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March 29, 2017

VIA EMAIL AND U.S. MAIL
Vincent P. Slusher
DLA Piper LLP (US)
1717 Main Street, Suite 4600
Dallas, TX 75201-4629

Re: *In re: Montco Offshore, Inc., et al.*, Case No. 17-31646 in the Southern District of Texas, Houston Division

Dear Mr. Slusher:

As you are aware, our firm represents Richard Schmidt ("Trustee"), Trustee of the Black Elk Liquidating Trust (the "Trust"). I am writing you regarding that Amended and Restated Turnkey Service Agreement (the "Black Elk Contract") by and between Black Elk Energy Offshore Operations, LLC ("BEEOO") and your client, Montco Oilfield Contractors, LLC ("Montco"), a debtor in the above-referenced bankruptcy matter. As you are further aware, BEEOO's rights and obligations under the Black Elk Contract were assigned to the Trust pursuant to BEEOO's confirmed Third Amended Plan of Liquidation.

As a result of Montco's recent bankruptcy filing, the Trustee has significant concerns regarding Montco's ability to promptly complete P&A work as provided under the Black Elk Contract. The completion of such work in a timely fashion is a critical component of the bargain provided to BEEOO and the Trust in the Black Elk Contract. Montco's failure to complete all remaining P&A work as contracted as soon as is practicable will cause significant harm to the Trust.

Accordingly, demand is hereby made that Montco immediately seek authorization from the bankruptcy court pursuant to Bankruptcy Code § 365 to assume the Black Elk Contract, cure all existing defaults, including, but not limited to, making such payments as are necessary to ensure that Trust property is not encumbered by any liens resulting from Montco's failure to pay its sub-contractors and vendors, and providing adequate assurance of Montco's ability to satisfy its remaining obligations under the Black Elk Contract going forward.

To the extent that Montco fails to seek such relief from the bankruptcy court by 5:00 p.m. CDT on Monday, April 3, 2017 or is unable to cure existing defaults and provide adequate assurance of future performance, then the Trustee will pursue such remedies as are available to him to protect the interests of the Trust, including, but not limited to, seeking relief from any automatic stay in order to terminate the Black Elk Contract.

Sincerely,

Matthew S. Okin

Matthew S. Okin

cc: Richard Schmidt
David Curry [Firm]
David Avraham

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April 3, 2017
VIA E-MAIL

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Re: *In re Montco Offshore, Inc., et al.*, Case No. 17-31646

Dear Matt:

We are in receipt of your letter dated March 29, 2017 in reference to our client Montco Oilfield Contractors, LLC ("Montco"), a debtor and debtor in possession in the above-referenced chapter 11 cases. In your letter, you demanded that Montco immediately seek authorization from the Bankruptcy Court, pursuant to section 365 of the Bankruptcy Code, to assume that certain Amended and Restated Turnkey Service Agreement dated as of February 8, 2016 by and between Black Elk Energy Offshore Operations, LLC ("Black Elk") and Montco (the "Black Elk Contract").

As you know, and as further described in the *Declaration of Derek C. Boudreaux in Support of Chapter 11 Petitions and First Day Pleadings* [Docket No. 3] (the "First Day Declaration"), while Montco has completed a substantial amount of the P&A work under the Black Elk Contract, it has also encountered several complications in its efforts to fully complete the work. As described in the First Day Declaration, these undisclosed and unforeseeable (by Montco) complications led to the incurrence of millions of dollars in additional liabilities for Montco, and, in turn, its subcontractors and vendors, and ultimately led to Montco's chapter 11 filing.

Montco's primary concern in its chapter 11 case is maximizing a recovery for its subcontractors and vendors, and, if possible, providing them additional sources of revenue through the completion of the Black Elk Contract. Indeed, both prepetition and since its chapter 11 filing, Montco has proactively considered ways in which it could finish the P&A work under the Black Elk Contract for the agreed turnkey prices, without creating further risks for its subcontractors and vendors.

To that end, on March 29, 2017, Montco and its counsel met with representatives from BSEE, BOEM and the Department of Justice, as well as with counsel to Argonaut Insurance Company, to further discuss (following several prepetition negotiations) potential avenues for Montco to complete the work under the Black Elk Contract. The productive conversation focused on crafting a mechanism such that payments to subcontractors and vendors could be streamlined on a component-by-component basis, thereby keeping key parties incentivized to perform and complete the remaining P&A work. All parties agreed that while the payment mechanism under the contract would need to be adjusted, the turnkey prices would remain in place, as previously negotiated.

Further, at the meeting, Montco emphasized to all parties that it needs to move on an extremely expedited timeline, given its assessment that the P&A work will likely need to recommence no later than mid-May in order to complete it by the end of the P&A season (i.e. September or October of this year). BSEE, BOEM and the DOJ are all mindful of the time pressures, and are each swiftly seeking the necessary approvals to move forward with an approach that allows for streamlined payments without impacting the gross turnkey prices.

We are optimistic that a resolution and proposed path forward will be agreed to in the coming weeks. Again, we are keenly aware of the tight timeframe in which a decision must be made, and, while we do not believe we will be in a position to make such a decision by your demanded deadline, we do anticipate that we may present a proposal for completing the contract in advance of our next bankruptcy court hearing, which is scheduled for April 14, 2017.

With respect to completing the Black Elk Contract, Montco's interests are aligned with those of your client. Any attempts by the Black Elk Trustee to force Montco into a decision prior to receiving a response from the relevant governmental entities will only serve to slow down this process, and cause additional and unnecessary administrative burdens to the estate (as well as to the Black Elk Trust). Further, these efforts will not advance the Black Elk Trustee's goals of completing the work in a timely and cost-effective manner and receiving the necessary releases from the regulatory authorities, since, to Montco's knowledge, there is no other contractor willing or able to complete the P&A work at the agreed turnkey prices. In fact, any effort to force Montco's hand prior to giving all parties in interest sufficient time to reach an agreement could likely cause harm to each of Montco's and the Black Elk Trustee's interests, and potentially foreclose the opportunity for the work to be completed this calendar year.

Therefore, at this time, it would appear that it is in the best interests of all parties, including the Black Elk Trustee, to allow BSEE, BOEM and the DOJ a sufficient amount of time to obtain approvals to move forward, as described above. We are happy to keep you and your client fully apprised of all developments as they unfold, so that we can work together to accomplish our clients' shared interests of completing the Black Elk Contract.

Please let us know if you would like to discuss this matter further.

Sincerely,

DLA Piper LLP (US)

Vincent P. Slusher

cc: Thomas R. Califano; Christopher M. Strongosky; David E. Avraham