

FUNDS DISBURSING AGREEMENT

This FUNDS DISBURSING AGREEMENT is made as of this 5th day of November, 2014, (hereinafter "**Effective Date**"), by and between Century Exploration New Orleans, LLC, a limited liability company organized under the laws of Delaware with a principal place of business located at 3838 North Causeway Blvd, Suite 2800, Metairie, LA 70002 (hereinafter "**Principal**"), and ACE AMERICAN INSURANCE COMPANY ("**ACE**").

RECITALS

A. Principal and Bureau of Ocean Management (BOEM) ("**Obligee**") have entered into various Leasing Agreements ("**LA**") for specific exploration and production activity (as the same may be modified, supplemented or amended from time to time, the "**LA**") relating to those certain obligations required under the LA (the "**Project**") the specific leases are described on the schedule attached hereto as Exhibit A (the "**BOEM Bonding Sheet**").

B Pursuant to the LA, Principal is required to obtain one or more surety bonds in order to secure Principal's performance under the obligations of the LA.

C. ACE has agreed to issue those certain bonds in the estimated aggregate amount of \$30,830,000.00 in favor of Obligee (the "**Bonds**") and as required by Obligee under the LA.

D. In connection with its issuance of the Bonds, ACE and Principal are entering into this Agreement regarding Principal's providing funds for the escrow as security for ACE, and wish to set out their understanding concerning the disbursement of funds received by the Escrow Agent.

NOW THEREFORE, in consideration of the foregoing premises and mutual covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows.

ARTICLE 1 CERTAIN DEFINED TERMS; INTERPRETATION

1.1 **Definitions:** The following terms used in this Agreement shall have the following meanings:

"**Administrative Fee**" has the meaning given to such term in Section 5.3.

"**Agreement**" means this Funds Disbursing Agreement, as it may be amended or supplemented from time to time, together with all attachments, exhibits, schedules, riders and addenda, all of which are incorporated herein by this reference and made a part hereof.

"**Bonds**" has the meaning given to such term in the recitals to this Agreement.

"**Bond Documents**" means this Agreement, the Bonds, the Escrow Agreement, the General Indemnity Agreement (to the extent related to the Bonds) and all other agreements,

instruments, certificates, requests, statements, disclosures and documents executed or delivered by any person or entity relating to any of the foregoing.

“Deposit and Disbursement Schedule” means the schedule of deposits to be made by the Principal to the Escrow Account and the schedule of disbursements to be made from the Escrow Account and attached hereto as Exhibit B.

“Disbursement Agent” means any third party which acts at the direction or request of ACE to (i) review any Disbursement Request or supporting documents received from Principal, (ii) make recommendations to ACE regarding the disbursement of any Escrow Funds by Escrow Agent, (iii) determine any Reserve Amount, or (iv) otherwise perform any or all obligations of ACE or exercise any rights of ACE hereunder.

“Disbursement Request” has the meaning given to such term in Section 3.1.

“Effective Date” has the meaning given to such term in the introductory paragraph of this Agreement.

“Escrow Account” has the meaning given to such term in the Escrow Agreement.

“Escrow Agent” has the meaning given to such term in the Escrow Agreement.

“Escrow Agreement” has the meaning given to such term in Section 2.3.

“Escrow Funds” means the funds deposited into the Escrow Account by the Principal to be held and disbursed solely for payments related to the completion of the obligations of the Principal under the LA and specified on the Deposit and Disbursement Schedule, Exhibit B.

“General Indemnity Agreement” has the meaning given to such term in Section 2.1

“LA” means the Leasing Agreements between Principal and the BOEM and described on Exhibit A.

“Obligee” has the meaning set forth in the recitals to this Agreement.

“Project” has the meaning set forth in the recitals to this Agreement.

1.2 Interpretation:

(a) Unless otherwise specified, references in this Agreement or any of the attachments hereto or appendices hereof to a Section, subsection or clause refer to such Section, subsection or clause as contained in this Agreement. The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole, including all annexes, exhibits and schedules attached hereto, as the same may from time to time be amended, restated, modified or supplemented, and not to any particular section, subsection or clause contained in this Agreement or any such annex, exhibit or schedule.

(b) Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter genders. The words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; the word "or" is not exclusive; references to any person or entity include their successors and assigns; and all references to statutes and related regulations shall include any amendments of the same and any successor statutes and regulations. Whenever any provision hereof refers to the knowledge (or an analogous phrase) of a party, such words are intended to signify that such party has actual knowledge or awareness of a particular fact or circumstance or that the party, if it had exercised reasonable diligence, would have known or been aware of such fact or circumstance.

(c) No provision of this Agreement or any other Bond Document shall be interpreted or construed against any party because that party or its legal representative drafted that provision.

(d) The titles of the sections or subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

ARTICLE 2 PURPOSE, NATURE AND TERM OF AGREEMENT

2.1 Purpose of Agreement: The Agreement has been entered into by Principal and ACE as a material inducement for ACE to issue the Bonds. In furtherance of the foregoing, Principal hereby authorizes and directs ACE and/or any Disbursement Agent to review all Disbursement Requests and supporting documents received from Principal and, subject to the terms and conditions hereof, direct the disbursement of all Escrow Funds by Escrow Agent. This Agreement supplements but is not, and is not intended as, a substitute for the provisions contained in that certain Agreement(s) of Indemnity executed or to be executed in relation to the Bonds issued by ACE, as surety (the "General Indemnity Agreement").

2.2 Intentionally Blank

2.3 Escrow Agreement: Principal shall enter into an agreement substantially in the form attached hereto as Exhibit C (the "Escrow Agreement") pursuant to which, among other things, Principal shall authorize and direct Escrow Agent to receive funds deposited by the Principal into the Escrow Account as Escrow Funds, and disburse such Escrow Funds solely in accordance with direction from ACE. Principal shall retain title to the Escrow Funds, subject to the interests of ACE, until Escrow Agent disburses the Escrow Funds in accordance with the terms of the Escrow Agreement. The parties acknowledge and agree that ACE shall have the sole and exclusive right to direct actual disbursements from the Escrow Account by providing appropriate instructions to Escrow Agent consistent with the terms of this Agreement.

2.4 No Trust or Fiduciary Relationship: Principal acknowledges and agrees that neither ACE nor any Disbursement Agent is, nor shall be deemed to be, acting in the capacity of, a trustee or other fiduciary with respect to the Escrow Account or the Escrow Funds. Principal further acknowledges and agrees that no term of this Agreement or of any related agreement,

document or instrument, and no course of dealing between the parties, shall be deemed to create any agency, partnership or joint venture relationship between the parties or any fiduciary duty on the part of ACE or any Disbursement Agent in favor of Principal or the Obligee, any Contractor or any other person or entity involved with the Project.

2.5 Term: The term of this Agreement shall commence on the Effective Date and end upon the date that all conditions to making of the final disbursement of Escrow Funds and ACE directs the Escrow Agent to make such final disbursement.

ARTICLE 3 DISBURSEMENT PROCEDURES

3.1 Disbursement Requests: Principal shall request that ACE direct the disbursement of Escrow Funds to Principal from the Escrow Account on account of Project costs by submitting a written request for such disbursement executed by an authorized representative of Principal and substantially in the form attached hereto as **Exhibit D** (a "**Disbursement Request**"). Each Disbursement Request shall (i) identify the payees and the amounts to be paid, (ii) identify for which specific lease/bond the Disbursement Request is being requested, (iii) provide copies of the following documentation for each disbursement requested relating to the fulfillment of the abandonment operations for a specific lease/bond:

- P&A Decommissioning Contract

(iv) documentation related to any contract increases/decrease that would cause the disbursement to vary to the amount previously established in Section 4.1, (iv) Disbursement Requests shall be more or less in the order contemplated in **Exhibit B**

3.2 Disbursements Orders: ACE shall direct Escrow Agent to make disbursements from the Escrow Funds only if (i) the conditions or requirements set forth in Section 3.1 have been satisfied, (ii) ACE has previously received written documentation that the disbursements are being requested have been performed on a particular lease as described on Exhibit A, (iii) ACE is satisfied, after such review or investigation as it deems appropriate in its sole discretion, as to the completeness, accuracy and veracity of all matters relating to the Disbursement Request, (iv) ACE has determined, in its sole discretion, that the amount requested is in line with or reasonable in relation to the status of or progress on the Project and the amounts budgeted for such payments in **Exhibit B**, (v) the Reserve Amount is fully funded and Escrow Funds are otherwise available to pay the requested disbursement, (vi) Principal is not in default of its obligations under this Agreement or the LA, and (vii) no draw or claim against the Bond(s) has been made. If all of the foregoing requirements have not been satisfied, ACE shall have the right to reject the applicable Disbursement Request or adjust the amount of the Disbursement Request and direct the Escrow Agent to disburse such other amounts that ACE determines, in its sole discretion, reasonable and appropriate.

3.3 Intentionally Blank

3.4 Suspension of Disbursements: Notwithstanding anything in this Agreement to the contrary, in the event of a claim against the Bond(s), ACE shall have the right to (i) suspend

and/or discontinue disbursement instructions to the Escrow Agent on account of Disbursement Requests, and (ii) direct disbursement of some or all of the Escrow Funds to itself in order to pay Principal's obligations under the Bond Documents or to otherwise reimburse ACE on account of such claim. Nothing contained in this Section 3.3 or elsewhere in this Agreement shall be construed to relieve Principal of its obligations under this Agreement or the LA, and Principal agrees that at all times while this Agreement is in effect, Principal shall continue to prepare and submit Disbursement Requests for work performed on the Project and otherwise perform all of its obligations under the LA, all Contracts and this Agreement.

3.5 Intentionally Blank

3.6 Disbursement Agent: Principal acknowledges and agrees that ACE may, in its sole and absolute discretion, utilize a Disbursement Agent to perform any or all of the obligations of ACE under this Agreement, including, without limitation, to review Disbursement Requests and other disbursement procedures under this Article 3. Principal acknowledges and agrees that the use of any Disbursement Agent by ACE is solely for ACE's benefit and that Principal shall have no rights against any Disbursement Agent as a third party beneficiary of any such use. It is understood and agreed that the use of the term "agent" herein (or any other similar term) with reference to the Disbursement Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to reflect only an administrative relationship between ACE and the Disbursement Agent as contracting parties.

**ARTICLE 4
RESPONSIBILITIES AND OBLIGATIONS OF PRINCIPAL**

4.1 Principal's Pre-Disbursement Responsibilities: Prior to commencement of any work under or pursuant to the LA, Principal shall deliver to ACE the following items, fully completed and executed as applicable

- (a) Notice that work on a specific project identified in **Exhibit B** is to commence;
- (b) Any know deviation of the specific project cost as originally projected in **Exhibit B**;
- (c) Copies of all Contracts and all other purchase orders, estimates, invoices, statements or other documents evidencing the projected/revised cost of the Project;
- (d) An estimated time of completion;
- (e) Any other information or written materials regarding the Project and/or Principal relevant to this Agreement, which ACE may request in writing.

4.2 Intentionally Blank

4.3 Notice of Certain Events: No later than five (5) days after Principal's receipt of notice or knowledge of the occurrence of any one of the following events or circumstances,

Principal shall provide notice of same to ACE, together with copies of documents evidencing or otherwise relating to such event or circumstance:

- LA;
- (a) Any actual, potential or asserted backcharge, credit or offset against the
 - (b) Any actual, potential or asserted default under the LA;
 - (c) Any actual, potential or asserted default or dispute, or claim of delay or interference by a Contractor or any other person or entity on the Project;
 - (d) Intentionally Blank
 - (e) Additional purchase orders or the receipt of any written notice of change orders, extras, additional improvements or work relating to the Project;
 - (f) Amendments or modifications to the Project Budget;
 - (g) Amendments or modifications to the Project Timeline;
 - (h) Any claim or the assertion of a lien on account of nonpayment for labor, materials or equipment supplied to the Project; or
 - (i) The receipt of notice by any person or entity from any governmental authority or court concerning Principal or the Project.

4.4 Books and Records: Principal shall maintain accurate and complete books and records relating to the Project, the LA and all Disbursement Requests, and copies of all correspondence to or from Obligee, Principal, any governmental authority and any other party involved with the Project.

4.5 Access to Project and Information: Principal shall furnish to ACE such information as ACE may, from time to time, request or cause to be requested with respect to the Project or the business or financial affairs of Principal. Principal shall permit any officer, employee, agent (including any Disbursement Agent), accountant, consultant or other representative of ACE, as often as ACE may require, to: (a) visit and inspect the Project; (b) inspect, audit and make copies of or prepare extracts from Principal's books, records, contracts, correspondence and any other written materials relating to the Project; and (c) discuss the status of the Project and the financial affairs of Principal with Principal, any Contractor or Obligee, or their respective officers, employees agents, accountants and consultants.

4.6 Inspection of Project: If an inspection of the Project is requested by ACE pursuant Section 4.5 above, Principal shall provide ACE or its agents (including any Disbursement Agent) and representatives adequate facilities for inspection of the Project and full access to the Project. Any inspection of the Project by ACE pursuant to this Agreement shall be performed by or on behalf of ACE at Principal's expense for ACE's benefit. ACE does not undertake any obligation or duty to any person or entity to determine or opine whether the construction of the Project has been performed or completed in accordance with any plans and/or

specifications relating thereto, or whether such construction has been accomplished in a reasonable, acceptable, safe or workmanlike manner. Consequently, any inspection of the Project by or for ACE shall not be relied upon in any manner as the equivalent of or a substitute for a contractor, architectural or engineering inspection.

**ARTICLE 5
ADDITIONAL AGREEMENTS AND
ACKNOWLEDGEMENTS OF THE PARTIES**

5.1 Communications With Project Participants: ACE, or its agents (including any Disbursement Agent), accountants, consultants or other representatives, may contact and otherwise communicate directly with Obligee, any Contractor and/or any of their respective representatives or consultants to the extent ACE deems necessary, in its sole discretion, to determine the status of the Project and such parties accounts with Principal with respect to the Project.

5.2 Right to Retain Professionals: ACE may retain or consult with attorneys, consultants and other professionals of ACE's selection, including any Disbursement Agent, at any time and at Principal's expense, concerning ACE's rights and obligations under this Agreement and the other Bond Documents.

5.3 Administrative Fee: ACE shall receive a non-refundable, fully earned administrative fee equal \$100,000.00, plus a set-up charge of \$750.00 for a total fee of \$100,750.00 (the "Administrative Fee") to cover the costs of administering this Agreement and maintaining the Escrow Account. The Administrative Fee shall be deemed fully earned and non-refundable upon the deposit date and shall be paid to ACE from the Escrow Fund prior to any other disbursements from the Escrow Fund. In the event that the total dollar value of the deposited amount as specified on Exhibit B increases, ACE shall be entitled to receive a corresponding increase in the Administrative Fee. The Administrative Fee shall not be subject to any refund, reduction or set-off in the event the deposited amount as specified on Exhibit B decreases or the Project does not proceed or meets an early or untimely termination.

5.4 Payment of Fees from Escrow Account: Principal hereby authorizes ACE to direct the disbursement of Escrow Funds directly to itself for reimbursement of all amounts for inspection fees, professional fees, Administrative Fees, or the payment of reimbursement obligations relating to claims against the Bond(s) as and when any such amounts become due and owing to ACE pursuant to the terms of this Agreement or the other Bond Documents.

5.5 Reliance upon Documents: ACE may, without incurring any liability, act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine and in compliance with this Agreement, may assume the validity and accuracy of any statement or assertion contained in such writing or instrument, may assume that any person or entity purporting to give or deliver any such writing or instrument has been duly authorized to do so, and shall not have any obligation or duty to make any independent investigation as to such matters, regardless of any prior or contemporaneous oral or written communication received by it from any party.

5.6 No Implied Duties: ACE's obligations and responsibilities under this Agreement are limited to those expressly set forth herein. Nothing in this Agreement or the other Bond Documents shall obligate ACE to issue any additional bonds or provide financing or any other form of financial accommodation to Principal with respect to the Project or otherwise. All decisions with respect to completion of the Project shall be made by Principal only, and ACE assumes no management or other control over completion of the Project or any actions taken by Principal. ACE shall have no obligation whatsoever to monitor or oversee the use or application of such funds distributed from the Escrow Account at its direction, including, without limitation, whether or not the party receiving such disbursement utilizes any such funds for payroll, withholding, other taxes or other payments which such receiving party is obligated to make.

5.7 No Guaranty: ACE does not guaranty nor is ACE responsible for ensuring (a) that construction of the Project will proceed or be completed; (b) that the Project will be in accordance with governmental rules and regulations or all plans and/or specifications relating to the Project when and if the Project is completed; (c) the quality of workmanship or materials, (d) that all obligations incurred by Principal in connection with the Project will be paid, satisfied or discharged;

5.8 Exculpation: Neither ACE nor any of its officers, directors, partners, employees, agents (including any Disbursement Agent), attorneys and other advisors, attorneys in fact or affiliates shall be (a) personally liable for any act which it or they may do or omit to do hereunder or under the other Bond Documents in good faith, except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted solely from its or such person's own gross negligence or willful misconduct, or (b) responsible in any manner for any recitals, statements, representations or warranties made by any person or entity contained in the DA, any Contract, this Agreement or any other Bond Document or in any certificate, report, statement or other document referred to or provided for therein or received by ACE under or in connection therewith, or for the value given for, validity, effectiveness, genuineness, enforceability or sufficiency of any of the foregoing, or the failure of any person or entity to perform its obligations with respect thereto. Notwithstanding any right ACE may have hereunder or otherwise, ACE shall not be under any obligation to Principal or any other person or entity to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Bond Document, or to inspect the Project or the properties, books or records of any person or entity related thereto. Any act done or omitted to be done by ACE pursuant to the advice of its attorneys shall be deemed conclusively to have been performed or omitted in good faith by ACE and not as a result of the its negligence or willful misconduct.

5.9 Indemnification: Principal hereby indemnifies and agrees to defend (with counsel acceptable to ACE) and hold ACE and each of its respective directors, parent companies, subsidiaries, shareholders, affiliates, officers, agents (including any Disbursement Agent) and employees (each, an "Indemnitee") harmless from and against any liability, loss, cost, expense (including, without limitation, reasonable attorneys' fees and expenses), claim, damage, suit, action or proceeding ever suffered or incurred by an Indemnitee or in which an Indemnitee may ever be or become involved (whether as a party, witness or otherwise) arising with respect to the execution, delivery, enforcement, performance and administration of this Agreement or the other Bond Documents, or by reason of any third party claim or proceeding arising out of this

Agreement, the other Bond Documents or the transactions contemplated hereby or thereby, or relating to claims of any person or entity with respect to the Escrow Funds, except to the extent any of the foregoing are the result of ACE's gross negligence or willful misconduct as finally determined by a court of competent jurisdiction.

5.10 WAIVER OF SPECIAL DAMAGES: ACE SHALL NOT BE LIABLE FOR, AND PRINCIPAL HEREBY WAIVES AND RELEASES ANY CLAIMS OR REMEDIES PRINCIPAL MAY HAVE AGAINST ACE FOR INDIRECT, SPECIAL, CONSEQUENTIAL, INCIDENTAL OR PUNITIVE DAMAGES, WHETHER SUCH DAMAGES ARE CLAIMED BY PRINCIPAL OR ANY THIRD PARTY CLAIMING THROUGH, UNDER OR ON BEHALF OF PRINCIPAL, THAT ARISE OUT OF ANY BREACH OF THIS AGREEMENT BY ACE, THE DISBURSEMENT OR HANDLING OF THE ESCROW FUNDS, ANY OTHER CLAIM OR OBLIGATION ARISING OUT OF THIS AGREEMENT, OR ANY CLAIM THAT ARISES PURSUANT TO ANY TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY, BUT EXCLUDING GROSS NEGLIGENCE AND WILLFUL MISCONDUCT) OR OTHER CLAIM, OR FOR ANY CLAIM MADE AGAINST PRINCIPAL BY ANY OTHER PARTY, EVEN IF ACE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH CLAIM.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

In order to induce ACE to enter into this Agreement, Principal makes the following representations and warranties to ACE, all of which shall be true, correct, and complete in all respects as of the Effective Date and at all times during the term of this Agreement (except to the extent that such representations and warranties by their terms specifically relate solely to an earlier date), and each of which shall survive the execution and delivery of this Agreement.

6.1 Organization and Legal Existence: Principal is duly organized and validly existing under the laws of its state of formation, is in good standing in each jurisdiction in which the nature of its business makes such qualification necessary (including the jurisdiction in which the Project is located) and has the power and authority to own its assets and transact the business in which it is engaged.

6.2 Authority: Principal has the full power and authority to enter into, execute, and deliver, and to perform its obligations under, this Agreement and the other Bond Documents, all of which have been duly authorized by all necessary corporate or other company action. No consent or approval of any person or entity, and no consent, approval, filing or registration with any governmental authority is required as a condition to the validity of this Agreement or the other Bond Documents or the performance by Principal of its obligations thereunder, except for such consents or approvals as have been obtained.

6.3 No Conflicts: The execution and delivery by Principal of this Agreement and the other Bond Documents, and the performance of its obligations under this Agreement and the other Bond Documents do not and will not, violate, conflict with, constitute a default under, or result in the creation of a lien or encumbrance upon the property of Principal (other than for the benefit of ACE) under (a) any provision of Principal's certificate of incorporation or formation

or operating agreement, (b) any provision of any law, rule, or regulation applicable to Principal, (c) any indenture or other material agreement or instrument to which Principal is a party or by which Principal or its property is bound, or (d) any judgment, order or decree of any court, arbitration tribunal, or governmental authority having jurisdiction over Principal which is applicable to Principal.

6.4 **Binding Agreement:** This Agreement and the other Bond Documents to which Principal is party, and any other document contemplated hereby and thereby, are (or when issued and delivered will be) the legally valid and binding obligations of Principal, enforceable against it in accordance with their respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

6.5 **Project Agreements:** Principal has the right and power to construct the Project as contemplated in the LA. The LA and all other agreements related thereto are in full force and effect, no default has occurred and is continuing uncured under any of them on the part of Principal or, to the knowledge of Principal, any other party, and all conditions to the effectiveness of such agreements currently required to be satisfied have been satisfied. No term or provision set forth in this Agreement will impede Principal's ability to comply with or perform under the LA or hinder the general operation of Principal's business.

6.6 **Compliance with Laws:** Principal is not in violation of any laws (including, without limitation, any statute, rule or regulation relating to employment practices or to environmental, occupational and health standards and controls) except for violations which would not reasonably be expected to have a material adverse effect on Principal's business or its ability to perform under the LA. Principal has, or will obtain, all certificates, licenses, permits, qualifications and governmental authorizations required under the LA and all laws, or orders of public authorities, necessary for construction of the Project.

6.7 **Litigation:** There are no actions, suits, proceedings or investigations pending or, to the knowledge of Principal, threatened against or affecting Principal and/or the Project before any court, arbitrator, or governmental authority that would have a material and adverse affect on the ability of Principal to perform its obligations under the LA and this Agreement

6.8 **Labor Matters:** There are no strikes or other labor disputes pending or, to the knowledge of Principal, threatened against Principal, Oblige or the Project.

6.9 **Material Facts:** Neither this Agreement, nor any other Bond Document or any other agreement, document, certificate, or statement furnished to ACE by or on behalf of Principal in connection with the transactions contemplated by the Bond Documents, contains any untrue statement of material fact or any materially misleading facts.

ARTICLE 7 ADDRESS FOR NOTICES AND DELIVERIES

7.1 **Notices:** Unless otherwise provided in this Agreement, all notices or documents required or permitted to be delivered by any party relating to this Agreement or any other Bond Document shall be in writing and shall be personally delivered by certified mail

(postage prepaid, return receipt requested), overnight courier, or facsimile to the relevant party as set forth below:

If to ACE, to:

ACE American Insurance Company
Funds Control Division
436 Walnut Street WA10F
Philadelphia, PA 19106
Attention: Steven Krumm
Telephone: (215) 640-2127
Fax: (215) 640-1134
Email: steven.krumm@acegroup.com

If to Principal, to:

Century Exploration New Orleans, LLC
3838 North Causeway Blvd, Suite 2800
Metairie, LA 70002
Contact: Michael J. Willis
Phone: 504-832-3750
Fax: 504-832-3760

The parties may change the address at which they are to receive notices or other deliveries hereunder, by notice in writing in the foregoing manner given to the other party. All notices sent in accordance with this provision shall be deemed delivered on the earlier date of (a) actual receipt, or (b) if transmitted by facsimile, the confirmation of the transmission if sent during the recipient's normal business hours or, if the confirmed transmission was sent after normal business hours, the next Business Day.

**ARTICLE 8
MISCELLANEOUS PROVISIONS**

8.1 Further Assurances: Principal shall execute, acknowledge, and deliver all such additional agreements, documents and instruments and take all such further action, at its own expense, as ACE shall deem reasonably necessary in order to further effectuate the purposes, and to carry out the terms, of this Agreement.

8.2 Survival of Covenants: The agreements, covenants and waivers of Principal contained in this Agreement shall survive the termination of this Agreement to the extent necessary to effectuate the purposes, and to carry out the terms, of this Agreement.

8.3 Cumulative Rights; No Waiver: No failure or delay on the part of ACE in exercising any right, power or privilege under this Agreement, and no course of dealing between ACE and Principal, shall operate as a waiver of any such right, power or privilege, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and privilege provided for herein are

cumulative and not exclusive of any rights, powers, privileges or remedies which ACE would otherwise have under the Bond Documents or applicable law.

8.4 Claims against ACE: ACE shall not be in default under this Agreement, or under any other Bond Document, unless a written notice specifically setting forth the claim of Principal shall have been given to ACE within three (3) months after Principal first had knowledge of the occurrence of the event which Principal alleges gave rise to such claim, and ACE does not remedy or cure any such default promptly thereafter. Principal waives any claim, set-off or defense against ACE arising by reason of any alleged default by ACE as to which Principal does not give timely notice as aforesaid. No other person or entity is intended to have any rights as a third-party beneficiary of the provisions of this Section.

8.5 Third Parties: No rights are intended to be created under this Agreement or for the benefit of Obligee or any Contractor.

8.6 Successors and Assigns: This Agreement shall be binding upon and inure to the benefit of Principal and ACE and their respective successors and assigns, provided, however, that Principal may not assign its rights hereunder or any interest herein without the prior written consent of ACE, and any such assignment or attempted assignment by Principal shall be void and of no effect with respect to ACE.

8.7 Severability: In the event any term, covenant or provision of this Agreement shall be declared prohibited, invalid, or unenforceable to any extent by a court of competent jurisdiction, such term, covenant or provision shall be ineffective to the extent of such prohibition, invalidity or unenforceability in that jurisdiction, without invalidating or rendering unenforceable the remaining provisions or affecting the validity of any term, covenant or provision of this Agreement in any other jurisdiction, unless such would effect a substantial deviation from the general intent and purpose of the parties or make a significant change in the economic effect of this Agreement on the party benefited by such term or provision.

8.8 Completeness and Modification: This Agreement, and the exhibits attached hereto, constitute the entire understanding between the parties with respect the subject matter hereof, and thus supersede any prior or contemporaneous agreements or understandings, negotiations, proposals and other representations that may exist or have existed in relation to such subject matter. No waiver or modification of this Agreement shall be valid unless made in writing and signed by the parties hereto. No covenant, representation or condition not otherwise expressed in this Agreement shall replace, modify, interpret, change or restrict the express provisions of this Agreement.

8.9 Governing Law: This Agreement shall be governed by, construed and enforced in accordance with the laws of Commonwealth of Pennsylvania, without regard to conflicts of law principles.

8.10 Consent to Jurisdiction; Service of Process: ANY SUITS, CLAIMS OR CAUSES OF ACTION ARISING DIRECTLY OR INDIRECTLY FROM THIS AGREEMENT OR ANY OTHER AGREEMENTS BETWEEN THE PARTIES SHALL BE BROUGHT FOR RESOLUTION IN A STATE OR FEDERAL COURT OF APPROPRIATE JURISDICTION

ONLY IN THE COMMONWEALTH OF PENNSYLVANIA, AND ALL OBJECTIONS TO VENUE AND PERSONAL JURISDICTION IN SUCH FORUM ARE HEREBY EXPRESSLY WAIVED. SERVICE OF PROCESS FOR ANY CLAIM WHICH ARISES UNDER THIS AGREEMENT SHALL BE VALID IF MADE IN ACCORDANCE WITH THE NOTICE PROVISIONS SET FORTH IN SECTION 7.1 HEREOF. IF SERVICE OF PROCESS IS MADE AS AFORESAID, THE PARTY SERVED AGREES THAT SUCH SERVICE SHALL CONSTITUTE VALID SERVICE AND SPECIFICALLY WAIVES ANY OBJECTIONS THE PARTY SERVED MAY HAVE UNDER ANY STATE OR FEDERAL LAW OR RULE CONCERNING SERVICE OF PROCESS. SERVICE OF PROCESS IN ACCORDANCE WITH THIS SECTION SHALL BE IN ADDITION TO AND NOT TO THE EXCLUSION OF ANY OTHER SERVICE OF PROCESS METHOD LEGALLY AVAILABLE.

12.17 Waiver of Trial by Jury: WITH RESPECT TO ANY CLAIMS OR DISPUTES PERTAINING TO THIS AGREEMENT OR ANY OF THE OTHER BOND DOCUMENTS OR TO ANY MATTER ARISING OUT OF OR RELATED TO THIS AGREEMENT OR ANY OTHER BOND DOCUMENT, PRINCIPAL HEREBY (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY A JURY, AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST. THIS WAIVER OF A RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN AND KNOWINGLY AND VOLUNTARILY MADE BY PRINCIPAL. THIS WAIVER IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A JURY TRIAL WOULD OTHERWISE ACCRUE. ACE IS HEREBY AUTHORIZED AND REQUESTED TO SUBMIT THIS AGREEMENT TO ANY COURT HAVING JURISDICTION OVER THE SUBJECT MATTER AND THE PARTIES TO THIS AGREEMENT, SO AS TO SERVE AS CONCLUSIVE EVIDENCE OF PRINCIPAL 'S WAIVER OF THE RIGHT TO JURY TRIAL. FURTHER, PRINCIPAL HEREBY CERTIFIES THAT NO REPRESENTATIVE OR AGENT OF ACE (INCLUDING ACE'S COUNSEL) HAS REPRESENTED, EXPRESSLY OR OTHERWISE, TO PRINCIPAL THAT ACE WILL NOT SEEK TO ENFORCE THIS WAIVER OF RIGHT TO JURY TRIAL.

8.11 Counterparts; Effectiveness: This Agreement may be executed in any number of counterparts and by the different parties on separate counterparts. Each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement. This Agreement shall be deemed to have been executed and delivered when ACE has received counterparts hereof executed by all parties listed on the signature page(s) hereto.

[Remainder of this page intentionally left blank; signatures on the next page]

IN WITNESS WHEREOF, the parties hereto have executed and delivered, or caused to be executed and delivered, this Agreement as of the Effective Date.

Century Exploration New Orleans, LLC

Michael J. Willis

By: Michael J. Willis
Title: Senior Vice President

ACE AMERICAN INSURANCE COMPANY

By: AK

Name: Steven Krumm

Title: AVP

EXHIBIT B

Deposit and Disbursement Schedule

Date	Description	Deposits	P&A Payments	Cash balance	P&A Obligation	Percent Funded
10/31/14		\$ 10,000,000		\$ 10,000,000	\$ 32,430,000	30.84%
11/30/14	Ship Shoal 153 #3	750,000	400,000	10,350,000	32,030,000	32.31%
12/30/14		750,000		11,100,000	32,030,000	34.66%
01/31/15		750,000		11,850,000	32,030,000	37.00%
02/31/15		750,000		12,600,000	32,030,000	39.34%
03/31/15		750,000		13,350,000	32,030,000	41.68%
04/30/15	Squid	750,000	915,000	13,185,000	31,115,000	42.38%
05/31/15	Auriga	750,000	428,000	13,507,000	30,687,000	44.02%
06/30/15	Ship Shoal 154 WGS	750,000	14,000,000	257,000	16,687,000	1.54%
07/31/15	Magellan	750,000	428,000	579,000	16,259,000	3.56%
08/31/15		750,000		1,329,000	16,259,000	8.17%
09/30/15		750,000		2,079,000	16,259,000	12.79%
10/31/15		750,000		2,829,000	16,259,000	17.40%
11/30/15		750,000		3,579,000	16,259,000	22.01%
12/31/15		750,000		4,329,000	16,259,000	26.63%
01/31/16		750,000		5,079,000	16,259,000	31.24%
02/28/16		750,000		5,829,000	16,259,000	35.85%
03/31/16		750,000		6,579,000	16,259,000	40.46%
04/30/16	Zeus, Tripod Platform	750,000	2,801,000	4,528,000	13,458,000	33.65%
05/31/16		750,000		5,278,000	13,458,000	39.22%
06/30/16		750,000		6,028,000	13,458,000	44.79%
07/31/16		750,000		6,778,000	13,458,000	50.36%
08/31/16	West cameron 366/WC 368	750,000	3,978,000	3,550,000	9,480,000	37.45%
09/30/16		750,000		4,300,000	9,480,000	45.36%
10/31/16		750,000		5,050,000	9,480,000	53.27%
11/30/16		750,000		5,800,000	9,480,000	61.18%
12/31/16		750,000		6,550,000	9,480,000	69.09%
01/31/17		750,000		7,300,000	9,480,000	77.00%
02/28/17		750,000		8,050,000	9,480,000	84.92%
03/31/17		750,000		8,800,000	9,480,000	92.83%
04/30/17		-		8,800,000	9,480,000	92.83%
05/31/17		-		8,800,000	9,480,000	92.83%
06/30/17		-		8,800,000	9,480,000	92.83%
07/31/17		-		8,800,000	9,480,000	92.83%
08/31/17		-		8,800,000	9,480,000	92.83%
09/30/17		-		8,800,000	9,480,000	92.83%

10/31/17		-		8,800,000	9,480,000	92.83%
11/30/17		-		8,800,000	9,480,000	92.83%
12/31/17		-		8,800,000	9,480,000	92.83%
Cal 2018	Breton Sound 53	-	1,140,000	7,660,000	8,340,000	91.85%
Cal 2019	Ship Shoap 150, 153, 154	680,000	8,340,000	-	-	

\$ 32,430,000 \$ 32,430,000

EXHIBIT C
ESCROW AGREEMENT

EXHIBIT D

Disbursement Request

FROM: Century Exploration New Orleans, LLC
TO: ACE AMERICAN INSURANCE COMPANY

Request for Funds Disbursement from Funds Held Pursuant to Escrow Agreement

Date: _____

Property Description: _____

Plug & Abandonment Operation: _____
(Detailed procedure and AFE attached)

Anticipated Start Date: _____

Anticipated End Date: _____

Amount Requested: _____

Requested By: _____

Please Pay the Amount of: _____

To the order of: _____

Address of Payee: _____

I certify that the funds requested above are to be used of the plugging & abandonment operation as described above.

Signed: _____

Name: Michael J. Willis

Title: Senior Vice President

Date: _____