

HEDV String Music, LLC

Two Allen Center
1200 Smith, Suite 2400
Houston, Texas 77002
Phone: (713) 650-8008
Fax: (713) 650-8305
vveltman@houstonenergyinc.com

RECEIVED
ADJUDICATION SECTION
MAR 22 2024



March 21, 2024

Via Electronic Mail

Bureau of Ocean Energy Management
Department of the Interior
Adjudication Unit (GM 276A)
1201 Elmwood Park Boulevard
New Orleans, LA 70123-2394

RE: Filing in Non-Required Document
Assignment of Overriding Royalty Interest
Mississippi Canyon, Block 385 - OCS-G 35821

Ladies and Gentlemen:

Enclosed please find one original and one copy of the following:

Title of Document: Assignment of Overriding Royalty Interest

Identities of Parties to Document: HEDV String Music, LLC, as Assignor and HE&D Offshore, L.P., as Assignee

Lease Affected: OCS-G 35821

Category to be Filed: 5 = **Overriding Royalty**, Production Payment, Net Profit

Service Fees: Pay.gov receipt for \$34.00

Once this document has been filed as requested, I would appreciate your returning a processed copy to my attention.

Please contact me if you should have any questions or need additional information. My direct phone is 713.650.8008 or email vveltman@houstonenergyinc.com.

Sincerely,

HEDV STRING MUSIC, LLC

Vanessa V. Veltman, MBA
Senior Land Analyst

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

**OCS-G 35821
MC 385**

UNITED STATES OF AMERICA §
OUTER CONTINENTAL SHELF § **KNOW ALL MEN BY THESE**
GULF OF MEXICO § **PRESENTS:**

For and in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, **HEDV String Music, LLC** (sometimes hereinafter referred to as “**HEDV**” and/or as “**Assignor**”), a Texas limited liability company, having an address at Two Allen Center, 1200 Smith, Suite 2400, Houston, Texas 77002, by this conveyance (“**Assignment**”) does hereby grant, bargain, assign, sell, transfer and convey unto **HE&D Offshore, L.P.** (sometimes hereinafter referred to as “**HE&D**” and/or “**Assignee**”), a Texas limited partnership, having an address at Two Allen Center, 1200 Smith, Suite 2400, Houston, Texas 77002, an overriding royalty interest equal to three percent of eight-eighths (3.00% of 8/8ths) (the “**Overriding Royalty**”) in and to the oil, gas, casinghead gas, condensate, distillate, gaseous substances and all other hydrocarbons produced, saved, removed or sold from, or attributable to the following described Oil and Gas Lease (the “**Lease**”):

Oil and Gas Lease of Submerged Lands under the Outer Continental Shelf Lands Act, bearing Serial number OCS-G 35821, dated effective July 1, 2016, between the United States of America, as Lessor, and Deep Gulf Energy III, LLC, as Lessee, covering all of Block 385, Mississippi Canyon, OCS Official Protraction Diagram NH16-10, covering 5,760 acres.

TO HAVE AND TO HOLD the Overriding Royalty conveyed herein unto Assignee, its successors and assigns forever. This Assignment is made pursuant to the terms and conditions

contained in that certain Amended and Restated Program Agreement dated February 28, 2010 between Houston Energy, L.P., Red Willow Offshore, LLC and Ridgewood Energy Corporation (the "**Agreement**"). If there is a conflict between the provisions of the Agreement and this Assignment, the provisions of the Agreement shall control. This Assignment is also subject to the following terms and provisions, to wit:

1.

The Overriding Royalty shall be subject to proportionate reduction (*i*) on account of the failure of leasehold or mineral title for the Lease; (*ii*) in the event the Lease relates to less than the entirety of the minerals; or (*iii*) if Assignor's leasehold interest in the Lease relates to less than the entirety of the leasehold interest in the Lease, then the Overriding Royalty herein conveyed shall be proportionately reduced and shall be payable to Assignee in the proportion that Assignor's leasehold interest in the Lease bears to the entire leasehold interest of the Lease. As of the date of this Assignment, Assignor owns an undivided eighteen percent (18%) record title interest in and to the Lease.

2.

The Overriding Royalty shall be delivered to the Assignee at the export pipelines in kind, or at the Assignee's option, the value of oil, gas and liquid hydrocarbons which is produced, saved and sold from the lands covered by the Lease and as to which payments to Assignee are made hereunder shall be the same as that upon which the payment of royalties by Assignor to the Lessor is based so the Overriding Royalty shall be computed and paid at the same time and in the same manner as the Lessor's royalty is computed and paid under the applicable Lease (but without regard to any royalty relief, reduction or suspension under the Deep Water Royalty Relief Act or any other statute providing for royalty relief, reduction or suspension, whether presently or hereafter enacted or made applicable to the Lease). Assignor may deduct any transportation costs and other costs or charges incurred in making oil, gas, or liquid hydrocarbons ready or available for market at the point of sale, provided that such costs are deductible from the Lessor's royalty under the terms of the Lease or regulations applicable thereto. The oil and gas attributable to the Overriding Royalties will be free of all capital and operating costs associated with exploration, development, production, treatment and handling, maintenance and abandonment of the Lease.

3.

The assignment and conveyance of the Overriding Royalty shall never be deemed as imposing any obligation upon Assignor, or its respective successors or assigns, if any, to conduct any drilling operations whatsoever upon the Lease, or to maintain any such operations once begun, or to continue production of oil or gas after once established, nor to protect the Lease from drainage, nor to maintain the Lease in effect by payment of delay rentals, minimum royalties, drilling operations or otherwise, but all operations, if any, on the Lease and the extent and duration thereof, as well as the preservation of the Lease by rental payments or otherwise, shall be solely at the will of Assignor and the Overriding Royalty hereby conveyed shall be paid only if and when there is any production of oil or gas from the Lease in accordance with the terms hereof. Nothing herein shall be construed to establish or create any express or implied covenants on behalf of Assignor to market any production derived from or attributable to the Lease or to establish or create any of the express or implied covenants normally extended to a lessor of a mineral lease or to a working interest owner in a joint venture.

4.

Assignor shall have the right and power to combine, pool, co-develop or unitize the Lease, or any portion thereof, and the leasehold estate and overriding royalty ownership therein, including the Overriding Royalty conveyed hereby, with other lease(s) in the vicinity thereof when and as often as in Assignor's judgment it is necessary or advisable to do so in order to properly explore, develop and operate the Lease to facilitate the orderly development of the Lease or to comply with the requirements of any law or governmental order or regulation relating to the spacing of wells for proration of the production therefrom. For purposes of computing the Overriding Royalty conveyed hereby, there shall be allocated to the Overriding Royalty included in such pool or unit a pro rata portion of the oil, gas and other minerals produced from the pool or unit on the same basis that the production from the pool or unit is allocated to the Lease under the unit agreement covering the Lease. It is agreed that Assignee shall receive, and will accept, on production from a pool or unit so pooled or unitized, only such proportion of the Overriding Royalty hereinabove specified as is allocated to the Lease(s) to which the Overriding Royalty applies. The interest in any such pool or unit attributable to the Overriding Royalty included therein shall be subjected to

said Overriding Royalty in the same manner and with the same effect as if such pool or unit and the interest of Assignor therein were specifically described in this Assignment. It is understood and agreed that no formal pooling or declaration need be filed with respect to any such pool or unit, but only that the Lease so subjected to a pool, unit or other cooperative agreement for the development of a common reservoir is as may be approved by the respective Lessor.

5.

Notwithstanding anything herein to the contrary, the Overriding Royalty shall apply to, and only apply to, oil, gas and associated liquid hydrocarbons saved and available from or attributable to the Lease and shall not apply to: (i) oil, gas and associated liquid hydrocarbons lost, including as a result of a blowout or other uncontrolled flow above the seabed; (ii) oil and gas flared or vented with volumes measured and adjusted for the platform and/or the BSEE commingling approval; (iii) oil and gas used as fuel on the platform in support of producing, handling, transporting, and processing the oil and gas derived from or attributable to the Lease with volumes measured and adjusted in accordance with any measurement and allocation agreement for the platform / infrastructure and/or BSEE commingling approval; and (iv) benefits from other than the oil, gas and associated liquid hydrocarbons or the proceeds therefrom accruing to Assignor as a result of its ownership in the Lease or contracts applicable thereto, including, but not limited to, payments received pursuant to production handling agreements and platform space agreements, insurance settlement, and take or pay payments or settlement under or relating to gas sales contracts, contract buydowns and the like. All ad valorem, production and other taxes chargeable against the Overriding Royalty's ownership or production shall be paid by Assignee.

6.

Except as set forth herein, it is understood and agreed that the Overriding Royalty shall not be subject to the terms and provisions of any operating agreement that may now or in the future apply to the Lease, and the Overriding Royalty shall not be subject to suspension, relinquishment, reduction, reversion, forfeiture, termination, or any other impact as a result of the terms and provisions of any such operating agreement, including but not limited to as a result of non-consent operations.

7.

Assignee shall have the same rights as Assignor to participate in the audit of volume allocations, revenue calculations (for cash settlements), quality bank adjustment calculations and field imbalance settlements for the Lease. Assignee shall be provided copies, upon written request to the designated operator of the Lease, of all pertinent agreements describing the audit rights and Assignor shall make reasonable efforts to afford Assignee the opportunity to participate in any joint audit of the Lease or any platform / infrastructure that may be conducted by non-operators.

8.

Under no circumstances shall the Assignor be liable to the Assignee or the Assignee liable to the Assignor for loss of profit, loss of reserves, loss of reservoir, business interruption, punitive damages or consequential or indirect damages of whatever nature relating to or in any way connected with this Assignment.

9.

The provisions hereof shall inure to the benefit of and be binding upon the Assignor and Assignee and their respective successors or assigns; however, no change or division in the ownership of said Overriding Royalty shall be binding on Assignors until thirty (30) days after Assignor shall have been furnished with a certified copy or copies of the recorded instrument or instruments evidencing such change in ownership. Assignee covenants and agrees that the Agreement and this Assignment shall be referenced in any further assignment by Assignee and its successors and assigns and the covenants, obligations and agreements contained in this Assignment and in the Agreement, to the extent related to the Overriding Royalty, shall be assumed by any such future assignees and construed as covenants running with the land and the Lease for the benefit of the Assignor and Assignee.

10.

This Assignment may be executed by signing the original or a counterpart thereof. If this Assignment is executed in counterparts, all counterparts taken together shall have the same effect as if all the Parties had signed the same instrument, but no Party shall be bound to this Assignment unless and until all Parties have executed the original or a counterpart to the original.

IN WITNESS WHEREOF, this Assignment is executed by the undersigned, duly authorized representatives of the parties hereto and is made effective for all purposes as of the 1st day of September 2017. (the "Effective Date").

WITNESSES:

Vanessa V. Veltman

Print Name: Vanessa V. Veltman

Matthew Meyer

Print Name: Matthew Meyer

ASSIGNOR

HEDV String Music, LLC

By: P. David Amend

Name: P. David Amend

Title: Sr. Executive Vice President

Signing Date: 3/21/2024
ANA

WITNESSES:

Vanessa V. Veltman

Print Name: Vanessa V. Veltman

Matthew Meyer

Print Name: Matthew Meyer

ASSIGNEE

HE&D Offshore, L.P.

By: MKD Investments, LLC, its General Partner

By: P. David Amend

Name: P. David Amend

Title: Vice President, Land

Signing Date: 3/21/2024
ANA

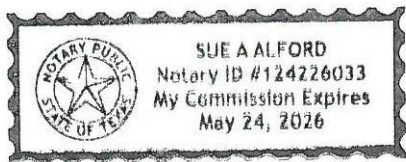
ACKNOWLEDGMENTS

STATE OF TEXAS §

COUNTY OF HARRIS §

On this 21st day of March, 2024, before me appeared **P. David Amend**, to me personally known, who, being by me duly sworn, did say that he is the Sr. Executive Vice President, of HEDV String Music, LLC, a Texas limited liability company, and that the said instrument was signed on behalf of said corporation by authority of its members and appearer herein acknowledged said instrument to be the free act and deed of said company.

GIVEN under my hand and seal of office the day and year last above written.



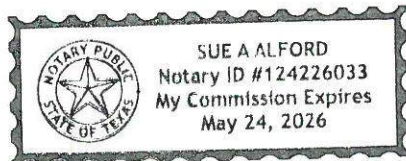
Sue A Alford
NOTARY PUBLIC in and for State of Texas

STATE OF TEXAS §

COUNTY OF HARRIS §

On this 21st day of March, 2024 before me appeared **P. David Amend**, to me personally known, who, being by me duly sworn, did say that he is the Vice President, Land of MKD Investments, LLC, its General Partner of HE&D Offshore, L.P. a Texas limited partnership, and that the said instrument was signed on behalf of said partnership by authority of its partners and appearer herein acknowledged said instrument to be the free act and deed of said partnership.

GIVEN under my hand and seal of office the day and year last above written.



Sue A Alford
NOTARY PUBLIC in and for State of Texas