or less being Tract 224, Galveston Bay
MF 028499	102-0004-000	RFR Frio 15 GU Tract 225	Ref Fish Reef S.	State of Texas	Humble Oil & Refining Co.	3/9/1944	Vol. 86, Pg. 571	Chambers	640 acres, more or less, being Tract 225, Galveston Bay
MF 062790	103-0001-000	State Tract 343	North Point Bolivar	State of Texas	Occidental Petroleum Corp. etal	12/3/1968	Vol. 1981, Pg. 262	Galveston	640 acres, more or less, being Tract 343, Galveston Bay, N Point Bolivar Field, Galveston Co., TX
MF 104268	101-0014-000	ST 6-7A	Perelandra (Frio 13)	State of Texas	Masters Resources LLC	10/19/2004	File No. 04 743 301	Chambers	Tract 6-7A, RRC No. 03-26773
MF 104825		ST 236/237 Unit	HALFLUNG (Big Gas Sand)	State of Texas				Galveston	Tract 6236/237, RRC No. 03-234101

**Exhibit A - Part 1B  
Easements, Rights of way and Surface Leases**

ME #	GBE Ls. #	Type	Date	Exp. Date	Location	Recorded	Field
ME-810030	100-0020-000	Pipeline ROW	3/1/2011	2/28/2031	Chambers	1258/163	Trinity Bay
ME-800126	100-0021-000	Pipeline ROW	6/1/2010	5/31/2020	Chambers	1258/163	Trinity Bay
ME-860241	100-0023-000	Pipeline ROW	12/1/2006	11/30/2016	Chambers	891/258	Trinity Bay
ME-860176	100-0024-000	Pipeline ROW	9/1/2006	8/31/2016	Chambers	871/634	Trinity Bay
ME-810029	101-0016-000	Pipeline ROW	4/10/1991	Perpetual	Chambers	474/55	Fishers Reef
ME-810039	101-0017-000	Pipeline ROW	4/1/2011	3/31/2021	Chambers	509/385	Fishers Reef
ME-810040	101-0018-000	Pipeline ROW	4/1/2012	3/31/2021	Chambers	509/369	Fishers Reef
ME-820109	101-0020-000	Pipeline ROW	6/1/2002	5/31/2012	Chambers	618/71	Fishers Reef
ME-820139	101-0021-000	Pipeline ROW	8/1/2002	7/31/2012	Chambers	618/86	Fishers Reef
ME-840252	101-0022-000	Pipeline ROW	1/29/1995	HBP (#115 holds the unit through 07/01/2029)	Chambers	267/817	Fishers Reef
ME-840255	101-0023-000	Pipeline ROW	1/15/1995	HBP (#115 holds the unit through 07/1/2029)	Chambers	267/849	Fishers Reef
ME-840256	101-0024-000	Pipeline ROW	1/15/1995	HBP (#115 holds the unit through 07/1/2029)	Chambers	268/1	Fishers Reef
ME-850066	101-0025-000	Pipeline ROW	11/1/2005	10/31/2015	Chambers	829/637	Fishers Reef
ME-850086	101-0026-000	Pipeline ROW	8/6/1995	HBP (#115 holds the unit through 07/1/2029)	Chambers	273/357	Fishers Reef
ME-850226	101-0027-000	Pipeline ROW	1/1/1996	HBP (#115 holds the unit through 07/1/2029)	Chambers	304/580	Fishers Reef
ME-850228	101-0028-000	Pipeline ROW	1/1/1996	HBP (#115 holds the unit through 07/1/2029)	Chambers	304/610	Fishers Reef
ME-860242	101-0029-000	Pipeline ROW	11/1/1996	HBP (#115 holds the unit through 07/1/2029)	Chambers	304/642	Fishers Reef
ME-870078	101-0030-000	Pipeline ROW	5/1/1997	HBP (#115 holds the unit through 07/1/2029)	Chambers	337/450	Fishers Reef
ME-20090052	101-0031-000	Pipeline ROW	4/1/2009	3/31/2019	Chambers	1224/734	Fishers Reef
ME-980016	101-0032-000	Pipeline ROW	1/1/2008	12/31/2017	Chambers	1111/509	Fishers Reef
ME-980035	101-0033-000	Pipeline ROW	2/1/2008	1/31/2018	Chambers	1111/526	Fishers Reef
ME-980101	101-0034-000	Pipeline ROW	10/1/2008	9/30/2018	Chambers		Fishers Reef
ME-20010013	101-0035-000	Pipeline ROW	11/1/2000	HBP (#115 holds the unit through 07/1/2029)	Chambers	487/789	Fishers Reef
ME-20000018	101-0036-000	Pipeline ROW	1/1/2010	12/31/2019	Chambers	1224/702	Fishers Reef
ME-20000047	101-0037-000	Pipeline ROW	5/1/2010	4/30/2020	Chambers	1224/718	Fishers Reef
LC-20030023	101-0038-000	Coastal Easement	11/1/2003	10/31/2013	Chambers	681/585	Fishers Reef
ME-840177	101-0039-000	Pipeline ROW	10/19/1994	HBP (#115 holds the unit through 07/1/2029)	Chambers	262/123	Fishers Reef

ME #	GBE Ls. #	Type	Date	Exp. Date	Location	Recorded	Field
ME-830206	101-0040-000	Pipeline ROW	1/1/2004	12/31/2013	Chambers	694/482	Fishers Reef
ME-20060136	101-0042-000	Pipeline ROW	12/31/2013	12/31/2023	Chambers	694/482	Fishers Reef
ME-20060020	101-0043-000	Pipeline ROW	8/1/2006	7/31/2016	Chambers	917/261	Fishers Reef
ME-20060019	101-0044-000	Pipeline ROW	6/1/2005	5/31/2015	Chambers	843/129	Fishers Reef
ME-820149	102-0019-000	Pipeline ROW	6/1/2002	5/31/2012	Chambers	586/218	Red Fish Reef
ME-820138	102-0020-000	Pipeline ROW	8/1/2012	7/31/2022	Chambers	1386/449	Red Fish Reef
ME-810081	102-0021-000	Pipeline ROW	8/1/2011	7/31/2021	Chambers	1301/502	Red Fish Reef
ME-820178	102-0023-000	Pipeline ROW	9/1/2012	8/31/2032	Chambers	1436/468	Red Fish Reef
ME-810112	102-0024-000	Pipeline ROW	9/1/2011	8/31/2021	Chambers	1301/536	Red Fish Reef
ME-810190	102-0026-000	Pipeline ROW	11/1/2011	10/31/2031	Chambers	1301/440	Red Fish Reef
ME-820074	102-0027-000	Pipeline ROW	3/1/2012	2/28/2022	Chambers	1324/399	Red Fish Reef
ME-820020	102-0028-000	Pipeline ROW	3/1/2012	2/29/2032	Chambers	1323/589	Red Fish Reef
ME-840253	102-0032-000	Pipeline ROW	1/20/1995	Perpetual	Chambers	267/841	Red Fish Reef
ME-850002	102-0033-000	Pipeline ROW	2/5/1995	Perpetual	Chambers	268/10	Red Fish Reef
ME-20090053	102-0035-000	Pipeline ROW	3/1/2009	2/28/2019	Chambers	1225/1	Red Fish Reef
ME-890132	102-0036-000	Pipeline ROW	8/1/2009	7/31/2019	Chambers	1235/192	Red Fish Reef
ME-890127	102-0037-000	Pipeline ROW	8/1/2009	7/31/2019	Chambers	1235/159	Red Fish Reef
ME-890129	102-0038-000	Pipeline ROW	8/1/2009	7/31/2019	Chambers	1235/159	Red Fish Reef
ME-890130	102-0039-000	Pipeline ROW	8/1/2009	7/31/2019	Chambers	1224/669	Red Fish Reef
ME-840002	102-0040-000	Pipeline ROW	2/1/2004	1/31/2014	Chambers	1224/686	Red Fish Reef
ME-840001	102-0041-000	Pipeline ROW	2/1/2004	1/31/2014	Chambers	717/409	Red Fish Reef
ME-840006	102-0045-000	Pipeline ROW	3/27/1994	HBP	Chambers	720/139	Red Fish Reef
ME-840085	102-0046-000	Pipeline ROW	5/16/1994	HBP	Chambers	235/495	Red Fish Reef
ME-830115	102-0047-000	Pipeline ROW	7/5/1993	HBP	Chambers	211/238	Red Fish Reef
ME-830116	102-0048-000	Pipeline ROW	7/5/1993	HBP	Chambers	211/232	Red Fish Reef
ME-830199	102-0050-000	Pipeline ROW	12/5/1993	HBP	Chambers	229/374	Red Fish Reef
ME-800187	102-0051-000	Pipeline ROW	8/1/2010	5/31/2020	Chambers	229/369	Red Fish Reef
ME-950022	102-0052-000	Pipeline ROW	1/4/1995	HBP	Chambers	1258/196	Red Fish Reef
ME-800138	102-0054-000	Pipeline ROW	8/1/2010	7/31/2020	Chambers	1235/176	Red Fish Reef
ME-800154	102-0055-000	Pipeline ROW	8/1/2010	7/31/2020	Chambers	1258/179	Red Fish Reef
ME-800188	102-0057-000	Pipeline ROW	9/1/2010	8/31/2020	Chambers	1258/247	Red Fish Reef
ME-800190	102-0058-000	Pipeline ROW	9/1/2010	8/31/2020	Chambers	1258/213	Red Fish Reef
ME-810076	102-0062-000	Pipeline ROW	6/1/2011	5/31/2021	Chambers	543/345	Red Fish Reef
ME-810077	102-0063-000	Pipeline ROW	6/1/2011	5/31/2021	Chambers	543/365	Red Fish Reef
ME-810078	102-0064-000	Pipeline ROW	6/1/2011	5/31/2021	Chambers	543/381	Red Fish Reef
ME-810080	102-0065-000	Pipeline ROW	9/1/2011	8/31/2021	Chambers	543/399	Red Fish Reef
ME-810109	102-0066-000	Pipeline ROW	9/1/2011	8/31/2021	Chambers	568/335	Red Fish Reef
ME-810110	102-0067-000	Pipeline ROW	9/1/2011	8/31/2021	Chambers	568/380	Red Fish Reef
ME-810111	102-0068-000	Pipeline ROW	9/1/2011	8/31/2021	Chambers	568/290	Red Fish Reef
ME-810152	102-0069-000	Pipeline ROW	9/1/2011	8/31/2021	Chambers	568/320	Red Fish Reef

ME #	GBE Ls. #	Type	Date	Exp. Date	Location	Recorded	Field
ME-810176	102-0070-000	Pipeline ROW	10/1/2011	9/30/2021	Chambers	568/365	Red Fish Reef
ME-810178	102-0071-000	Pipeline ROW	10/1/2011	9/30/2021	Chambers	568/350	Red Fish Reef
ME-820081	102-0072-000	Pipeline ROW	5/1/2012	4/30/2022	Chambers	568/305	Red Fish Reef
ME-850022	102-0073-000	Pipeline ROW	3/1/1995	HBP	Chambers	267/831	Red Fish Reef
ME-850068	102-0074-000	Pipeline ROW	6/17/1995	HBP	Chambers	273/356	Red Fish Reef
ME-850241	102-0077-000	Pipeline ROW	2/1/1996	HBP	Chambers	843/77	Red Fish Reef
ME-860111	102-0078-000	Pipeline ROW	7/1/2006	6/30/2016	Chambers	304/625	Red Fish Reef
ME-870068	102-0080-000	Pipeline ROW	3/1/1997	HBP	Chambers	962/717	Red Fish Reef
ME-870069	102-0081-000	Pipeline ROW	3/1/2007	2/28/2017	Chambers	337/446	Red Fish Reef
ME-870088	102-0082-000	Pipeline ROW	5/1/1997	HBP	Chambers	962/734	Red Fish Reef
ME-870144	102-0083-000	Pipeline ROW	8/1/2007	7/31/2017	Chambers	337/444	Red Fish Reef
ME-870190	102-0084-000	Pipeline ROW	10/1/2007	9/30/2017	Chambers	1111/407	Red Fish Reef
ME-880036	102-0086-000	Pipeline ROW	3/1/2008	2/28/2018	Chambers	1111/441	Red Fish Reef
ME-880100	102-0087-000	Pipeline ROW	8/1/2008	7/31/2018	Chambers	1111/458	Red Fish Reef
ME-880109	102-0088-000	Pipeline ROW	9/1/2008	8/31/2018	Chambers	1111/475	Red Fish Reef
ME-860112	102-0130-000	Pipeline ROW	7/1/1996	HBP	Chambers	948/447	Red Fish Reef
ME-20070067	102-0131-000	Pipeline ROW	3/1/2007	2/28/2017	Chambers	307/813	Red Fish Reef
SL-20010017	103-0002-000	Surface Lease	7/1/2011	6/30/2016	Galveston		N. Point Bolivar
SL-810690	103-0003-000	Surface Lease	2/1/2012	1/31/2017	Galveston		N. Point Bolivar
SL-830006	103-0004-000	Surface Lease	10/3/2004	10/2/2014	Galveston	#2007024351	N. Point Bolivar
ME-800068	103-0012-000	Pipeline ROW	4/1/2010	3/31/2020	Galveston	#2005013907	N. Point Bolivar
ME-870079	103-0013-000	Pipeline ROW	4/1/2007	3/31/2017	Galveston	#20100585131	N. Point Bolivar
ME-880120	103-0014-000	Pipeline ROW	10/1/2008	9/30/2018	Galveston	#2007037418	N. Point Bolivar
ME-880121	103-0015-000	Pipeline ROW	10/1/2008	9/30/2018	Galveston	#2009020820	N. Point Bolivar
ME-880122	103-0016-000	Pipeline ROW	10/1/2008	9/30/2018	Galveston	#2009020821	N. Point Bolivar
ME-800066	103-0017-000	Pipeline ROW	4/1/2010	3/31/2020	Galveston	#2009020822	N. Point Bolivar
ME-800067	103-0018-000	Pipeline ROW	4/1/2010	3/31/2020	Galveston	#2010058530	N. Point Bolivar
ME-880140	103-0019-000	Pipeline ROW	11/1/2008	10/31/2018	Galveston	#2010049668	N. Point Bolivar
ME-20090051	103-0020-000	Surface Lease	3/1/2009	2/28/2019	Galveston	#2009020823	N. Point Bolivar
ME-890220	103-0021-000	Pipeline ROW	10/1/2009	9/30/2019	Galveston	#2010049669	N. Point Bolivar
ME-20060053	103-0028-000	Pipeline ROW	1/1/2006	12/31/2015	Galveston	#2010058532	N. Point Bolivar
LC-20070001	103-0031-000	Dredging Easement	11/1/2006	10/31/2011	Galveston	#2006039683	N. Point Bolivar
SL-20060032	103-0032-000	Surface Lease	6/1/2011	5/31/2016	Galveston	#2006083543	N. Point Bolivar
ME-20060090	103-0035-000	Pipeline ROW	4/1/2006	3/31/2016	Galveston	#2006051865	N. Point Bolivar
ME-20070153	103-0036-000	Pipeline ROW	8/1/2007	7/31/2017	Galveston	#200651865	N. Point Bolivar
ME-840179	103-0037-000	Pipeline ROW	6/1/2013	5/31/2023	Galveston	#2007062700	Seabrook
ME-970067	116-0005-000	Surface Lease	4/1/2007	3/31/2017	Chambers	1098/412	Seabrook
ME-19990019	116-0006-000	Pipeline ROW	4/1/2012	3/31/2032	Chambers	1090/670	Seabrook
ME-19990042	116-0007-000	Pipeline ROW	4/1/2012	3/31/2032	Chambers	1339/51	Seabrook
ME-900040	116-0008-000	Pipeline ROW	5/1/2010	4/30/2030	Chambers	768/264	Seabrook





**Exhibit A - Part 2**  
**Wells**

County	API	Location	OilGas	Dist	RRC ID	Lease Name	Well No.
Chambers	71-00998	Bay/Estuary	Oil	03	08004	TRINITY BAY STATE UNIT NO. 1	51
Chambers	71-01183	Bay/Estuary	Gas	03	136885	TRINITY BAY STATE UNIT NO. 1	38
Chambers	71-01186	Bay/Estuary	Oil	03	16366	TRINITY BAY STATE UNIT NO. 1	13
Chambers	71-02551	Bay/Estuary	Oil	03	05351	TRINITY BAY STATE UNIT NO. 1	69 D
Chambers	71-02551	Bay/Estuary	Oil	03	08004	TRINITY BAY STATE UNIT NO. 1	69 F
Chambers	71-02553	Bay/Estuary	Oil	03	08003	TRINITY BAY STATE UNIT NO. 1	39
Chambers	71-02556	Bay/Estuary	Oil	03	16366	TRINITY BAY STATE UNIT NO. 1	73
Chambers	71-02558	Bay/Estuary	Oil	03	05351	TRINITY BAY STATE UNIT NO. 1	75 H
Chambers	71-02558	Bay/Estuary	Oil	03	05351	TRINITY BAY STATE UNIT NO. 1	75 F
Chambers	71-02558	Bay/Estuary	Oil	03	16366	TRINITY BAY STATE UNIT NO. 1	75 D
Chambers	71-02560	Bay/Estuary	Gas	03	061519	TRINITY BAY STATE UNIT NO. 1	79 D
Chambers	71-02560	Bay/Estuary	Oil	03	08003	TRINITY BAY STATE UNIT NO. 1	79 F
Chambers	71-02560	Bay/Estuary	Oil	03	08003	TRINITY BAY STATE UNIT NO. 1	79 H
Chambers	71-02561	Bay/Estuary	Oil	03	08004	TRINITY BAY STATE UNIT NO. 1	63 F
Chambers	71-02561	Bay/Estuary	Oil	03	16366	TRINITY BAY STATE UNIT NO. 1	63 D
Chambers	71-02563	Bay/Estuary	Oil	03	05351	TRINITY BAY STATE UNIT NO. 1	10
Chambers	71-02566	Bay/Estuary	Oil	03	05351	TRINITY BAY STATE UNIT NO. 1	78 F
Chambers	71-02566	Bay/Estuary	Oil	03	08448	TRINITY BAY STATE UNIT NO. 1	78 D
Chambers	71-02568	Bay/Estuary	Oil	03	05351	TRINITY BAY STATE UNIT NO. 1	48
Chambers	71-02573	Bay/Estuary	Oil	03	05351	TRINITY BAY STATE UNIT NO. 1	9
Chambers	71-02583	Bay/Estuary	Oil	03	05351	TRINITY BAY STATE UNIT NO. 1	28
Chambers	71-02584	Bay/Estuary	Gas	03	137144	TRINITY BAY STATE UNIT NO. 1	74 H
Chambers	71-02584	Bay/Estuary	Oil	03	09191	TRINITY BAY STATE UNIT NO. 1	74 F
Chambers	71-02586	Bay/Estuary	Oil	03	05351	TRINITY BAY STATE UNIT NO. 1	22
Chambers	71-02624	Bay/Estuary	Gas	03	111094	TRINITY BAY STATE UNIT NO. 1	42

County	API	Location	OilGas	Dist	RRC ID	Lease Name	Well No.
Chambers	71-02626	Bay/Estuary	Oil	03	08004	TRINITY BAY STATE UNIT NO. 1	35
Chambers	71-02627	Bay/Estuary	Oil	03	08004	TRINITY BAY STATE UNIT NO. 1	12
Chambers	71-02628	Bay/Estuary	Oil	03	08004	TRINITY BAY STATE UNIT NO. 1	19
Chambers	71-02631	Bay/Estuary	Oil	03	20932	TRINITY BAY STATE UNIT NO. 1	53
Chambers	71-02632	Bay/Estuary	Oil	03	08004	TRINITY BAY STATE UNIT NO. 1	76 F
Chambers	71-02632	Bay/Estuary	Oil	03	12614	TRINITY BAY STATE UNIT NO. 1	76 H
Chambers	71-02632	Bay/Estuary	Oil	03	16366	TRINITY BAY STATE UNIT NO. 1	76 D
Chambers	71-02637	Bay/Estuary	Oil	03	08004	TRINITY BAY STATE UNIT NO. 1	32
Chambers	71-02640	Bay/Estuary	Oil	03	19344	TRINITY BAY STATE UNIT NO. 1	64
Chambers	71-02642	Bay/Estuary	Oil	03	08444	TRINITY BAY STATE UNIT NO. 1	68
Chambers	71-02712	Bay/Estuary	Gas	03	050279	FR TRACT 1-4B	70 F
Chambers	71-02712	Bay/Estuary	Gas	03	103759	FR TRACT 1-4B	70 H
Chambers	71-02712	Bay/Estuary	Oil	03	07336	FISHERS REEF FIELD UNIT NO. 2	70 D
Chambers	71-02717	Bay/Estuary	Gas	03	093112	FR TRACT 1-4B	68 H
Chambers	71-02717	Bay/Estuary	Gas	03	109760	FISHERS REEF FIELD UNIT NO. 2	68 F
Chambers	71-02717	Bay/Estuary	Oil	03	07754	FR TRACT 1-4B	68 D
Chambers	71-02718	Bay/Estuary	Gas	03	107193	FISHERS REEF FIELD UNIT NO. 2	67 H
Chambers	71-02718	Bay/Estuary	Gas	03	119788	FR TRACT 1-4B	67 F
Chambers	71-02718	Bay/Estuary	Oil	03	7754	FR TRACT 1-4B	67 D
Chambers	71-02720	Bay/Estuary	Oil	03	6384	FISHERS REEF FIELD UNIT NO. 1	12
Chambers	71-02729	Bay/Estuary	Gas	03	100577	FR TRACT 46	59 F
Chambers	71-02729	Bay/Estuary	Oil	03	20366	FR STATE TRACT 46	59 D
Chambers	71-02730	Bay/Estuary	Oil	03	9719	FR TRACT 46	2
Chambers	71-02731	Bay/Estuary	Oil	03	6384	FISHERS REEF FIELD UNIT NO. 1	10
Chambers	71-02732	Bay/Estuary	Gas	03	100236	FR TRACT 46	51
Chambers	71-02887	Bay/Estuary	Gas	03	156925	RFR TRACT 225	50
Chambers	71-02887	Bay/Estuary	Oil	03	16782	RFR TRACT 225	50
Chambers	71-02888	Bay/Estuary	Oil	03	23981	RFR FRIO 15 GU	46

County	API	Location	OilGas	Dist	RRC ID	Lease Name	Well No.
Chambers	71-02891	Bay/Estuary	Oil	03	23981	RFR FRIO 15 GU	139
Chambers	71-02897	Bay/Estuary	Gas	03	93316	RFR TRACT 225	132
Chambers	71-02899	Bay/Estuary	Oil	03	13868	RFR TRACT 225	124
Chambers	71-02901	Bay/Estuary	Gas	03	8113	RFR TRACT 224	141 L
Chambers	71-02901	Bay/Estuary	Gas	03	52698	RFR TRACT 224	141 U
Chambers	71-02905	Bay/Estuary	Oil	03	5540	RFR TRACT 224	24
Chambers	71-02906	Bay/Estuary	Oil	03	19742	RFR TRACT 224	34
Chambers	71-02908	Bay/Estuary	Oil	03	19571	RFR TRACT 224	42
Chambers	71-02910	Bay/Estuary	Gas	03	130037	RFR TRACT 224	131
Chambers	71-02935	Bay/Estuary	Oil	03	19401	RFR TRACT 247	106
Chambers	71-02936	Bay/Estuary	Oil	03	19480	RFR TRACT 247	119
Chambers	71-02939	Bay/Estuary	Oil	03	8946	RFR TRACT 247	21
Chambers	71-02941	Bay/Estuary	Gas	03	144156	RFR TRACT 247	23
Chambers	71-02941	Bay/Estuary	Gas	03	157665	RFR TRACT 247	23
Chambers	71-02943	Bay/Estuary	Oil	03	15053	RFR TRACT 247	1
Chambers	71-02951	Bay/Estuary	Gas	03	81431	RFR TRACT 247	144
Chambers	71-02952	Bay/Estuary	Gas	03	37296	RFR TRACT 246	2
Chambers	71-02954	Bay/Estuary	Oil	03	6840	RFR TRACT 246	120
Chambers	71-02955	Bay/Estuary	Gas	03	73274	RFR TRACT 246	73
Chambers	71-03190	Bay/Estuary	Gas	03	87402	TRINITY BAY STATE UNIT NO. 1	87 F
Chambers	71-03190	Bay/Estuary	Gas	03	101325	TRINITY BAY STATE UNIT NO. 1	87 H
Chambers	71-03190	Bay/Estuary	Oil	03	08448	TRINITY BAY STATE UNIT NO. 1	87 D
Chambers	71-03197	Bay/Estuary	Gas	03	48190	TRINITY BAY STATE UNIT NO. 1	85 H
Chambers	71-03197	Bay/Estuary	Gas	03	85542	TRINITY BAY STATE UNIT NO. 1	85 D
Chambers	71-03197	Bay/Estuary	Oil	03	08444	TRINITY BAY STATE UNIT NO. 1	85 F
Chambers	71-03202	Bay/Estuary	Gas	03	88586	TRINITY BAY STATE UNIT NO. 1	37
Chambers	71-03202	Bay/Estuary	Oil	03	8444	TRINITY BAY STATE UNIT NO. 1	37
Chambers	71-03220	Bay/Estuary	Gas	03	76257	RFR TRACT 247	154 DF

County	API	Location	OilGas	Dist	RRC ID	Lease Name	Well No.
Chambers	71-03223	Bay/Estuary	Oil	03	19401	RFR TRACT 247	152
Chambers	71-03272	Bay/Estuary	Oil	03	7240	FR TRACT 46	84 D
Chambers	71-03272	Bay/Estuary	Oil	03	9719	FR TRACT 46	84 F
Chambers	71-03274	Bay/Estuary	Oil	03	5351	TRINITY BAY STATE UNIT NO. 1	95 F
Chambers	71-03274	Bay/Estuary	Oil	03	6965	TRINITY BAY STATE UNIT NO. 1	95 H
Chambers	71-03274	Bay/Estuary	Oil	03	8004	TRINITY BAY STATE UNIT NO. 1	95 D
Chambers	71-03276	Bay/Estuary	Oil	03	8945	RFR TRACT 225	166
Chambers	71-03355	Bay/Estuary	Oil	03	6384	FISHERS REEF FIELD UNIT NO. 1	89 D
Chambers	71-03355	Bay/Estuary	Oil	03	6384	FISHERS REEF FIELD UNIT NO. 1	89 F
Chambers	71-03457	Bay/Estuary	Oil	03	5351	TRINITY BAY STATE UNIT NO. 1	105 D
Chambers	71-03457	Bay/Estuary	Oil	03	5351	TRINITY BAY STATE UNIT NO. 1	105 F
Chambers	71-03487	Bay/Estuary	Oil	03	8003	TRINITY BAY STATE UNIT NO. 1	106 F
Chambers	71-03487	Bay/Estuary	Oil	03	20872	TRINITY BAY STATE UNIT NO. 1	106 D
Chambers	71-30006	Bay/Estuary	Oil	03	69813	TRINITY BAY STATE UNIT NO. 1	109 D
Chambers	71-30006	Bay/Estuary	Gas	03	137433	TRINITY BAY STATE UNIT NO. 1	109 F
Chambers	71-30006	Bay/Estuary	Gas	03	5351	TRINITY BAY STATE UNIT NO. 1	109 H
Chambers	71-30010	Bay/Estuary	Oil	03	8004	TRINITY BAY STATE UNIT NO. 1	108 H
Chambers	71-30010	Bay/Estuary	Oil	03	8447	TRINITY BAY STATE UNIT NO. 1	108 F
Chambers	71-30010	Bay/Estuary	Oil	03	16366	TRINITY BAY STATE UNIT NO. 1	108 D
Chambers	71-30012	Bay/Estuary	Gas	03	137821	TRINITY BAY STATE UNIT NO. 1	111 D
Chambers	71-30012	Bay/Estuary	Oil	03	13140	TRINITY BAY STATE UNIT NO. 1	111 F
Chambers	71-30025	Bay/Estuary	Gas	03	47876	TRINITY BAY STATE UNIT NO. 1	112 H
Chambers	71-30025	Bay/Estuary	Oil	03	5351	TRINITY BAY STATE UNIT NO. 1	112 D
Chambers	71-30025	Bay/Estuary	Oil	03	8004	TRINITY BAY STATE UNIT NO. 1	112 F
Chambers	71-30128	Bay/Estuary	Oil	03	5351	TRINITY BAY STATE UNIT NO. 1	113 F
Chambers	71-30128	Bay/Estuary	Oil	03	8444	TRINITY BAY STATE UNIT NO. 1	113 D
Chambers	71-30158	Bay/Estuary	Oil	03	20273	TRINITY BAY STATE UNIT NO. 1	115
Chambers	71-30303	Bay/Estuary	Gas	03	168709	FISHERS REEF TRACT 5-8B	104

County	API	Location	OilGas	Dist	RRC ID	Lease Name	Well No.
Chambers	71-30443	Bay/Estuary	Oil	03	11479	RFR TRACT 224	176
Chambers	71-30444	Bay/Estuary	Gas	03	70463	RFR TRACT 247	175 U
Chambers	71-30444	Bay/Estuary	Gas	03	150830	RFR TRACT 247	175-L
Chambers	71-30446	Bay/Estuary	Gas	03	72526	RFR TRACT 246	174 F
Chambers	71-30446	Bay/Estuary	Oil	03	18684	RFR TRACT 246	174 D
Chambers	71-30573	Bay/Estuary	Oil	03	08448	TRINITY BAY STATE UNIT NO. 1	119
Chambers	71-30959	Bay/Estuary	Gas	03	192523	RFR TRACT 224	179
Chambers	71-31169	Bay/Estuary	Oil	03	5540	RFR TRACT 224	178
Chambers	71-31176	Bay/Estuary	Gas	03	97587	RFR TRACT 246	181
Chambers	71-31176	Bay/Estuary	Gas	03	279835	RFR TRACT 246	181
Chambers	71-31201	Bay/Estuary	Gas	03	96910	RFR FRIO 15 GU	183
Chambers	71-31220	Bay/Estuary	Gas	03	97582	RFR TRACT 246	182
Chambers	71-31220	Bay/Estuary	Gas	03	136904	RFR TRACT 246	182
Chambers	71-31238	Bay/Estuary	Gas	03	98095	RFR FRIO 15 GU	184
Chambers	71-31238	Bay/Estuary	Gas	03	226731	RFR FRIO 15 GU	184
Chambers	71-31248	Bay/Estuary	Gas	03	99996	RFR TRACT 224	185
Chambers	71-31266	Bay/Estuary	Gas	03	98527	RFR FRIO 15 GU	187
Chambers	71-31320	Bay/Estuary	Gas	03	100336	RFR TRACT 225	190
Chambers	71-31322	Bay/Estuary	Gas	03	102549	RFR TRACT 247	188
Chambers	71-31421	Bay/Estuary	Oil	03	8004	TRINITY BAY STATE UNIT NO. 1	120
Chambers	71-31428	Bay/Estuary	Gas	03	109058	RFR F-4 SD UNIT	191
Chambers	71-31457	Bay/Estuary	Gas	03	145346	STATE TRACT 247	192
Chambers	71-31514	Bay/Estuary	Oil	03	19403	RFR TRACT 246	197
Chambers	71-31525	Bay/Estuary	Oil	03	6618	RFR TRACT 246	194
Chambers	71-31563	Bay/Estuary	Gas	03	114356	FR TRACT 9-12B	110 U
Chambers	71-31563	Bay/Estuary	Oil	03	17879	FR TRACT 9-12B	110 L
Chambers	71-31578	Bay/Estuary	Gas	03	190463	GBS "A" ST 247	198
Chambers	71-31602	Bay/Estuary	Gas	03	144286	STATE TRACT 247	199

County	API	Location	OilGas	Dist	RRC ID	Lease Name	Well No.
Chambers	71-31661	Bay/Estuary	Oil	03	12528	FISHERS REEF FIELD UNIT NO. 1	112
Chambers	71-31681	Bay/Estuary	Oil	03	5351	TRINITY BAY STATE UNIT NO. 1	122
Chambers	71-31694	Bay/Estuary	Oil	03	5351	TRINITY BAY STATE UNIT NO. 1	124
Chambers	71-31695	Bay/Estuary	Oil	03	6384	TRINITY BAY STATE UNIT NO. 1	114
Chambers	71-31699	Bay/Estuary	Oil	03	19317	TRINITY BAY STATE UNIT NO. 1	123
Chambers	71-31734	Bay/Estuary	Oil	03	16782	RFR TRACT 225	207
Chambers	71-31736	Bay/Estuary	Oil	03	8004	TRINITY BAY STATE UNIT NO. 1	130
Chambers	71-31742	Bay/Estuary	Oil	03	17610	RFR TRACT 225	205
Chambers	71-31751	Bay/Estuary	Oil	03	8004	TRINITY BAY STATE UNIT NO. 1	131
Chambers	71-31755	Bay/Estuary	Oil	03	6384	FISHERS REEF FIELD UNIT NO. 1	115
Chambers	71-31812	Bay/Estuary	Gas	03	157783	RFR TRACT 246	213
Chambers	71-31824	Bay/Estuary	Oil	03	20199	RFR TRACT 247	212
Chambers	71-31832	Bay/Estuary	Oil	03	5540	RFR TRACT 224	211
Chambers	71-31846	Bay/Estuary	Oil	03	5351	TRINITY BAY STATE UNIT NO. 1	133
Chambers	71-31879	Bay/Estuary	Oil	03	5351	TRINITY BAY STATE UNIT NO. 1	135
Chambers	71-31922	Bay/Estuary	Gas	03	154821	FISHERS REEF STATE TRACT 9-12A	1
Chambers	71-32066	Bay/Estuary	Oil	03	23530	WEST FISHERS REEF 8. T. 2-3A	1
Chambers	71-32083	Bay/Estuary	Gas	03	168885	STATE TRACT 6-7A	1
Chambers	71-32327	Bay/Estuary	Gas	03	26773	STATE TRACT 6-7A	1
Chambers	71-32169	Bay/Estuary	Gas	03	182398	STATE TRACT NO. 46	1
Chambers	71-32178	Bay/Estuary	Gas	03	183428	STATE TRACT 1-4A UNIT	1
Chambers	71-32185	Bay/Estuary	Gas	03	186583	STATE TRACT 9-12B	1
Chambers	71-32250	Bay/Estuary	Gas	03	198609	STATE TRACT 69	2
Chambers	71-32270	Bay/Estuary	Gas	03	206282	STATE TRACT 246	1
Chambers	71-32324	Bay/Estuary	Gas	03	230143	STATE TRACT 5-8A	1
Chambers	71-32334	Bay/Estuary	Oil	03	25153	STATE TRACT 5-8A	2
Chambers	71-80226	Bay/Estuary	Oil	03	5351	TRINITY BAY STATE UNIT NO. 1	29
Galveston	167-30110	Bay/Estuary	Gas	03	55546	N. POINT BOLIVAR FRIO STATE UNIT	5

County	API	Location	OilGas	Dist	RRC ID	Lease Name	Well No.
Galveston	167-30116	Bay/Estuary	Oil	03	10265	STATE TRACT 343	1D
Galveston	167-30339	Bay/Estuary	Oil	03	24090	STATE TRACT 343	9
Galveston	167-30855	Bay/Estuary	Gas	03	184684	STATE TRACT 343	14
Galveston	167-31047	Bay/Estuary	Oil	03	10381	STATE TRACT 343	16
Galveston	167-31049	Bay/Estuary	Oil	03	18424	STATE TRACT 343	18
Galveston	167-31203	Bay/Estuary	Oil	03	22822	STATE TRACT 343	20
Galveston	167-31418	Bay/Estuary	Gas	03	224870	STATE TRACT 345	1
Galveston	167-31441	Bay/Estuary	Gas	03	234101	ST 236/237 UNIT	1
Galveston	167-31425	Land	Gas	03	228017	STATE TRACT 343	1
Galveston	167-30358	Land	Gas	03	148146	Creston King (Greens Lake Field)	2
Galveston	167-30399	Land	Oil	03	21025	Creston King (Greens Lake, East, Field)	3
Galveston	167-30738	Land	Oil	03	12780	Creston King (Greens Lake Field)	5
Galveston	167-30741	Land	Oil	03	15952	Creston King (Greens Lake Field)	6
Galveston	167-31253	Land	Oil	03	12780	Creston King (Greens Lake Field)	9
Galveston	167-31253	Land	Oil	03	24129	Creston King (Greens Lake Field)	9
Galveston	167-30898	Land	Oil	03	16085	Mobil Fee (Greens Lake, East, Field)	1
Chambers	71-32077	Land	Gas	03	171801	Point Barrow SWD #1	1

Exhibit A, Part 3  
Field Offices, Buildings, Office Equipment

**Field Offices, Buildings:**

All field offices, workshops and buildings on location at 9738 Point Barrow Road, Baytown, TX 77523 are conveyed to Buyer.

**Office Equipment:**

3 lap tops, 3 monitors, 5 printers, 1 desktop computer, 3 filing cabinets

Item No.	Description	Quantity	Unit	Value	Notes
01	STATE OFFICE BLDG	1	SQ FT	25000	
02	STATE OFFICE BLDG	1	SQ FT	25000	
03	STATE OFFICE BLDG	1	SQ FT	25000	
04	STATE OFFICE BLDG	1	SQ FT	25000	
05	STATE OFFICE BLDG	1	SQ FT	25000	
06	STATE OFFICE BLDG	1	SQ FT	25000	
07	STATE OFFICE BLDG	1	SQ FT	25000	
08	STATE OFFICE BLDG	1	SQ FT	25000	
09	STATE OFFICE BLDG	1	SQ FT	25000	
10	STATE OFFICE BLDG	1	SQ FT	25000	
11	STATE OFFICE BLDG	1	SQ FT	25000	
12	STATE OFFICE BLDG	1	SQ FT	25000	
13	STATE OFFICE BLDG	1	SQ FT	25000	
14	STATE OFFICE BLDG	1	SQ FT	25000	
15	STATE OFFICE BLDG	1	SQ FT	25000	
16	STATE OFFICE BLDG	1	SQ FT	25000	
17	STATE OFFICE BLDG	1	SQ FT	25000	
18	STATE OFFICE BLDG	1	SQ FT	25000	
19	STATE OFFICE BLDG	1	SQ FT	25000	
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93	STATE OFFICE BLDG	1	SQ FT	25000	
94	STATE OFFICE BLDG	1	SQ FT	25000	
95	STATE OFFICE BLDG	1	SQ FT	25000	
96	STATE OFFICE BLDG	1	SQ FT	25000	
97	STATE OFFICE BLDG	1	SQ FT	25000	
98	STATE OFFICE BLDG	1	SQ FT	25000	
99	STATE OFFICE BLDG	1	SQ FT	25000	
100	STATE OFFICE BLDG	1	SQ FT	25000	





**Exhibit A, Part 5  
Vehicles, Boats, etc.**

Vehicles:

<b>Year</b>	<b>Made</b>	<b>Model</b>	<b>VIN</b>	<b>State</b>	<b>GARAGE LOCATION</b>
2001	Chevrolet	Suburban	3GNFK16T21G255393	TX	Beach City, Texas
2007	Chevrolet	Silverado	2GCEC19C871661192	TX	Beach City, Texas
2012	Ford	F150	1FTEW1CMXCKD47272	TX	Beach City, Texas
2007	Texas	Trailer	17XFP182971074621	TX	Beach City, Texas
1995	Texas	Trailer	TR208374	TX	Beach City, Texas

Vessels:

<u>Vessel</u>	<u>Year Built</u>	<u>Type of Vessel</u>	<u>Dimensions</u>	<u>Vin #</u>	<u>Estimated Value</u>	<u>Construction</u>	<u>Gross Tonnage</u>	<u># of Engines</u>	<u># of Crew</u>	<u>Max # Passengers</u>
Hanna T	2004	Crew Boat	27 X11X4	TX2038205077	\$90,000		8 nrt	1	2	6
Rhea	1974	Crew Boat	39x13x6.5	TXZ77644F000	\$90,000		17 nrt	2	2	6
Airboat	1994	Airboat	15'	MPH00196B494	\$15,000			1	1	1

**Grand Total** **\$195,000**

**Exhibit A—Part 6**  
**Real Property**

13.6621 acres, more or less, out of a called 33.0921 acre tract as recorded in Chambers County Clerk Film Code No. 91-146-213 which is out of a called 199.27 acre tract of land conveyed to Exxon Corporation by Deed recorded in Volume 130, Page 442 of the Chambers County Deed Records, being described as the following five (5) tracts of land:

**TRACT ONE:** 2.4621 acres, more or less, being the same lands described in that certain Special Warranty Deed dated effective January 1, 2016, recorded as Document No. 2016-110840 of the Official Records of Chambers County, Texas, from Davis Petroleum Corp., as Grantor, to Galveston Bay Energy, LLC, as Grantee.

**TRACT TWO:** 6.12 acres, more or less, being the same lands described as TRACT 1 – PARCEL A in that certain Quitclaim Deed dated effective December 1, 2010, recorded as Document No. 2011-64190 of the Official Records of Chambers County, Texas (the “Masters Deed”), from Masters Resources, L.L.C., as Grantor, to Galveston Bay Energy, LLC, as Grantee.

**TRACT THREE:** 1.56 acres, more or less, being the same lands described as TRACT 1 – PARCEL B in the Masters Deed.

**TRACT FOUR:** 1.13 acres, more or less, being the same lands described as TRACT 1 – PARCEL C in the Masters Deed.

**TRACT FIVE:** 2.39 acres, more or less, being the same lands described as TRACT 1 – PARCEL D in the Masters Deed.

**Exhibit B**

**Copy of the Promissory Note**

[Attached]

TERM LOAN NOTE

\$2,500,000.00

August \_\_, 2017

**Maker: GALVESTON BAY PROPERTIES LLC**  
2464 FM 725  
New Braunfels, Texas 78130

**Payees: GRACE OIL INVESTMENTS LLC**  
5027 S. 136<sup>th</sup> Ave., Unit 605  
Tulsa, Oklahoma 74134

and

**REM PETROLEUM INVESTMENTS LLC**  
605 W 42<sup>nd</sup> Street, Apt. 33F  
New York, NY 10036

FOR VALUE RECEIVED, and subject to each of the terms of that Interim Order dated August 18, 2017 (I) Authorizing Debtor to Obtain Secured, Superpriority, Postpetition Financing Pursuant to Bankruptcy Code Sections 105, 361, 362, 364(C)(1), 364(C)(2), 364(C)(3), and 364(D), and (II) Scheduling Final Hearing, (the "Interim Order") in Bankruptcy Case No. 17-51905 in the United States Bankruptcy Court for the Western District of Texas, San Antonio Division, and any final order entered therein, the undersigned Maker named above promises to pay to the order of Payees named above, at the offices of Grace Oil Investments, LLC (for allocation between Payees as they may agree), in lawful money of the United States of America, the principal sum of TWO MILLION FIVE HUNDRED THOUSAND and NO/100 DOLLARS (\$2,500,000.00), together with interest on the principal balance from time to time remaining unpaid at the rate and upon the terms provided in this Term Loan Note (the "Note").

Maker acknowledges the receipt from Payees of the sum of \$240,000.00 which was delivered in exchange for that certain Term Loan Note in the original principal amount of \$240,000.00 (the "\$240K Note"). By the execution of this Note and the delivery thereof to and acceptance thereof by Payees, the \$240K Note is deemed paid in full and is deemed to be of no further force and effect and the Certificate representing 58.2 units of ownership of Maker being held in escrow by Douglas S. Craig, Jr., is deemed null and void.

1. **Schedule of Payments.** The entire unpaid principal balance of this Note, plus all accrued and unpaid interest thereon, shall be due and payable one year from the date hereof set forth at the top of this Note (the "Maturity Date"). One calendar month following the date hereof, and thereafter on a monthly basis until the Maturity Date, interest shall accrue on the unpaid principal amount of the Note at the rate provided below. On the Maturity Date, Maker shall pay all accrued and unpaid interest and all of the remaining principal balance of the loan represented by this Note.
2. **Interest Rate.** The unpaid principal balance from day to day outstanding hereunder shall bear interest at a rate of five and one-half percent (5.5%) per annum, which shall from day to day be calculated on the basis of actual days elapsed, but computed as if each calendar year consisted of 360 days.
3. **Prepayment.** Maker may prepay this Note in whole or in part at any time without being required to pay any penalty or premium for such privilege. All prepayments hereunder, whether designated as payments of principal or interest, shall be applied to the principal or interest of this Note or to expenses provided herein, as directed by Payee.
4. **Late Payment.** Any payment of either principal or interest, or both, which is overdue for more than ten (10) days shall incur a penalty in an amount equal to 5% of the amount of the payment that is overdue, whether principal and/or interest.
5. **Past Due Interest.** All principal and interest which remain in arrears ten (10) days or more after their respective due dates shall bear interest, payable on demand, for each day until paid, commencing on the eleventh (11th) day after their respective due dates until paid, at a rate equal to 3% per annum above the rate provided for above (the "Default Rate").
6. **Events of Default and Remedies.** The entire unpaid principal balance of this Note shall immediately become due and payable at the option of the holder hereof upon the occurrence of any one or

more of the following described Events of Default (individually or collectively, herein called a "Default"):

- i) Default in the payment of any principal or interest on this Note when it becomes due and payable, whether as a result of mandatory prepayment, acceleration or otherwise;
- ii) Default in the payment of any fees or expenses required to be paid under this Note for more than ten days after the same become due and payable;
- iii) The discovery by Payee that any statement, representation or warranty made by Maker in this Note or the deed of trust described below or by Maker in a certificate, instrument or statement delivered to or in connection with this Note is false, misleading or erroneous in any material respect when made;
- iv) Default in the performance or breach of any covenant or agreement contained herein and the continuance of such default for a period of ten (10) days after the earlier of (A) receipt by Maker of written notice thereof from Payee or (B) Maker otherwise having knowledge of such default or breach; or
- v) Default in the payment of any obligation to the owners of the Non-Primed Liens described below.

7. **Acceleration.** In the event that Maker fails or refuses to pay any part of the principal of or interest on this Note within ten (10) days after the same becomes due, or in the event of the occurrence of a Default under the deed of trust described below, then in any such event, the holder hereof shall be entitled to declare the entire unpaid principal of and accrued interest on this Note immediately due and payable, without notice of intent to accelerate, notice of acceleration, any other notice whatsoever, demand, or presentment, all of which are hereby waived, foreclose any liens or security interests securing all or any part hereof, offset against this Note any sum or sums owed by the holder hereof to Maker or any guarantor, or may proceed to protect and enforce, and exercise any other right or remedy to which the holder hereof may be entitled by agreement, at law, or in equity. Each right and remedy available to the holder hereof shall be cumulative of and in addition to each other such right and remedy. No delay on the part of the holder hereof in the exercise of any right or remedy available to the holder hereof shall operate as a waiver thereof, nor shall any single or partial exercise thereof or exercise of any other such right or remedy.

8. **Collection Costs.** If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceedings, Maker agrees to pay the court costs, reasonable attorneys' fees, and other reasonable costs of collection of the holder hereof.

9. **Security.** This Note is secured by that certain Deed of Trust, Mortgage, Assignment of Production, Security Agreement and Financing Statement of even date herewith given by Maker to Douglas S. Craig, Jr., Trustee, for the benefit of Payees covering the lands and other property owned by Maker in Chambers and Galveston Counties, Texas, which is being recorded in the Official Public Records of Chambers and Galveston Counties, Texas, as may be amended from time to time, which Security Agreement is being perfected by the filing of a UCC Form 1 with the Secretary of State of Texas (collectively, the "Security Documents") and to which reference is here made for all purposes. The liens granted by the Security Documents shall be expressly subject to the terms and limitations of paragraph 5 of the Interim Order including, without limitation, the superior liens of and subordinate only to the existing valid, perfected pre-petition liens of Shadow Tree Capital Management LLC, Shadow Tree Funding Vehicle A-Hydrocarb LLC, Quintium Private Opportunities Fund LP, and Samuel Gradess, Trustee (collectively, "Shadow Tree"), and Texas General Land Office, Texas Railroad Commission, and Archrock Partners Operating LLC ("Archrock"), including its liens filed or perfected postpetition by Archrock as permitted by section 546(b) of the Bankruptcy Code (collectively, the "Non-Primed Liens").

10. **Cumulative Rights.** No delay on the part of the holder of this Note in the exercise of any power or right under this Note, or under any document or instrument executed in connection herewith, shall operate as a waiver thereof, nor shall a single or partial exercise of any other power or right. Enforcement by the holder of this Note of any security for the payment hereof shall not constitute any election by it of remedies so as to preclude the exercise of any other remedy available to it.

11. **Waiver.** Except as provided for herein, Maker, and each surety, endorser, guarantor, and other party ever liable for the payment of any sum of money payable on this Note, jointly and severally waive demand, presentment, protest, notice of intention to accelerate, notice of acceleration, notice of protest, and any and all lack of diligence or delay in collection or the filing of suit hereon which may occur, and agree that their liability on this Note shall not be affected by any renewal or extension in the time of payment hereof, by any indulgences, or by any release or change in any security for the extensions, indulgences, release, or changes, regardless of the number of such renewals, extensions, indulgences, releases, or changes.

12. **Loan Agreement; Conversion Right.** The loan represented by this Note is made pursuant to that certain Loan Agreement and Option to Purchase Equity Interest of even date herewith entered into by and between Maker and Payees (the "Loan Agreement"). Under the terms and provisions of the Loan Agreement, Payees have the right to convert the obligation represented by this Note to equity interests in Maker (and affiliates of Maker). Reference is here made to the provisions of the Loan Agreement regarding such conversion right.

13. **Notices.** Any notice or demand given hereunder by the holder shall be in writing and be deemed to have been given and received (a) when actually received by Maker, if delivered in person or by courier or messenger, or (b) two Business Days (hereinafter defined) after a letter containing such notices, certified or registered, with postage prepaid addressed to Maker, is deposited in the United States Mail. The address of Maker is set forth at the top of this Note, or such other address as Maker shall advise the holder hereof by certified or registered letter.

14. **Governing Law.** THIS NOTE IS BEING EXECUTED AND DELIVERED, AND IS INTENDED TO BE PERFORMED, IN THE STATE OF TEXAS, AND THE LAWS OF SUCH STATE SHALL GOVERN THE CONSTRUCTION, VALIDITY, ENFORCEMENT, AND INTERPRETATION HEREOF, EXCEPT TO THE EXTENT FEDERAL LAWS OTHERWISE GOVERN THE VALIDITY, CONSTRUCTION, ENFORCEMENT, AND INTERPRETATION HEREOF.

15. **Headings.** The headings of the sections of this note are inserted for convenience only and shall not be deemed to constitute a part hereof.

16. **Successors and Assigns.** All of the covenants, stipulations, promises, and agreements in this Note by or on behalf of Maker shall bind its successors and assigns, whether so expressed or not; provided, however, that Maker may not, without the prior written consent of the holder hereof, assign any rights, duties, or obligations under this Note. Any assignment in violation of the foregoing shall be null and void.

17. **Business Day; Payments.** As used herein, the expression (a) "Business Day" means every day on which federal bank offices in the State of Oklahoma are open for business, and (b) "Nonbusiness Day" means every day which is not a Business Day. Payment of the principal of this Note shall be due and payable in lawful money of the United States of America, in Tulsa, Oklahoma, at the office of Grace Oil Investments LLC set forth at the top of this Note at or before 10:00 a.m., Tulsa, Oklahoma, time on the day such payment is due or at such other places as Payees may direct Maker in writing. In any case where a payment of principal is due on a Nonbusiness Day, Maker shall be entitled to delay such payment until the next succeeding Business Day.

IN WITNESS WHEREOF, the undersigned has executed this note as of the day and year first above written.

**MAKER:**

GALVESTON BAY PROPERTIES LLC  
a Texas limited liability company

By: \_\_\_\_\_  
Daniel Polk, Manager

Exhibit C

Application of proceeds of the Loan

[See Development Plan attached]

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WARRANT

GALVESTON BAY PRINTERIES, L.P.  
a Texas limited liability company

\_\_\_\_\_  
Daniel P. [Name]



ANNEX "B"

**GALVESTON BAY DEVELOPMENT PROJECT**

**SCHEDULE OF PROPOSED ACTIVITIES OF "DEVELOPMENT PLAN", EST'D PRODUCTION AND REVENUES WHICH ARE TO BE USED FOR CONTINUOUS DEVELOPMENT OF PROJECT**

Part of Annex "B" - As Part of Participation Agreement

**Initial funding :** Earns 40% working interest and goes into the development of the project.  
**Production revenues for 1st year** go back into the project for further Development

**GOAL :** Restore Existing Wells to the Production Level when last doing well, under "Masters Operating" and enhance production thru repairing infrastructure and through perforating new zones in wells and eventually drilling deeper or directionally into the Vicksburg or over pressured Frio zones. new zones in wells and eventually drilling deeper or directionally into the Vicksburg or over pressured Frio zones.

**BOE** Barrel of Oil Equivalent (nat'l gas to oil value 15MCF = 1BO) **Oil Gas Ratio** 60% gas and 40% oil at Peak Prod.  
**Royalty** 25% ( Texas General Land Office Royalty, Plus old ORRI's) **Est. price per BO** \$45.00 (You may change to reflect price of oil)  
**Working Int %** **GBP Interest =** 60% (Changeable) **Partners =** 40%

Initial actions through first 7 months funded by Initial Funding with increasing amounts of production revenues being applied monthly to enhance production.

Month ( Year 1)	BOEPD (Est D)	Monthly Gross after Royalty	LOE - Lease Operating Expense - Est'd Mthly Cost to maintain fields and field office including estimated ongoing cost of operation including repairs, of wells or infrastruture, includes insurance, administrative and management costs, payroll, overhead, etc.	Estimated Amount to be Reinvested from production Gross after Royalty - Cost of Operations (Row D- C)	Estimated Cumulative Amount to have been Reinvested from Production Revenues	Type of equipment required - See Above	<u>Development Plan - (1) Restore Wells to Prior Levels of Production, by handling infracstructure, pipeline, well heads, (2) Increase ability to handle more fluid (3) Add additional production by opening up untapped zones in existing well bores (4) Deepen, or directionally drill out of the well bore into other zones (5) deepen well bores to Vicksburg. Initial actions through first 7 months funded by Initial Funding with increasing amounts of production revenues being applied monthly to enhance production.</u> <u>ACTIVITIES PROPOSED</u>
August	300	\$303,750	\$225,000	\$78,750	\$78,750	Our barge and tug, crane, workover equipment	Initiate Phase 1 -Restore Trinity Bay wells (1st) to prior production through infrastructure and initiate restoration of other fields. Increase water handling ability on platform through water seperators and
September	400	\$405,000	\$235,000	\$170,000	\$248,750	Our barge and tug, crane, etc	Return balance of wells in Trinity Bay to prior production + 200 to 300 bopd for next month
November	500	\$506,250	\$275,000	\$231,250	\$480,000	Our barge and tug, crane, etc	Phase 1 and Trinity Bay completed - Restore Fisher's reef field wells initiated the restore production to 283 bopd

Month ( Year 1)	BOEPD	Monthly Gross after Royalty	Monthly Cost of Ops to maintain fields and Admin Cost (LOE)	Estimated Amount to be Reinvested from production Gross after Royalty - Cost of Operations (Row D- C)	Estimated Cumulative Amount to have been Reinvested from Production Revenues	Type of equipment required - See Above	DESCRIPTION OF ACTIVITIES
December	783	\$792,788	\$300,000	\$492,788	\$972,788	Our barge and tug, crane, etc	Fishers Reef Field completed + approx 283 bopd added to production
January	825	\$835,313	\$325,000	\$510,313	\$1,483,100	Our barge and tug, crane, etc	Restore Red Fish Reef Wells - Initiate the Restoring to production
February	983	\$995,288	\$350,000	\$645,288	\$2,128,388	Our barge and tug, crane, etc	Red Fish Reef Completed 200 boepd
<b>COMPLETION OF DIAL/MASTERS RESTORATION PGRM - RETURN INITIAL SET OF WELLS TO CONDITION WHEN MASTERS WAS PRODUCING WELLS</b>							
March	1250	\$1,265,625	\$375,000	\$890,625	\$3,019,013	Big Barge/ Workover Rig	Re-work 3 wells with Rig and + wells with Barge
April	1350	\$1,366,875	\$375,000	\$991,875	\$4,010,888	Big Barge/ Workover Rig	Re-work 3 wells with Rig and + wells with Barge
May	1500	\$1,518,750	\$400,000	\$1,118,750	\$5,129,638	Big Barge/ Workover or Drill Rig	Vicksburg (rig) + Misc maintenance with Barge to maintain production and do rigless recompletions
June	1750	\$1,771,875	\$425,000	\$1,346,875	\$6,476,513	Big Barge/ Workover or Drill Rig	Vicksburg (rig) + Misc maintenance with Barge to maintain production and do rigless recompletions
July	2000	\$2,025,000	\$425,000	\$1,600,000	\$8,076,513	Big Barge/ Workover or Drill Rig	Vicksburg (rig) + Misc maintenance with Barge to maintain production and do rigless recompletions
<b>MONTHLY PROJECT INCOME AFTER YEAR 1</b>				<b>\$1,600,000</b>	<b>Per Month projected income after 12th month</b>		
<b>PROJECTED REVENUES USED FOR CONTINUAL DEVELOPMENT</b>					<b>\$8,076,513</b>	<b>1st 12 months</b>	

**NOTE:** The above summary represents an estimate of cost, time and anticipated production based primarily on previous production rates of wells being restored into production and reasonable estimates by professionals familiar with the field. The figures are considered reasonable, however it is by no means a promised level of cost, time required or production levels. Cost, time consumed, production rates and economic projections will be greater or lesser than the figures above to one extent or another. While we anticipate to bring wells back into production at rates that they produced at when shut in, they may produce more due to re-pressuring or less or may not produce from the past productive zone, and may require perforating another zone to be productive or if not may be used as a disposal, or injection well or may require plugging.



**Galveston Bay Properties, LLC**

Total \$3,500,000 budget first 150 days

75 day budget through November 30, 2017 due to \$2,500,000 loan

Plus 2nd 75 days with funding of \$1,000,000

Estimated Net Production in the Ground Per Year

	8/28/2017 Mon	9/4/2017 Mon	9/11/2017 Mon	9/18/2017 Mon	9/25/2017 Mon	10/2/2017 Mon	10/9/2017 Mon	10/16/2017 Mon	10/23/2017 Mon	10/30/2017 Mon	Total
Production	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	10000
Operating Costs	500	500	500	500	500	500	500	500	500	500	5000
Net Production	500	500	500	500	500	500	500	500	500	5000	5000
...	...	...	...	...	...	...	...	...	...	...	...
<b>Total</b>											<b>\$ 4,400,000</b>

Exhibit D

Form of Production Payment

[Attached]

THIS ASSIGNMENT OF PRODUCTION PAYMENT (ASSIGNMENT) IS

FROM: DAVENPORT WAY PROPERTIES LLC  
 1364 RM 102  
 New Braunfels, Texas 78130

TO: CLOWY STRIERS  
 15250 Capital Drive  
 Los Angeles Hills, California 91032

Subject to the terms and conditions set forth below, Assignor, for and in consideration of \$100,000 and other good and valuable consideration, in and to be paid by Assignee, the receipt and delivery of which are hereby acknowledged and consented to by Assignor, does hereby sell, assign, transfer, convey and deliver, without warranty or guarantee of title, express or implied, unto Assignee, its successors in title and assigns, effective as of 12:00 a.m. local time of the date of this Agreement, the production payment (the "Production Payment") equal to seventy five percent (75%) of the net proceeds from the sale of production of oil, gas, natural gas liquids, condensate, casinghead gas and other fluids and vapors hydrocarbons produced, stored, produced and saved or produced and stored in and from the wells on the premises described in the attached Exhibit A, which premises are a part of the gas lease more fully described in the attached Exhibit B, which lease is made a part hereof for all purposes, including the "Lease" referred to in the recitals of this Agreement, and Assignee shall have received out of the proceeds of 75% of such production as set forth in Exhibit C, and Assignee shall have received out of the proceeds of 75% of such production, computed and netted, commencing on the Effective Date, "Lease Proceeds".

The Production Payment is subject to the following terms, provisions and conditions:

A. The Production Payment is subject to the terms and conditions of each of the leases pertaining thereto and any amendments or modifications thereto or interests in such leases that any amendments or modifications thereto or interests may be made without the consent or approval of Assignee.

B. Commencing forty-five (45) days following the expiration and delivery of this instrument by Assignor to Assignee, and by the fifteenth (15<sup>th</sup>) day of each calendar month thereafter, Assignee shall deliver to Assignor the following:

1. An accounting of all production revenues obtained from wells located on the Lease (the "Wells") during the preceding calendar month;

2. An accounting of all lease operating expenses (as defined below) paid by



Assignor in connection with the operation of the Wells located on the Leases during the preceding calendar month; and

3. A calculation of the net revenues received by Assignor from the Wells during the preceding calendar month (*i.e.* the difference between items 1 and 2 above) together with a check issued to Assignee in such amount.

The above described reports and issuance of checks to Assignee shall continue until Assignee has received distributions from Assignor of an aggregate sum of money equal to the Payout Sum.

Upon the written request of Assignee, Assignor will provide to Assignee copies of the apron attached to any production revenue check received by Assignor during the twelve (12) months preceding the date of Assignee's request, and Assignor will provide to Assignee copies of all joint interest billings and other invoices paid by Assignor pertaining to the expenses related to the operation of the Wells during the same period.

C. Assignee shall bear and pay all taxes which may now or hereafter be applicable to or in any manner connected with the Production Payment for which a lien is deemed imposed upon such Production Payment or the production of Hydrocarbons attributable thereto for any of the following, including, without limitation, all production, severance, gathering, transportation, excise or other taxes attributable to or levied upon such Production Payment or the production of Hydrocarbons attributable thereto, and all other costs and charges to the same extent as those costs and charges are borne by or charged to the lessors' royalty interests under the terms of the Leases. It is expressly provided that the Production Payment shall not be paid out of nor shall accrue upon any Hydrocarbons used for operating, development or production purposes upon the lands covered by the Leases, or that portion of any Hydrocarbons returned to the lands covered by the Leases for operating, development or production purposes or upon that portion of Hydrocarbons which is unavoidably lost. Except as otherwise provided herein, the Production Payment shall be paid or delivered to Assignee in the same manner as that provided in each of the Leases for the payment of royalty to the lessors therein.

D. The interest in each of the Leases which is burdened by the Production Payment conveyed herein may be pooled and unitized in the same manner and under the same and identical terms, conditions and provisions as the lessors' royalty may be pooled and unitized under the terms of the Lease to which the production payment is applicable.

TO HAVE AND TO HOLD all and singular the production payment herein sold, transferred, set over and delivered unto the Assignee, Assignee's successors and assigns, forever. Assignor hereby binds Assignor and Assignor's successors and assigns, to warrant and to defend the title to the production payment conveyed herein unto Assignee and Assignee's successors and assigns, against every person lawfully claiming or to claim the same, or any part thereof, by, through and under Assignor, but not otherwise.

All of the terms, provisions, covenants and agreements herein contained shall extend to and be binding upon the parties hereto and their respective successors in title and assigns.

IN WITNESS WHEREOF, Assignor has executed this Assignment on the date of the acknowledgment annexed hereto, but this Assignment shall be effective as of the Effective Date hereinabove recited.

GALVESTON BAY PROPERTIES LLC





**EXHIBIT B**

**Production Payment Schedule**

<b>Payment No.</b>	<b>Date of Payment</b>	<b>Amount</b>
1.	On or before March 25, 2007	\$1,500
2.	April 25, 2007	\$1,500
3.	May 25, 2007	\$1,500
4.	June 25, 2007	\$1,500
5.	July 25, 2007	\$1,500
6.	August 25, 2007	<u>\$31,500</u>
	<b>TOTAL:</b>	<b>\$39,000</b>

**Exhibit E**

**Form of Escrow Agreement**

[Attached]

**ESCROW AGREEMENT**  
**Security for Exercise of Equity Conversion**

THIS ESCROW AGREEMENT (the "Agreement") is made as of the \_\_\_\_ day of August, 2017 between and among GALVESTON BAY PROPERTIES, LLC, a Texas limited liability company ("GBP"), and GALVESTON BAY OPERATING COMPANY LLC ("GB Operating") and each of GRACE PETROLEUM INVESTMENTS, LLC, a \_\_\_\_\_ limited liability company ("GRACE"), REM PETROLEUM INVESTMENTS, LLC, a \_\_\_\_\_ limited liability company ("REM"), and Douglas S. Craig, Jr. ("Escrow Agent") (each, a "Party", and collectively, the "Parties").

**Recitals**

- A. REM, GRACE, GBP and GB Operating are entering into that certain loan agreement (the "Loan Agreement") dated August 25, 2017, under which GRACE and REM (collectively, the "Conversion Parties") may become entitled to receive certain membership interests (the "Membership Interests" as defined below) in GBP and GB Operating (collectively, the "GB Companies") upon exercise of the right to convert a \$2,500,000 loan made by them to GBP into Membership Interests. Defined terms used in this Agreement, but not defined herein, shall have the meanings given to them in the Loan Agreement.
- B. The Loan Agreement also provides to GRACE, REM and Great People Texas, Inc. (collectively, the "Option Holders") the option to acquire additional Membership Interests (the "Equity Option") for the additional consideration of \$4,500,000.
- C. In order to provide for the delivery of the Membership Interests upon the exercise of either or both of the Conversion Rights and the Equity Option, the Conversion Parties, the Option Holders and the GB Companies have agreed to adopt this Escrow Agreement, and the GB Companies have deposited with the Escrow Agent certificates for the Membership Interests to be delivered to the Conversion Parties and/or the Option Holders upon the exercise of the Conversion Rights only, the Equity Option only, or the simultaneous exercise of the Conversion Rights and the Equity Option, to be held in Escrow in accordance with the terms set forth in this Agreement, together with copies of resolutions adopted by the members of the GB Companies pertaining to the ownership of such companies and the issuance of additional Membership Interests therein.

**Agreement**

In consideration of the premises, the Parties agree:

1. Establishment of Escrow. Simultaneously with the execution of the Loan Agreement, the GB Companies are delivering to Escrow Agent three groups of certificates representing the Membership Interests (the "Escrow Items") which may be acquired as follows:
  - a. by the Conversion Parties upon the exercise of the Conversion Right;
  - b. by the Option Holders upon the exercise of the Equity Option; or
  - c. by both the Conversion Parties and the Option Holders upon their simultaneous exercise of both the Conversion Right and the Equity Option.

In addition, simultaneously with the execution of this Agreement, the GB Companies are delivering to the Escrow Agent, copies of resolutions adopted by the members of the GB Companies pertaining to the ownership of such companies and the issuance of additional Membership Interests therein. The certificates and resolutions delivered to Escrow Agent will become the corpus of the Escrow upon receipt by the Escrow Agent, which the Escrow Agent shall hold for the benefit of the GB Companies, the Conversion Parties and the Option Holders under the terms hereof.

2. Exercise of Equity Option. Upon notice of the exercise of the Equity Option by REM on behalf of the Option Holders, in accordance with the notice procedure provided for below, and following confirmation by GBP that the Equity Purchase Price has been received by GBP in good funds, the Escrow Agent shall deliver to each of GBP, REM, GRACE and Great People the certificates representing the exercise of the Equity Option, which certificates are being delivered to Escrow Agent by GBP in an envelope marked "Equity Option Only," the contents of which are set forth on the attached Schedule 3. These certificates are to be delivered upon notice from or on behalf of the Option Holders that they elect to acquire the equity ownership to which there are entitled upon exercise of the Equity Option and their delivery to GBP of the sum of \$4,500,000. The Equity Option must be exercised no later than fifteen (15) days following dismissal of the Bankruptcy Case or *entry of the Confirmation Order of GBP's Plan of Reorganization.*
3. Exercise of Conversion Rights.
  - a. *Without Exercise of Equity Option.* Upon notice of the exercise of the Conversion Rights by REM on behalf of the Conversion Parties, in accordance with the notice procedure provided for below, AND if the Equity Option was *not* exercised in a timely manner, as provided above, the Escrow Agent shall deliver to each of GBP, REM and GRACE the certificates representing the exercise of the Conversion Rights, which certificates are being delivered to Escrow Agent by GBP upon the execution hereof in an envelope marked "Conversion Rights Only," the contents of which envelope are set forth on the attached Appendix 2. These certificates are to be delivered upon notice that the \$2,500,000 loan is being converted to equity ownership by the Conversion Parties. The certificates received by GBP will be distributed by it among the members of GBP. *The Conversion right must be exercised on or before forty-five (45) days following dismissal of the Bankruptcy Case or entry of the Confirmation Order of GBP's Plan of Reorganization.*
  - b. *Following Exercise of Equity Option.* If the Equity Option *has been* exercised in a timely manner, and the Conversion Parties later elect to exercise the Conversion Rights, REM shall deliver the notice of the exercise of the Conversion Rights on behalf of the Conversion Parties. Upon receipt of the notice, all prior certificates of ownership of Membership Units shall be deemed cancelled, and the Escrow Agent shall deliver to each of GBP, REM, GRACE and Great People the certificates deposited with the Escrow Agent in an envelope marked "Conversion Rights and Equity Option," which represents the exercise of both the Conversion Rights and the Equity Option.
4. Conversion Rights and Equity Option. Upon notice of the exercise of both the Conversion Rights and the Equity Option by REM on behalf of both the Conversion

Parties and the Option Holders, in accordance with the notice procedure provided for below, the Escrow Agent shall deliver to each of GBP, REM, GRACE and Great People the certificates representing the exercise of the Conversion Rights and the Equity Option, which certificates are being delivered to Escrow Agent by GBP upon the execution hereof in an envelope marked "Conversion Rights and Equity Option." These certificates are to be delivered upon notice that (a) the \$2,500,000 loan is being converted to equity ownership by the Conversion Parties and (b) the Equity Purchase Price of \$4,500,000 has been delivered to GBP. The certificates received by GBP will be distributed by it among the members of GBP.

5. Notification of Dismissal of the Bankruptcy Case or Entry of the Confirmation Order. Any of the Parties may notify Escrow Agent of the dismissal of the Bankruptcy Case or entry of the Confirmation Order. Escrow Agent may confirm such notification by contacting any other Party to this Agreement or by obtaining a copy of the applicable order of the Court.
6. Delivery from Escrow. The Escrow Items shall be held by Escrow Agent for delivery by Escrow Agent to the Conversion Parties and/or Option Holders as set forth above; *provided, however*, that if (i) the Escrow Agent has been notified of the dismissal of the Bankruptcy Case or entry of the Confirmation Order and has confirmed such action by the Bankruptcy Court and (ii) more than fifteen (15) days have passed since the date of such action by the Bankruptcy Court, and the Option Holders have *not* given notice of the exercise of the Equity Option, the Escrow Agent shall return to GBP the envelope marked "Equity Option Only" AND the envelope marked "Conversion Rights and Equity Option."
7. Term of Escrow. The Escrow shall be held by Escrow Agent until sixty (60) days following Escrow Agent's receipt of the dismissal of the Bankruptcy Case or entry of the Confirmation Order; *provided, however*, that if Escrow Agent has not received notice of the dismissal of the Bankruptcy Case or entry of the Confirmation Order by December 31, 2018, the Escrow Items shall be returned to GBP by Escrow Agent.
5. Dispute. If there is any dispute with respect to the disposition of any part of the Escrow Items from the Escrow, Escrow Agent shall not be obligated to deliver any Escrow Item to any Party, nor shall Escrow Agent be affirmatively required to commence any action against any person, including Grace and/or REM and/or GBP, nor to defend any action that a creditor or federal, state, or local taxing or other governmental authority might commence. Escrow Agent, in its sole and absolute discretion, may, if there is a dispute about the disposition of all or a part of the Escrow, commence an action in the nature of interpleader and seek to deposit the Escrow in a court having competent jurisdiction.
6. Liability of Escrow Agent. Escrow Agent is not a party to, nor bound by the Loan Agreement or any other agreement which may be deposited under, evidenced by, or which arises out of the foregoing instructions.

Escrow Agent acts hereunder as an intermediary only and is not responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of any instrument deposited hereunder or with respect to the form or execution of same; or the identity, authority, or rights of any person executing or depositing the same. Any items held in the Escrow shall not be assignable in whole or in part by any Party and shall not be pledged, mortgaged, or hypothecated.

The Parties further agree that Escrow Agent assumes no liability for and is expressly released from any claim or claims whatsoever in connection with the receiving, retaining and delivering of the Membership Interests and/or delivery made thereon. Deposit by Escrow Agent of the Membership Interests or any other items comprising the Escrow in Court, shall relieve Escrow Agent of all further responsibility and liability, and Escrow Agent is hereby expressly authorized to disregard in its sole discretion any and all notices or warnings given by any of the Parties, or by any other person or legal entity, but the said Escrow Agent is hereby expressly authorized to regard and to comply with and obey any and all Orders, Judgments or Decrees entered or issued by any Court with or without jurisdiction, and in case Escrow Agent obeys or complies with any such Order, Judgment or Decree of any Court it shall not be liable to any of the Parties or to any other person, firm or corporation by reason of such compliance, notwithstanding any such Order, Judgment or Decree be entered without jurisdiction or be subsequently reversed, modified, annulled, set aside or vacated. In case of any suit or proceeding regarding the Escrow to which Escrow Agent is or may be at any time a party, it shall have a lien on the contents of the contents of the Escrow for any and all cost, attorneys' fees, whether such attorneys shall be regularly retained or specially employed and other expenses which it may have incurred or become liable for on account thereof, and it shall be entitled to reimburse itself, and the undersigned jointly and severally agree to indemnify and hold harmless Escrow Agent from all loss, costs or damages incurred, including but not limited to attorneys' fees, by reason of this Agreement or the subject matter hereof or any cause of action which may be filed in connection therewith and to pay Escrow Agent, upon demand all such costs, fees and expenses so incurred.

Escrow Agent shall not be liable for any error of judgment or for any act done or step taken or omitted by it in good faith, or for any mistake of fact or law or for anything which it may do or refrain from doing in connection herewith, except its own willful misconduct, and Escrow Agent shall have no duties to anyone except those signing this instrument.

Escrow Agent may consult with legal counsel in the event of any dispute or questions as to the construction of the foregoing instructions, or Escrow Agent's duties hereunder. and Escrow Agent shall incur no liability and shall be fully protected in acting in accordance with the opinion and instructions of such counsel.

7. Accounting. Escrow Agent shall under no circumstances be compelled to furnish a formal accounting for the Escrow other than to notify REM and GBP about any delivery or transfer made from the Escrow.
8. Fee. Escrow Agent's fee shall be \$-0- and shall be paid equally by REM and GBP.
9. Duty of REM and GBP. REM and GBP shall take all steps reasonably necessary to facilitate the duties of Escrow Agent and the performance of those duties at the earliest possible opportunity.

10. Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered or mailed, first-class, postage prepaid, to the appropriate Party at the following addresses:

**If to GBP:**

Galveston Bay Properties LLC  
2464 FM 725  
New Braunfels, Texas 78130  
Attention: Dan Polk, Manager  
Telephone: 325 370 7868  
Email: [Progastx@gmail.com](mailto:Progastx@gmail.com)

**If to REM:**

REM Petroleum Investments, LLC  
605 W 42<sup>nd</sup> Street, Apt 33F  
New York, NY 10036  
Attention: Mikhail Reznikov  
Telephone: 917 685 3710  
Email: [mreznikov@ucapgroup.net](mailto:mreznikov@ucapgroup.net)

**If to Escrow Agent:**

Douglas S. Craig, Jr.  
770 South Post Oak Lane, Suite 600  
Houston TX 77056  
Telecopy No. (713) 622-6158

11. Miscellaneous.
- a. Amendment. This Agreement cannot be modified except by a writing executed by each and every Party.
  - b. Governing Law. This Escrow Agreement shall be governed in all respects by the laws of the State of Texas.
  - c. Headings. The paragraph headings used in this Escrow Agreement are included solely for convenience.
  - d. Entire Agreement. This Escrow Agreement sets forth the entire understanding of the parties in connection with the Escrow. This Agreement supersedes and/or replaces any oral or written escrow agreement(s) entered into by the Parties before the date hereof.
  - e. Binding Effect. This Escrow Agreement, including its terms and provisions, shall survive the Loan Agreement and shall be binding on, inure to the benefit of and be enforceable by, the Parties' heirs, legal representatives, successors, and assigns.
  - f. Waiver. This Agreement does not constitute a waiver by any Party of any claims against the other for the obligations of either as set forth in the Loan Agreement.

*[Signature page immediately follows]*

REM and GBP hereby execute this Escrow Agreement as of the date first written above.

**GBP:**  
Galveston Bay Properties, LLC

**REM:**  
REM Petroleum Investments, LLC

By: \_\_\_\_\_  
Dan Polk, Manager

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**GB Operating:**  
GB OPERATING COMPANY LLC

By: \_\_\_\_\_  
Craig Alexander, Manager

**Escrow Agent's Approval and Acceptance**

Escrow Agent approves and accepts the terms of this Escrow Agreement and agrees to be bound by its terms for the benefit of REM and GBP.

Dated: August \_\_\_\_, 2017

\_\_\_\_\_  
Douglas S. Craig, Jr.



**FIRST AMENDMENT  
TO  
LOAN AGREEMENT  
AND  
OPTION TO PURCHASE EQUITY INTEREST**

THIS FIRST AMENDMENT TO LOAN AGREEMENT AND OPTION TO PURCHASE EQUITY INTEREST (the "FIRST AMENDMENT") is made and entered into the \_\_\_ day of September, 2017, to be effective as of the EFFECTIVE DATE of the Agreement, by and among the parties signing below (individually, a "Party," and collectively, the "Parties"):

WHEREAS, on or about August 18, 2017, the Bankruptcy Court approved, on an interim basis, the Loan Agreement and Option to Purchase Equity Interest (the "Loan Agreement"). The Loan Agreement was thereafter approved on a final basis at a hearing held on September 13, 2017.

WHEREAS, in the Loan Agreement, Petroleum Investments LLC, which was being formed at the time the Loan Agreement was being prepared, is erroneously identified as "REM Petroleum Investments, LLC."

WHEREAS, the Parties desire to amend the Loan Agreement to properly identify "Petroleum Investments, LLC" as a Lender under the Loan Agreement.

NOW THEREFORE, the Parties do hereby agree as follows:

1. The Loan Agreement is hereby amended so that all references to REM Petroleum Investments, LLC are instead to "Petroleum Investments, LLC."
2. The Loan Agreement is otherwise unchanged.

AGREED:

GRACE OIL INVESTMENTS, LLC

By: \_\_\_\_\_  
Andrey Korkunov, Manager

PETROLEUM INVESTMENTS, LLC

By: \_\_\_\_\_  
Mikhail Reznikov, Manager

GB COMPANIES:

GALVESTON BAY PROPERTIES, LLC  
By: \_\_\_\_\_  
Daniel Polk, Manager

GALVESTON BAY OPERATING COMPANY, LLC

By: \_\_\_\_\_  
Craig Alexander, President and Manager

OWNERS OF THE GB COMPANIES:

Galveston Bay Properties LLC:

CLOW PARTNERS

By: \_\_\_\_\_  
Eric Clow, Managing General Partner

POLK FAMILY PETROLEUM, L.P.

By: POLK FAMILY PARTNERS LLC

By: \_\_\_\_\_  
Kelsea Polk, Manager

RUBICON RESOURCES LLC ("Rubicon")

By: \_\_\_\_\_  
Pat Robinson, Manager

WESTWOOD ENERGY LLC ("Westwood")

By: \_\_\_\_\_  
James O. Linnemann, Manager  
PROSPECT OIL COMPANY LLC  
("Prospect")

By: \_\_\_\_\_  
Walter H. Walne, III, Manager