

MINUTES

STATE MINERAL AND ENERGY BOARD

REGULAR MEETING AND LEASE SALE

JULY 13, 2011

A Regular Meeting and Lease Sale of the State Mineral and Energy Board was held on Wednesday, July 13, 2011, beginning at 11:00 a.m. in the La Belle Room, First Floor, LaSalle Office Building, Baton Rouge, Louisiana, subject to the call of the Governor and Ex-Officio Chairman.

Mr. Scott A. Angelle, Chairman, called the meeting to order. He then requested Ms. Stacey Talley, Deputy Assistant Secretary, to call the roll for the purpose of establishing a quorum.

Scott A. Angelle, Chairman
W. Paul Segura, Jr., Vice-Chairman
Thomas L. Arnold, Jr.
Emile B. Cordaro
Thomas W. Sanders
Darryl D. Smith
Chip Kline (sitting in for Garret Graves, Governor Jindal's designee to the Board)

The following members of the Board were recorded as absent:

John C. "Juba" Diez
Bay E. Ingram
Robert "Michael" Morton
Helen G. Smith

Ms. Talley announced that seven (7) members of the Board were present and that a quorum was established.

Also recorded as present were:

Victor Vaughn, Geologist Administrator-Geological & Engineering Division, and
Executive Officer to the State Mineral and Energy Board
Stacey Talley, Deputy Assistant Secretary of the Office of Mineral Resources
Frederick Heck, Director-Petroleum Lands Division
Rachel Newman, Director-Mineral Income Division
Emile Fontenot, Assistant Director-Petroleum Lands Division
April Duhe, Attorney, OMR Executive Division
Isaac Jackson, DNR General Counsel
Ryan Seidemann, Assistant Attorney General

The Chairman then stated that the next order of business was the approval of the June 8, 2011 Minutes. A motion was made by Mr. Arnold to adopt the Minutes as submitted and to waive reading of same. His motion was seconded by Mr. Segura and unanimously adopted by the Board. (No public comment was made at this time.)

At this time, upon motion of Mr. Smith, seconded by Mr. Cordaro, and unanimously adopted by the Board, the Board recessed at 11:05 a.m. in order to continue with the committee meetings.

At 12:55 p.m., upon motion of Mr. Segura, seconded by Mr. Sanders, and unanimously adopted by the Board, the Board reconvened its meeting.

The Chairman then announced that the Board would recess its regular meeting at 12:57 p.m. and go into executive session for technical briefing in order to consider matters before the Board which were confidential in nature. A motion was made by Mr. Arnold, seconded by Mr. Sanders, and unanimously adopted by the Board.

During the technical briefing, the Board conferred with staff personnel concerning the merit of the bids that were submitted and opened earlier today at a public meeting*, based on geological, engineering and other confidential data and analyses available to the Board and staff, after which, upon motion of Mr. Segura, seconded by Mr. Sanders, and unanimously adopted by the Board, the Board reconvened in open session at 1:05 p.m.

*The Minutes of the Opening of the Bids meeting are hereby attached and made a part of the Minutes by reference.

The Chairman stated that regarding Item No. 6 Legislative Update, the staff had put a packet together and it was suggested that the members take a look at the information. Ms. Talley informed the Chairman that perhaps at the next meeting the members could discuss the information in more detail. **(2011 Regular Session Legislative Update is hereby attached.)**

The Chairman then stated that the next order of business was the awarding of the leases. Based upon recommendations announced by Mr. Victor Vaughn, the following action was then taken by the Board. Leases awarded were conditioned on tract descriptions being accurate, overlapped prior leases being subtracted from acreage bid on, acreage amount being verified and agreed between bidder and state and portion bids verified as being located within advertised boundary of tracts. (No public comment was made at this time.)

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42131, said portion being 598.8 acres more particularly described in said bid and outlined on accompanying plat, to Success Energy LLC.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42132 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42133 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42134 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42135 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42136 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42137 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42138 to CS Tax Properties, LLC.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42139 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42141 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42142, said portion being 6.0 acres more particularly described in said bid and outlined on accompanying plat, to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42143 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42144 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42145 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42146 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42147 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42148 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42149 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42150 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42151 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42152, said portion being 15.0 acres more particularly described in said bid and outlined on accompanying plat, to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42153 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42157 to T.S. Dudley Land Company, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42161 to Shelby Energy Holdings LLC.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42162 to Carla Petroleum, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42163 to Pride Oil & Gas Properties, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42165 to Orbit Energy, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42166 to Merit Energy Services, L.L.C.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42170 to Orbit Energy, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42171 to New Century Exploration, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42172, said portion being 77.00 acres more particularly described in said bid and outlined on accompanying plat, to Pride Oil & Gas Properties, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42176, said portion being 21.00 acres more particularly described in said bid and outlined on accompanying plat, to Smith Production Company of Mississippi.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42179, said portion being 85.0 acres more particularly described in said bid and outlined on accompanying plat, to Allen & Kirmse, Ltd.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42182 to Hilcorp Energy I, L.P.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42183 to Hilcorp Energy I, L.P.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42184 to Matador Resources Company.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42185 to Classic Petroleum, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42186 to Eagle Stone Energy Partners, L.P.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42189 to MMB ENERGY, L.L.C.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42190, said portion being 625.35 acres more particularly described in said bid and outlined on accompanying plat, to Theophilus Oil, Gas & Land Services, LLC.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on another portion of Tract 42190, said portion being 166.84 acres more particularly described in said bid and outlined on accompanying plat, to Theophilus Oil, Gas & Land Services, LLC.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42191, said portion being 273.02 acres more particularly described in said bid and outlined on accompanying plat, to Theophilus Oil, Gas & Land Services, LLC.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on another portion of Tract 42191, said portion being 253.93 acres more particularly described in said bid and outlined on accompanying plat, to Theophilus Oil, Gas & Land Services, LLC.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42192, said portion being 388.43 acres more particularly described in said bid and outlined on accompanying plat, to Theophilus Oil, Gas & Land Services, LLC.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on another portion of Tract 42192, said portion being 277.42 acres more particularly described in said bid and outlined on accompanying plat, to Theophilus Oil, Gas & Land Services, LLC.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on another portion of Tract 42192, said portion being 60.85 acres more particularly described in said bid and outlined on accompanying plat, to Theophilus Oil, Gas & Land Services, LLC.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42194, said portion being 212.06 acres more particularly described in said bid and outlined on accompanying plat, to Theophilus Oil, Gas & Land Services, LLC.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42195, said portion being 61.64 acres more particularly described in said bid and outlined on accompanying plat, to Theophilus Oil, Gas & Land Services, LLC.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42196, said portion being 966.26 acres more particularly described in said bid and outlined on accompanying plat, to Caza Petroleum, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on a portion of Tract 42198, said portion being 153.13 acres more particularly described in said bid and outlined on accompanying plat, to Caza Petroleum, Inc.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42200 to Anadarko E & P Company, L.P.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42201 to Anadarko E & P Company, L.P.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42202 to Anadarko E & P Company, L.P.

Upon motion of Mr. Smith, seconded by Mr. Cordaro, the Board voted unanimously to award a lease on Tract 42203 to Anadarko E & P Company, L.P.

This concluded the awarding of the leases.

The Chairman then stated that the next order of business would be the adoption of the Committee recommendations. Upon motion of Mr. Sanders, seconded by Mr. Segura, the recommendations of the following respective Committees regarding their reports were unanimously adopted by resolutions of the Board. (No public comment was made at this time.)

Lease Review Committee
Nomination & Tract Committee
Audit Committee
Legal & Title Controversy Committee
Docket Review Committee

The reports and resolutions are hereby attached and made a part of the Minutes by reference.

At this time, the Chairman entertained a motion to add to the agenda a discussion about a potential request for information on auditing procedures and technology. The staff has information to provide regarding this subject. A motion was made by Mr. Segura, seconded by Mr. Cordaro, and unanimously adopted by the Board. (No public comment was made at this time.)

Also, the Chairman entertained a motion to add to the agenda a discussion of the incentives for drilling and a potential resolution that was given to the members at the May meeting. A motion was made by Mr. Segura, seconded by Mr. Arnold, and unanimously adopted by the Board. (No public comment was made at this time.)

Ms. Talley then gave a PowerPoint report to the members regarding the Legislative Auditor's July, 2010 Performance Audit Report. **(A copy of the PowerPoint Report as well as the July, 2010 Legislative Auditor's Report are hereby attached and made a part of the Minutes by reference.)**

After discussion among the members and staff, the Chairman charged the staff with putting together a request for information (RFI) to see what is out there in the market place regarding auditing procedures and technology. A motion was made by Chairman Angelle, seconded by Mr. Sanders, and unanimously adopted by the Board. (No public comment was made at this time.)

The Chairman then stated the following regarding drilling incentives on state-owned lands and water bottoms:

"Two months ago, I delivered to you all in advance of a Mineral Board meeting some background information that spoke to the decrease in the volume of drilling activity on state-owned lands. Again, the vast majority of our state-owned lands are in south Louisiana. There are things in play in Louisiana right now, in America, that again are changing where we drill for oil and gas. So our traditional areas are no longer as traditional. I think what is starting to happen is the non-traditional stuff is becoming the new normal in America. Having said that, when you take a look again at drilling rig counts, I think we need to do what we can ... I want to make sure everybody understands that this is not about competing with north Louisiana versus south Louisiana. This is Louisiana competing with the rest of the nation. Okay. So if you think of it, we have three really distinct provinces. We have north Louisiana province, south Louisiana province and offshore Louisiana. It is clear to me that for a variety of reasons most of which are technology, some of which are regulations, the area where we own our biggest holdings has not been as attractive as it had been in decades past. Again, there are a lot of reasons for that. I think we have a duty to respond to that.

I have put together a resolution for your review that creates an incentive in state-owned properties. It does require that if in a coastal zone situation that anybody that takes advantage of this would have a higher level of mitigation requirements. I think it goes instead of mitigating 100%, it was 125% but I'm having a hard time in seeing this right now. This may not be the final version. What we are trying to do is make certain that while stimulating activity in the coastal zone that we're not having a negative impact on our environment. So, what we would do is the law requires now for a 100% mitigation, we would move forward in those areas, if you take advantage of these incentives, you have to mitigate 125% which I think is appropriate public policy. I may not have the final copy here. I'm sorry, I see it in the last paragraph - to take advantage of the royalty relief incentives, the prospective leaseholders shall agree to further compensate the adverse impacts to coastal wetlands in an amount equal to at least 125% of the habitat value of the affected wetlands calculated in accordance with a valuation method adopted by the Department of Natural Resources. The only thing that remains in my mind for us to pull the trigger on this is to fill in the blanks. I do not think it makes sense for us to incentivize when prices are really, really high. The market ought to be taking care of that but what I think we ought to do is have a floor that in the event prices were to come down, we can give confidence to investors that you would be entitled to some incentive and, in my mind with the research that I've done, it is a \$75 per barrel oil and about a \$5.50 gas. So that you are entitled to the benefit as long as the price of the commodity is below that. But once it goes above that, we are not going to incentivize it. At the beginning, if it is low it helps get activity but if it gets above it, it is suspended and it kind of gives to the marketplace some assurance that it will never go below a certain amount. And we have the constitutional protection in here that never, ever can it be any lower than the constitutional requirements.

I'm going to direct the staff to work on filling in ... Again, I'm at the \$75 per barrel of oil, \$5.50 per MBTU of natural gas. We need to verify that, research that, debate it and I think it is time for us at next month's meeting to have this as an agenda item, have a robust debate on it and decide whether or not we believe the facts are such that we ought to offer some incentive for drilling in these areas that clearly are not meeting the expectations of the marketplace. Oil is \$100 per barrel and we are not seeing the kind of activity that I think we should in those areas and we need to see if we can do something. Okay. I don't have a motion on that but I just wanted to bring it to your attention and ask that you take a look and be prepared at next month's meeting to discuss that."

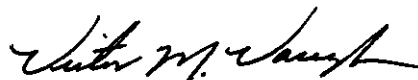
The following announcements were then made:

Ms. Talley stated that "the results of today's Lease Sale in total bonuses was \$4,214,045.83 which is also the fiscal year-to-date total.

Also, the board members each have a copy of the quarterly Mineral Revenue and Production Report in their binders for them to take with them. Also, it should be noted that the last couple of months of the fiscal year collections in severance and royalty have improved quite a bit over the prior months." **(The report is hereby attached and made a part of the Minutes by reference.)**

The Chairman then stated there being no further business to come before the Board, upon motion of Mr. Segura, seconded by Mr. Sanders, the meeting was adjourned at 1:35 p.m.

Respectfully submitted,



Victor M. Vaughn
Executive Officer
State Mineral and Energy Board

LEGISLATIVE UPDATE
2011 REGULAR SESSION

Act 13 (HB 201)

Effective Date: 6/7/2011

Act 13 authorizes the secretary of the Department of Wildlife, notwithstanding any other provision of law to the contrary, to transfer, assign, lease or deliver of any interest the state may have to all or any portion of the following described parcels of property in Vernon Parish to DOTD.

PARCEL 1-2

From a point on the centerline of State Project No. 029-04-0025, at Station 109+88.41, proceed N00/10'39"E a distance of 31.60 feet to the point of beginning; thence proceed N00/10'39"E a distance of 47.39 feet to a point and corner; thence proceed S71/31'49"E a distance of 503.09 feet to a point and corner; thence proceed along a curve to the left having a radius of 1909.87 feet, whose length is 354.87 feet and whose chord length is 354.36 feet and bears S76/51'12"E to a point and corner; thence proceed S66/29'17"E a distance of 166.42 feet to a point and corner; thence proceed N82/10'35"W a distance of 160.22 feet to a point and corner; thence proceed along a curve to the right having a radius of 1954.87 feet, whose length is 363.24 feet and whose chord length is 362.71 feet and bears N76/51'12"W to a point and corner; thence proceed N71/31'49"W a distance of 488.21 feet to the point of beginning. All of which comprises Parcel 1-2 as shown on Sheet 1 of the Right of Way Plans of State Project No. 029-04-0025, and contains an area of 42066.6 square feet or 0.966 acres.

PARCEL 3-1

From a point on the centerline of State Project No. 029-04-0025, at Station 209+00.00, proceed S00/08'11"E a distance of 30.00 feet to the point of beginning; thence proceed N89/51'49"E a distance of 1250.00 feet to a point and corner; thence proceed S77/11'00"W a distance of 182.67 feet to a point and corner; thence proceed N89/41'19"W a distance of 925.76 feet to a point and corner; thence proceed N77/27'22"W a distance of 149.71 feet to the point of beginning. All of which comprises Parcel 3-1 as shown on Sheet 3 of the Right of Way Plans of State Project No. 029-04-0025, and contains an area of 39743.9 square feet or 0.912 acres.

PARCEL 3-3

From a point on the centerline of State Project No. 029-04-0025, at Station 209+00.00, proceed N00/08'11"W a distance of 30.00 feet to the point of beginning; thence proceed N77/11'00"E a distance of 205.00 feet to a point and corner; thence proceed N89/51'49"E a distance of 850.00 feet to a point and corner; thence proceed S77/27'22"E a distance of 205.00 feet to a point and corner; thence proceed S89/51'49"W a distance of 1250.00 feet to the point of beginning. All of which comprises Parcel 3-3 as shown on Sheet 3 of the

Right of Way Plans of State Project No. 029-04-0025, and contains an area of 47250.0 square feet or 1.085 acres.

PARCEL 3-1-C-1

From a point on the centerline of State Project No. 029-04-0025, at Station 221+50.00, proceed S00/08'11"E a distance of 30.00 feet to the point of beginning; thence proceed N89/51'49"E a distance of 30.00 feet to a point and corner; thence proceed S71/25'43"W a distance of 128.92 feet to a point and corner; thence proceed N89/41'19"W a distance of 85.91 feet to a point and corner; thence proceed N77/11'00"E a distance of 182.67 feet to the point of beginning. All of which comprises Parcel 3-1-C-2 as shown on Sheet 3 of the Right of Way Plans of State Project No. 029-04-0025, and contains an area of 2393.7 square feet or 0.055 acres.

PARCEL 3-1-C-2

From a point on the centerline of State Project No. 029-04-0025, at Station 221+50.00, proceed S00/08'11"E a distance of 30.00 feet to the point of beginning; thence proceed N89/51'49"E a distance of 30.00 feet to a point and corner; thence proceed S71/25'43"W a distance of 128.92 feet to a point and corner; thence proceed N89/41'19"W a distance of 85.91 feet to a point and corner; thence proceed N77/11'00"E a distance of 182.67 feet to the point of beginning. All of which comprises Parcel 3-1-C-2 as shown on Sheet 3 of the Right of Way Plans of State Project No. 029-04-0025, and contains an area of 2393.7 square feet or 0.055 acres.

Action required by Board and OMR: If required, transfer mineral income from said properties from the Department of Wildlife and Fisheries to the Department of Transportation and Development.

Act 157 (SB 271)

Effective Date: 6/24/2011

Act 157 adds an additional class of state employees who will be eligible for death benefits for the surviving spouse and eligible dependent children. This Act was passed due to the incident which occurred on June 7, 2011, where two Insurance Fraud Investigators (Kim Sledge and Rhett Jeansonne) were murdered while collecting case information. Per statute (R.S. 33:2201(C)(1.)), the death payment is \$250,000 paid to the surviving spouse and \$25,000 per dependent child. The eligibility period for this new group of state employees began on and after January 1, 2011.

Act 157 retains present law and includes as "law enforcement officers", on and after January 1, 2011, all state employees conducting investigations, serving subpoenas, warrants, pleadings, or other orders of the court or collecting evidence concerning the affairs of a person upon a reasonable belief that the person has engaged in, or is engaging in, an act or practice that violates state law.

Action required by Board and OMR: None. The issue is whether the phrase "all state employees conducting investigations" expands the employee category to include the auditor from the Office of Mineral Resources when they are conducting an audit. The statute clearly covers criminal investigation. However, it is difficult to determine whether the statute expands the term "investigation" to include civil matters.

ACT 336 (SB 145)

Effective Date: 8/15/2011

This ACT provides for the following:

1. Act 336 specifies that "3 marine leagues" is equal to 9 geographic miles or 10.357 statute miles.

Present Law holds that relative to gulfward boundary and coastline of Louisiana, the historical gulfward boundary of the State of Louisiana extends a distance into the Gulf of Mexico 3 marine leagues from the coast.

2. Act 336 provides that the coastline of Louisiana shall be the line of ordinary low water along that portion of the coast which is in direct contact with the open sea and the line marking the seaward limit of inland waters, and shall be not less than the baseline defined by the coordinates set forth in *United States v. Louisiana*, 422 U.S. 13 (1975).

Present law provides that the coast or coast line of the state of Louisiana is accepted and approved as designated and defined in accordance with applicable Acts of Congress, as follows: From Ship Island Lighthouse to Chandeleuer Lighthouse; thence in a curved line following the general trend of the seaward, high-water shore lines of the Chandeleuer Islands to the Southwestern most extremity of Errol Shoal; thence to Pass-a-Louvre lighted whistle buoy 4 to South Pass Lighted whistle buoy 2; thence to Southwest Pass entrance midchannel lighted whistle buoy; thence to Ship Shoal lighthouse; thence to Calcasieu Pass lighted whistle buoy 1; thence to Sabine Pass lighted whistle buoy 1, as designated and defined under authority of the Act of Congress of February 19, 1895, 28 Stat. 672, 33 U.S.C. 151 as amended, and as is shown on the attached chart showing the

coast line of the state marked thus _____ and showing the State gulfward boundary by a solid line 3 marine leagues from coast, which chart shall be paraphrased by the Speaker of the House of Representatives, the President of the Senate and by the Governor to be identified herewith.

3. **The Act retains present law and adds that the state of Louisiana shall be entitled to all the lands, minerals and other natural resources underlying the Gulf of Mexico, extending seaward from its coastline for a distance of three marine leagues. In addition, the Act further provides that:**
 - a. **The gulfward boundary of the state of Louisiana historically consists of three marine leagues, and it is the intent of the Legislature of Louisiana that this historic gulfward boundary be recognized and enforced as law.**
 - b. **The unequal gulfward boundaries of Gulf Coast states set forth by the United States Supreme Court in *United States of America v. States of Louisiana, Texas, Mississippi, Alabama, and Florida*, 363 U.S. 1 (1960), have resulted in (1) economic disparity and hardship for Louisiana citizens and entities; (2) economic loss to the state of Louisiana and its political subdivisions; and (3) the inability of the state of Louisiana and its political subdivisions to fully exercise their powers and duties under the federal and state constitutions and state laws and ordinances, including but not limited to protection and restoration of coastal lands, waters, and natural resources, and regulation of activities affecting them.**
 - i. In this case, Louisiana claimed, similar to the claims of Texas, that it had a three-league maritime boundary which existed 'at the time' it was admitted to the Union, and must be judged by the same standards.
 - ii. **The United State Supreme Court held, "we think that this historical thesis is not borne out by any of the documents or events on which Louisiana relies, but that to the contrary what has been shown us leads to the conclusion that Louisiana's preadmission territory, consistently with the Act of Admission, stopped at its coast and did not embrace any marginal sea."**
 - c. **It is the further intent of the Legislature of Louisiana that, in light of the continuing effects of coastal erosion, subsidence, and land loss, the coastline of Louisiana should be recognized as consisting of at least and not less than that coastline defined by the coordinates set forth in *United States v. Louisiana*, 422 U.S. 13 (1975).**

4. Act 336 further provides that, notwithstanding any provision of law to the contrary, the jurisdiction of the state of Louisiana or any political subdivision thereof shall not extend to the boundaries recognized herein until the U.S. Congress acknowledges the boundary described herein by an Act of Congress or any litigation resulting from the passage of the act which originated as Senate Bill No. 145 of the 2011 Regular Session of the Legislature of Louisiana with respect to the legal boundary of the state is resolved and a final non-appealable judgment is rendered.

Action required by Board and OMR: None

Note:

League is defined as a measurement of length, which consists of three geographical miles.

The **geographical mile** is a unit of length determined by 1 minute of arc along the Earth's equator. For the 1924 International Spheroid this equalled 1855.4 metres. One (1) geographical mile equals 1.1528 US customary miles.

The **statute mile** was so-named because it was defined by an English Act of Parliament in 1592, during the reign of Queen Elizabeth I. It was defined as being 1,760 yards (5,280 feet, about 1609 metres).^[4] For surveying, the statute mile is divided into eight furlongs; each furlong is ten chains; each chain is four rods (also known as *poles* or *perches*); and each rod is 25 links. This makes the rod equal to 5½ yards or 16½ feet in both Imperial and U.S. usage.

In contemporary English, a *mile* most commonly refers to a length or distance of 5,280 feet (1,760 yards, or 1,609.344 metres). It is sometimes known as the "**statute mile**" in the United Kingdom.

Act 404 (HB 372)

Effective Date: 7/1//2011

Act 404 creates within the La. Wildlife and Fisheries Conservation Fund, a special fund designated as the MC Davis Conservation Fund (the fund), as mandated by Vendor in the MC Davis Property transfer to the Dept. of Wildlife and Fisheries.

Act 404 requires that, after allocation of money to the Bond Security and Redemption Fund, the treasurer shall deposit in and credit to the fund all mineral revenues received by the state and revenues derived from other surface use activities on the MC Davis Property, except for revenues derived from an integrated costal protection project as defined in present law, including the sale of carbon credits, which shall be deposited into the Coastal Protection and Restoration Fund.

Action required by Board and OMR: Allocate mineral revenues in accordance with the Act.

HB201 - 2011 Regular Session (Act 13)

Author: **ARMES**

Status:

**SIGNED BY THE GOVERNOR
ACT 13**

Summary: **PUBLIC LANDS/STATE:** Provides for the transfer of certain property in Vernon Parish

Updated: 6/7/2011

ACT No. 13

Regular Session, 2011

HOUSE BILL NO. 201

BY REPRESENTATIVE ARMES

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

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AN ACT

To authorize and provide for the transfer of certain state property; to authorize the transfer of certain state property in Vernon Parish and Jefferson Davis Parish: to provide for the property description; to provide terms and conditions; to provide an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. The secretary of the Department of Wildlife and Fisheries, notwithstanding any other provision of law to the contrary, is hereby authorized and empowered to convey, transfer, assign, lease or deliver any interest the state may have to all or any portion of the following described parcels of property to the Department of Transportation and Development:

PARCEL 1-2

From a point on the centerline of State Project No. 029-04-0025, at Station 109+88.41, proceed N00°10'39"E a distance of 31.60 feet to the point of beginning; thence proceed N00°10'39"E a distance of 47.39 feet to a point and corner; thence proceed S71°31'49"E a distance of 503.09 feet to a point and corner; thence proceed along a curve to the left having a radius of 1909.87 feet, whose length is 354.87 feet and whose chord length is 354.36 feet and bears S76°51'12"E to a point and corner; thence proceed S66°29'17"E a distance of 166.42 feet to a point and corner; thence proceed N82°10'35"W a distance of 160.22 feet to a point and corner; thence proceed along a curve to the right having a radius of 1954.87 feet, whose length is 363.24 feet and whose chord length is 362.71 feet and bears N76°51'12"W to a point and corner; thence proceed N71°31'49"W a distance of 488.21 feet to the point of beginning. All of which comprises Parcel 1-2 as shown on Sheet 1 of the Right of Way Plans of State Project No. 029-04-0025, and contains an area of 42066.6 square feet or 0.966 acres.

PARCEL 3-1

From a point on the centerline of State Project No. 029-04-0025, at Station 209+00.00, proceed S00°08'11"E a distance of 30.00 feet to the point of beginning; thence proceed N89°51'49"E a distance of 1250.00 feet to a point and corner; thence proceed S77°11'00"W a distance of 182.67 feet to a point and corner; thence proceed N89°41'19"W a distance of 925.76 feet to a point and corner; thence proceed N77°27'22"W a distance of 149.71 feet to the point of beginning. All of which comprises Parcel 3-1 as shown on Sheet 3 of the Right of Way Plans of State Project No. 029-04-0025, and contains an area of 39743.9 square feet or 0.912 acres.

1 PARCEL 3-3
 2 From a point on the centerline of State Project No. 029-04-0025, at Station
 3 209+00.00, proceed N00°08'11"W a distance of 30.00 feet to the point of beginning;
 4 thence proceed N77°11'00"E a distance of 205.00 feet to a point and corner; thence
 5 proceed N89°51'49"E a distance of 850.00 feet to a point and corner; thence proceed
 6 S77°27'22"E a distance of 205.00 feet to a point and corner; thence proceed
 7 S89°51'49"W a distance of 1250.00 feet to the point of beginning. All of which
 8 comprises Parcel 3-3 as shown on Sheet 3 of the Right of Way Plans of State Project
 9 No. 029-04-0025, and contains an area of 47250.0 square feet or 1.085 acres.

10 PARCEL 3-1-C-1
 11 From a point on the centerline of State Project No. 029-04-0025, at Station
 12 221+50.00, proceed S00°08'11"E a distance of 30.00 feet to the point of beginning;
 13 thence proceed N89°51'49"E a distance of 30.00 feet to a point and corner; thence
 14 proceed S71°25'43"W a distance of 128.92 feet to a point and corner; thence proceed
 15 N89°41'19"W a distance of 85.91 feet to a point and corner; thence proceed
 16 N77°11'00"E a distance of 182.67 feet to the point of beginning. All of which
 17 comprises Parcel 3-1-C-2 as shown on Sheet 3 of the Right of Way Plans of State
 18 Project No. 029-04-0025, and contains an area of 2393.7 square feet or 0.055 acres.

19 PARCEL 3-1-C-2
 20 From a point on the centerline of State Project No. 029-04-0025, at Station
 21 221+50.00, proceed S00°08'11"E a distance of 30.00 feet to the point of beginning;
 22 thence proceed N89°51'49"E a distance of 30.00 feet to a point and corner; thence
 23 proceed S71°25'43"W a distance of 128.92 feet to a point and corner; thence proceed
 24 N89°41'19"W a distance of 85.91 feet to a point and corner; thence proceed
 25 N77°11'00"E a distance of 182.67 feet to the point of beginning. All of which
 26 comprises Parcel 3-1-C-2 as shown on Sheet 3 of the Right of Way Plans of State
 27 Project No. 029-04-0025, and contains an area of 2393.7 square feet or 0.055 acres.

28 Section 2. The secretary of the Department of Wildlife and Fisheries is hereby
 29 authorized to enter into such agreements, covenants, conditions, and stipulations and to
 30 execute such documents as necessary to properly effectuate any conveyance, transfer,
 31 assignment, lease or delivery of title to the properties described in Section 1, and as more
 32 specifically described in any such agreements entered into and documents executed by and
 33 between the secretary of the Department of Wildlife and Fisheries and the secretary of the
 34 Department of Transportation and Development, in exchange of consideration proportionate
 35 to the appraised value of the property.

36 Section 3. The secretary of the Department of Veteran Affairs, notwithstanding any
 37 other provision of law to the contrary, is hereby authorized and empowered to convey,
 38 transfer, assign, lease or deliver any interest the state may have to all or any portion of the
 39 following described parcels of property to the Department of Transportation and
 40 Development:

41 From a point on the centerline of State Project No. 201-01-0013, at Station
 42 147+96.03, proceed N30°39'29"W a distance of 41.08 feet to the point of beginning;
 43 thence proceed N30°39'29"W a distance of 8.47 feet to a point and corner; thence
 44 proceed N53°03'50"E a distance of 4.06 feet to a point and corner; thence proceed
 45 N59°25'33"E a distance of 70.00 feet to a point and corner; thence proceed
 46 S30°34'27"E a distance of 8.92 feet to a point and corner; thence proceed

1 S59°25'33"W a distance of 74.03 feet to the point of beginning. All of which
 2 comprises Parcel 10-3 as shown on Sheet 10 of the Right of Way Plans of State
 3 Project No. 201-01-0013, and contains an area of 659.5 square feet or 0.015 acres.

4 Section 4. The secretary of the Department of Veteran Affairs is hereby authorized
 5 to enter into such agreements, covenants, conditions, and stipulations and to execute such
 6 documents as necessary to properly effectuate any conveyance, transfer, assignment, lease
 7 or delivery of title to the properties described in Section 3, and as more specifically
 8 described in any such agreements entered into and documents executed by and between the
 9 secretary of the Department of Veteran Affairs and the secretary of the Department of
 10 Transportation and Development, in exchange of consideration proportionate to the
 11 appraised value of the property.

12 Section 5. This Act shall become effective upon signature by the governor or, if not
 13 signed by the governor, upon expiration of the time for bills to become law without signature
 14 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
 15 vetoed by the governor and subsequently approved by the legislature, this Act shall become
 16 effective on the day following such approval.

 SPEAKER OF THE HOUSE OF REPRESENTATIVES

 PRESIDENT OF THE SENATE

 GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____

SB271 - 2011 Regular Session (Act 157)

Author: MARIONNEAUX	Status:
Summary: LAW ENFORCEMENT: Provides benefits for the surviving spouse and children of a state employee who suffers death while conducting an investigation, serving a subpoena, or collecting evidence concerning a possible violation of state law in certain cases. (gov sig) (EN +\$575,000 SG EX See Note)	SIGNED BY THE GOVERNOR ACT 157 <i>Updated: 6/24/2011</i>

SENATE BILL NO. 271 (Substitute of Senate Bill No. 229 by Senator Marionneaux)

BY SENATORS MARIONNEAUX, ALARIO, AMEDEE, APPEL, BROOME, CHABERT, CHAISSON, CHEEK, CLAITOR, CROWE, DONAHUE, DORSEY, ERDEY, GUILLORY, HEITMEIER, JACKSON, KOSTELKA, LAFLEUR, LONG, MARTINY, MICHOT, MILLS, MORRELL, MORRISH, MOUNT, MURRAY, NEVERS, PERRY, PETERSON, RISER, SHAW, SMITH, THOMPSON, WALSWORTH AND WILLARD-LEWIS AND REPRESENTATIVES ARMES, AUBERT, AUSTIN BADON, BOBBY BADON, BALDONE, BARRAS, BROSSETT, HENRY BURNS, BURRELL, CORTEZ, DOERGE, DOVE, DOWNS, EDWARDS, FOIL, GISCLAIR, GUILLORY, HARRISON, HAZEL, HOFFMANN, HOWARD, LEBAS, LEGER, LIGI, LOPINTO, MCVEA, MORENO, NOWLIN, POPE, PUGH, RICHARD, SIMON, SMILEY, JANE SMITH, ST. GERMAIN, THIBAUT, TUCKER, WHITE, WILLMOTT AND WOOTON

1 AN ACT
2 To enact R.S. 33:2201(B)(20), relative to law enforcement; to include state employees
3 engaged in an investigation, serving an order of the court, or collecting evidence of
4 a possible violation of state law as law enforcement officers for whom certain
5 benefits are provided to surviving spouses and children in certain cases; and to
6 provide for related matters.

7 Be it enacted by the Legislature of Louisiana:
8 Section 1. R.S. 33:2201(B)(20) is hereby enacted to read as follows:
9 §2201. Financial security for surviving spouses and children of law enforcement
10 officers in certain cases

11 * * *
12 B. Law enforcement officers, within the meaning of this Section, shall
13 include:

14 * * *
15 **(20) On and after January 1, 2011, all state employees conducting**
16 **investigations, serving subpoenas, warrants, pleadings, or other orders of the**
17 **court, or collecting evidence concerning the affairs of a person upon a**
18 **reasonable belief that the person has engaged in, or is engaging in, an act or**
19 **practice that violates state law.**

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Section 2. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____

SUBPART A-1. PAYMENT TO SURVIVING SPOUSE
AND CHILDREN

33§2201. Financial security for surviving spouses and children of law enforcement officers in certain cases

A. It is hereby declared to be the public policy of this state, under its police power, to provide for the financial security of surviving spouses and dependent children of law enforcement officers where such officers suffer death as a result of any injury arising out of and in the course of the performance of his official duties as such officer, or arising out of any activity, while on or off duty, in the protection of life or property.

B. Law enforcement officers, within the meaning of this Section, shall include:

- (1) All sheriffs and deputy sheriffs in the state employed on a full time basis.
- (2) All members of the state police thus employed.
- (3) All municipal police officers employed on a full-time basis.
- (4) All enforcement personnel of the Louisiana Wildlife and Fisheries Commission.
- (5) All state probation and parole officers, including juvenile probation and parole officers.
- (6) All security personnel and cottage parents working at state adult and juvenile correctional institutions, and
- (7) Any police cadet of a political subdivision, as defined in Article IV, Section 44 of the Louisiana Constitution of 1974, when such cadet has been assigned and is performing police duties, even though said cadet has not been commissioned as a police officer therein.
- (8) All correctional officers and cottage parents employed at any facility under the jurisdiction of the Department of Corrections.
- (9) All members of the Capitol Police.
- (10) All reserve or auxiliary law enforcement officers. For the purposes of this Paragraph, a reserve or auxiliary law enforcement officer shall be defined as a volunteer, non-regular, sworn member of a law enforcement agency who serves with or without compensation and has regular police powers while functioning as an agency's representative, and who participates on a regular basis in agency activities including, but not limited to those pertaining to crime prevention or control, and the preservation of the peace and enforcement of the law.
- (11) All full-time harbor police of any port, harbor and/or terminal district of this state.
- (12) All members of the Louisiana National Guard who are killed in the line of duty while on active state duty with the National Guard providing assistance during a period of civil disturbance or natural disaster or imminent danger thereof.
- (13) Commissioned Security officers of the Department of Public Safety.
- (14) All commissioned state park wardens.

- (15) All investigators of the investigation division of the Louisiana Department of Justice and the Elections Compliance Unit of the Louisiana Department of State.
- (16) All city marshals and city constables and their deputies and all constables of justice of the peace courts and their deputies.
- (17) Crescent City Connection police appointed by the Department of Transportation and Development as provided in R.S. 48:1101.1.
- (18) University and college police officers at state universities and colleges.
- (19) Personnel who are employed as police officers by educational institutions which are members of the Louisiana Association of Independent Colleges and Universities.

C.(1) In any case in which a law enforcement officer suffers death as a result of any injury arising out of and in the course of the performance of his official duties as such officer, or arising out of any activity, while on or off duty, in his capacity as a law enforcement officer, in the protection of life or property, the sum of two hundred fifty thousand dollars shall be paid to the surviving spouse of each officer or, if not survived by a spouse, the sum of two hundred fifty thousand dollars shall be paid to the surviving child or children or, if not survived by a spouse nor a child or children, then the sum of two hundred fifty thousand dollars shall be paid to the named beneficiary listed on the officer's beneficiary designation form or, if there is no designation form at the time of the officer's death, and no surviving spouse nor a child or children, then the sum of two hundred fifty thousand dollars shall be paid to the officer's estate. Each officer shall complete a beneficiary designation form. In addition, if the officer is survived by a dependent child or children, the sum of twenty-five thousand dollars shall be paid for each of the dependent children, such sums to be paid to the duly appointed and qualified tutor or the legal representative of the child or children. Payment shall be made by the state risk manager out of the Self-Insurance Fund created in R.S. 39:1533(A).

(2) In order to facilitate the operation of this Section, within one year after the employing authority has knowledge of the death of a law enforcement officer under circumstances covered by this Section or under circumstances believed by the employing authority or by the surviving spouse or the legal representative of an eligible surviving child or children to be covered by the provisions of this Section, he shall notify the Law Enforcement Officers and Firemen's Survivor Benefit Review Board of the death, the date thereof, and the circumstances surrounding the death, and shall furnish such other information as may be requested by the Law Enforcement Officers and Firemen's Survivor Benefit Review Board.

(3) If, at the time of his death, the officer is not married to the other natural parent of any minor child or children who are entitled to receive a payment pursuant to this Section, the payment shall be made to any person designated as a trustee by the officer on a form provided by his employer.

D. Notwithstanding the provisions of R.S. 49:112 or of any other law to the contrary, any person or persons who were entitled to claim benefits under the provisions of Article XIV, Section 15.2, of the Constitution of Louisiana of 1921¹, for a surviving spouse and dependent children of a law enforcement officer, who suffered death from physical violence while engaged in the direct apprehension of a person during the course of the performance of his duties, may assert such claim according to the procedures provided by this Section¹ but according to the

factual criteria required and limited to the amount of the benefits provided for such survivors under said Article XIV, Section 15.2, at the time of the officer's death.

E. Honorary law enforcement officers shall not be considered or interpreted to be law enforcement officers under this Section.

F. Repealed by Acts 1989, No. 308, §3.

Added by Acts 1975, 1st Ex.Sess., No. 26, §1, eff. Feb. 20, 1975. Amended by Acts 1975, No. 448, §1; Acts 1975, No. 806, §1; Acts 1976, No. 532, §1; Acts 1976, No. 666, §1; Acts 1979, No. 382, §1; Acts 1979, No. 418, §1; Acts 1980, No. 638, §1; Acts 1981, No. 377, §1; Acts 1982, No. 507, §1, eff. July 22, 1982; Acts 1982, No. 595, §1, eff. July 22, 1982; Acts 1983, No. 206, §1; Acts 1988, No. 595, §1, eff. July 14, 1988; Acts 1989, No. 308, §§1, 3; Acts 1992, No. 88, §1; Acts 1992, No. 175, §1; Acts 1993, No. 422, §1; Acts 1995, No. 852, §1; Acts 1999, No. 288, §1; Acts 1999, No. 623, §1, eff. June 30, 1999; Acts 2004, No. 816, §1; Acts 2005, No. 35, §1; Acts 2005, No. 321, §1; Acts 2005, No. 407, §1; Acts 2006, No. 480, §1; Acts 2008, No. 475, §1, eff. June 25, 2008.

¹As appears in enrolled bill.

NOTE: See Acts 1999, No. 1021 relative to a suspension of the prescriptive period for a minor to establish filiation for the purpose of survivor benefits.

NOTE: See Acts 2006, No. 480, §2, relative to retroactive and prospective application.

SB145 - 2011 Regular Session (Act 336)

Author: **CLAITOR**

Status:

Summary: **COASTAL RESOURCES:** Provides relative to the
gulfward boundary and coastline of Louisiana. (8/15/11) (EN
SEE FISC NOTE GF RV See Note)

**SIGNED BY THE GOVERNOR
ACT 336**

Updated: 6/29/2011

SENATE BILL NO. 145

BY SENATORS CLAITOR, ADLEY, ALARIO, AMEDEE, APPEL, CHABERT, DONAHUE, ERDEY, GAUTREAUX, GUILLORY, HEITMEIER, KOSTELKA, LAFLEUR, LONG, MARTINY, MCPHERSON, MICHOT, MILLS, MORRELL, MORRISH, MOUNT, MURRAY, NEVERS, PERRY, SHAW, SMITH, THOMPSON, WALSWORTH AND WILLARD-LEWIS AND REPRESENTATIVES BOBBY BADON, BILLIOT, HENRY BURNS, CHAMPAGNE, FOIL, GISCLAIR, GUINN, HENDERSON, LITTLE AND MORRIS

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

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AN ACT

To amend and reenact R.S. 49:1 and 2, and to enact R.S. 49:3.1, relative to the gulfward boundary and coastline of Louisiana; to provide for such gulfward boundary and coastline; to provide relative to state ownership and sovereignty; to provide certain definitions, terms, conditions, and requirements; to provide relative to legislative intent and purpose; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 49:1 and 2 are hereby amended and reenacted, and R.S. 49:3.1 is hereby enacted, to read as follows:

§1. Gulfward boundary

A. The historic gulfward boundary of the state of Louisiana extends a distance into the Gulf of Mexico ~~to~~ **three** marine leagues from ~~east~~ **the coastline.**
For the purposes of this Part, "three marine leagues" is equal to nine geographic miles or 10.357 statute miles.

~~The coast or coast line of the state of Louisiana is accepted and approved as designated and defined in accordance with applicable Acts of Congress, as follows~~

1 :From Ship Island Lighthouse to Chandeleuer Lighthouse: thence in a curved line
 2 following the general trend of the seaward, high-water shore lines of the Chandeleuer
 3 Islands to the Southwesternmost extremity of Errol Shoal: thence to Pass-a-Loutre
 4 lighted whistle buoy 4 to South Pass Lighted whistle buoy 2: thence to Southwest
 5 Pass entrance midchannel lighted whistle buoy; thence to Ship Shoal lighthouse;
 6 thence to Calcasieu Pass lighted whistle buoy 1; thence to Sabine Pass lighted
 7 whistle buoy 1, as designated and defined under authority of the Act of Congress of
 8 February 19, 1895, 28 Stat. 672, 33 U.S.C. 151 as amended; and as is shown on the
 9 attached chart showing the coast line of the state marked thus _____ and showing
 10 the State gulfward boundary by a solid line 3 marine leagues from coast, which chart
 11 shall be paraphed by the Speaker of the House of Representatives, the President of
 12 the Senate and by the Governor to be identified herewith.

13 **B. The coastline of Louisiana shall be the line of ordinary low water**
 14 **along that portion of the coast which is in direct contact with the open sea and**
 15 **the line marking the seaward limit of inland waters, and shall be not less than**
 16 **the baseline defined by the coordinates set forth in *United States v. Louisiana,***
 17 **422 U.S. 13 (1975), Exhibit "A". Under no circumstances shall the coastline of**
 18 **Louisiana be nearer inland than the baseline established by such coordinates.**

19 **C. No provision of this Section shall be construed to relinquish any**
 20 **dominion, sovereignty, territory, property, or rights of the state of Louisiana or**
 21 **its political subdivisions otherwise provided by law.**

22 §2. Sovereignty over waters within boundaries

23 **A.** Subject to the right of the government of the United States to regulate
 24 foreign and interstate commerce under Section 8 of Article 1 of the Constitution of
 25 the United States, and to the power of the government of the United States over cases
 26 of admiralty and maritime jurisdiction under Section 2 of Article 3 of the
 27 Constitution of the United States, **and the powers of the United States Coast**
 28 **Guard as provided by law to patrol and protect the navigable waters of the**
 29 **United States in the Gulf of Mexico,** the State of Louisiana has full sovereignty
 30 over all of the waters of the Gulf of Mexico and of the arms of the Gulf of Mexico

1 within the boundaries of Louisiana, and over the beds and shores of the Gulf and all
2 arms of the Gulf within the boundaries of Louisiana.

3 **B. The state of Louisiana shall be entitled to all the lands, minerals and**
4 **other natural resources underlying the Gulf of Mexico, extending seaward from**
5 **its coastline for a distance of three marine leagues.**

6 * * *

7 **§3.1. Legislative intent and purpose**

8 **A. The gulfward boundary of the state of Louisiana historically consists**
9 **of three marine leagues, and it is the intent of the Legislature of Louisiana that**
10 **this historic gulfward boundary be recognized and enforced as law.**

11 **B. The unequal gulfward boundaries of Gulf Coast states set forth by the**
12 **United States Supreme Court in *United States of America v. States of Louisiana,***
13 ***Texas, Mississippi, Alabama, and Florida*, 363 U.S. 1 (1960), have resulted in (1)**
14 **economic disparity and hardship for Louisiana citizens and entities; (2)**
15 **economic loss to the state of Louisiana and its political subdivisions; and (3) the**
16 **inability of the state of Louisiana and its political subdivisions to fully exercise**
17 **their powers and duties under the federal and state constitutions and state laws**
18 **and ordinances, including but not limited to protection and restoration of**
19 **coastal lands, waters, and natural resources, and regulation of activities**
20 **affecting them.**

21 **C. It is the further intent of the Legislature of Louisiana that, in light of**
22 **the continuing effects of coastal erosion, subsidence, and land loss, the coastline**
23 **of Louisiana should be recognized as consisting of at least and not less than that**
24 **coastline defined by the coordinates set forth in *United States v. Louisiana*, 422**
25 **U.S. 13 (1975), Exhibit "A".**

26 **D. Notwithstanding any provision of law to the contrary, the jurisdiction**
27 **of the state of Louisiana or any political subdivision thereof shall not extend to**
28 **the boundaries recognized herein until the U.S. Congress acknowledges the**
29 **boundary described herein by an Act of Congress or any litigation resulting**
30 **from the passage of the Act which originated as Senate Bill No. 145 of the 2011**

1 Regular Session of the Legislature of Louisiana with respect to the legal
2 boundary of the state is resolved and a final non-appealable judgment is
3 rendered.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____

95 S.Ct. 2022
Supreme Court of the United States

UNITED STATES, Plaintiff,
v.
State of LOUISIANA et al.

No. 9, Orig. June 16, 1975

***13 **2022 SUPPLEMENTAL DECREE**

Opinion

On March 17, 1975, this Court overruled the exceptions of the United States and the State of Louisiana to the Report and recommendations of the Special Master, accepted the Report of the Special Master and directed the parties "to prepare and file a decree, for entry by this **2023 Court, establishing 'a baseline along the entire coast of the State of Louisiana from which the extent of the territorial waters under the jurisdiction of the State of Louisiana pursuant to the Submerged Lands Act can be measured.'" 420 U.S. 529, 530, 95 S.Ct. 1180, 43 L.Ed.2d 373. The parties have agreed on a proposed decree establishing the coastline (baseline) of Louisiana in accordance with the Court's decision of March 17, 1975. That baseline is described in Exhibit A below. Accordingly, the joint motion for entry of supplemental decree is granted.

It is ordered, adjudged and decreed:

1. As against the defendant State of Louisiana and all persons claiming under it, the United States has exclusive rights to explore the area of the Continental Shelf lying more than three geographical miles seaward of the line described in Exhibit A hereof, and to exploit the natural resources of said area and the State of Louisiana is not entitled to any interest in such lands, minerals, and resources, and said State, its privies, assigns, lessees, *14 and other persons claiming under it are hereby enjoined from interfering with the rights of the United States in such lands, minerals and resources.

2. All sums now held impounded by the United States under the Interim Agreement of October 12, 1956, as amended, and derived from leases of lands lying wholly within the area referred to in paragraph 1 hereof are hereby released to the United States absolutely, and in accordance with the terms of the Interim Agreement, as amended, and the United States is hereby relieved of any obligation under said Agreement to impound any sums hereafter received

by it from leases of lands lying wholly within said area.

3. As against the plaintiff United States and all persons claiming under it, the State of Louisiana has exclusive rights to explore the area lying within three geographical miles seaward of its coastline described in Exhibit A hereof, and to exploit the natural resources of said area, with the exceptions provided by Section 5 of the Submerged Lands Act, 67 Stat. 32, 43 U.S.C. s 1313. The United States is not entitled to any interest in such lands, minerals, and resources and said United States, its privies, assigns, lessees and other persons claiming under it are hereby enjoined from interfering with the rights of the State of Louisiana in such lands, minerals and resources.

4. All sums now held impounded by the State of Louisiana under the Interim Agreement of October 12, 1956, as amended, derived from leases of lands lying wholly within the area referred to in paragraph 3 hereof are hereby released to Louisiana in accordance with the Interim Agreement of 1956, as amended, and Louisiana is hereby relieved of any obligation under said Agreement to impound any sums hereafter received by it from leases of lands lying wholly within said area.

*15 5. Within 90 days after the entry of the Decree-

(a) The State of Louisiana shall pay to the United States or other persons entitled thereto under the Interim Agreement of October 12, 1956, as amended, all sums, if any, now held impounded by the State of Louisiana under said Agreement, derived from or attributable to the lands, minerals or resources described in paragraph 1 hereof;

(b) The United States shall pay to the State of Louisiana or other persons entitled thereto under the Interim Agreement, as amended, all sums, if any, now held impounded by the United States under said Agreement, derived from or attributable to the lands, minerals or resources described in paragraph 3 hereof;

(c) Failure of either party to agree on correctness of the sums due the other shall in no way be reason to retard payment **2024 of sums which are admittedly due by the paying party's own calculations.

6. Within 60 days after the entry of this Decree-

(a) The State of Louisiana shall render to the United States and file with the Court a true, full, accurate and appropriate account of any and all other sums of money derived by the State of Louisiana since June 5, 1950, either by sale, leasing, licensing, exploitation or otherwise from or on account of any of the lands, minerals or resources described in paragraph 1 hereof;

(b) The United States shall render to the State of Louisiana

U.S. v. Louisiana, 422 U.S. 13 (1975)

95 S.Ct. 2022, 44 L.Ed.2d 652

and file with the Court a true, full, accurate and appropriate account of any and all other sums of money derived by the United States either by sale, leasing, licensing, exploitation or otherwise from or on account of the lands, minerals or resources described in paragraph 3 hereof;

(c) Within 60 days after receiving the account provided for by paragraph 6(a) or 6(b) hereof, a party *16 may serve on the other and file with the Court its objections thereto. Thereafter either party may file such motion or motions at such time as may be appropriate to have the account settled in conjunction with the issues concerning the areas still in dispute. If neither party files such an objection within 60 days, then each party shall forthwith pay to any third person any amount shown by such accounts to be payable by it to such person, and the party whose obligation to the other party is shown by such accounts to be the greater shall forthwith pay to the other party the net balance so shown to be due. If objections are filed but any undisputed net balance is shown which will be due from one party to the other party or to any third person regardless of what may be the ultimate ruling on the objections, the party so shown to be under any such obligation shall forthwith pay each such undisputed balance to the other party or other person so shown to be entitled thereto. The payments directed by paragraphs 5(a) and 5(b) hereof shall be made irrespective of the accountings provided for by paragraphs 6(a) and 6(b).

7. All sums heretofore impounded pursuant to the Interim Agreement of 1956, as amended, shall be fully accounted for and paid within the 90 days provided in paragraph 5, except as to split leases that accounting and payment may be deferred on royalty revenue from (a) non-unitized wells with completion points at unidentified locations or locations controverted by the parties; and (b) units partially shoreward of the three-mile boundary as to which there is no present agreement that participation is on a surface acreage basis.

Funds from split leases not accounted for and paid pursuant to the preceding sentence shall be the subject of the accounting to follow the next decree of this *17 Court in this case, unless the parties agree on a prior distribution.

Except as provided above for accountings and payment, pending further order of the Court, leases of land lying partly within three miles of the line described in paragraph 9 hereof shall be in no way affected by anything contained in this Decree.

8. The parties may by agreement modify the time for accounting and payment in whole or part as the progress of technical work may indicate is necessary. It is understood that the parties may be unable to agree on whether offsets are permitted or whether interest may be due on funds impounded pursuant to the Interim Agreement of October

12, 1956, or upon calculations or audits, and these issues, as well as others not expressly treated herein, shall in no way be affected by this Decree.

9. The coastline or baseline referred to in paragraphs 1 and 3, supra, is described by coordinates in the Louisiana plane coordinate system, south zone, as set forth in Exhibit A, appended to this Decree. This coastline supersedes all prior coastline descriptions of former **2025 decrees in this case and is the past and present coastline and shall constitute the coastline as of the date of the final decree in this case.

10. Notwithstanding the provisions of paragraph 9, for limited time periods relevant to this Decree, certain of the points or lines contained in the above baseline description were not part of the Louisiana coastline, and for other periods additional points or lines must be added to that coastline. These variations are described in Exhibit B, which for the sectors and times given, describes portions of the baseline. Otherwise, the Louisiana coastline is to be taken as the same as the present coastline for all relevant times and purposes.

*18 11. The parties are directed to establish lines three geographical miles seaward of the coastlines described in Exhibits A and B to be employed in accountings and submitted in the proposed final decree hereafter, delimiting the seaward limit of the State of Louisiana's rights under the Submerged Lands Act.

The parties are directed to prepare a final decree for entry by this Court in the near future resolving the additional issues required to be dealt with that this litigation may be terminated, to include, but not necessarily be limited to, matters related to unresolved issues, if any, concerning accountings and payments, offset claims, payments to others, ambulatory boundary complexities or administrative problems.

12. The Court retains jurisdiction to entertain such further proceedings, enter such orders and issue such writs as may from time to time be deemed necessary or advisable to give proper force and effect to its previous orders or decrees herein or to this Decree or to effectuate the rights of the parties in the premises.

13. Nothing in this Decree or in the proceedings leading to it shall prejudice any rights, claims or defenses of the State of Louisiana as to its maritime lateral boundaries with the States of Mississippi and Texas, which boundaries are not at issue in this litigation. Nor shall the United States in any way be prejudiced hereby as to such matters. Nor shall anything in this Decree prejudice or modify the rights and obligations under any contracts or agreements, not inconsistent with this Decree, between the parties or between a party and a third party, especially, but not

limited to, the Interim Agreement of October 12, 1956, as amended, which Agreement remains in effect except as explicitly modified hereby.

EXHIBIT A

	X	Y
A LINE FROM	2752565	568525
THROUGH	2775787	513796
THROUGH	2777512	513071
THROUGH	2779032	512013
THROUGH	2780766	510417
THROUGH	2782059	508914
THROUGH	2784689	505455
THROUGH	2788518	498898
THROUGH	2790051	496115
THROUGH	2791690	491970
THROUGH	2794789	481712
THROUGH	2796202	475864
THROUGH	2797209	468763
THROUGH	2797456	463898
THROUGH	2797455	458119
THROUGH	2797067	452190
THROUGH	2795853	442333
THROUGH	2794722	436006

THROUGH	2793260	430155
THROUGH	2790415	420878
THROUGH	2788165	414646
THROUGH	2786724	410834
THROUGH	2783250	403219
THROUGH	2779673	397140
THROUGH	2777922	394224
THROUGH	2776487	392403
THROUGH	2775343	391771
THROUGH	2774819	390716
THROUGH	2774670	390293
THROUGH	2773972	389724
THROUGH	2772541	387391
THROUGH	2770599	383887
THROUGH	2768775	381521
THROUGH	2768031	380244
THROUGH	2767052	379676
THROUGH	2766408	378524
THROUGH	2761138	371491
THROUGH	2758093	367862
THROUGH	2757465	366796

THROUGH	2755709	364596
THROUGH	2755015	363480
THROUGH	2749221	357797
THROUGH	2746309	355438
THROUGH	2744222	354125
THROUGH	2743352	353794
THROUGH	2742583	353754
THROUGH	2727653	334120
THROUGH	2726852	333103
THROUGH	2723975	330868
THROUGH	2722321	329172
THROUGH	2720696	326779
THROUGH	2717012	320677
THROUGH	2715236	318391
THROUGH	2714633	317731
THROUGH	2713324	316801
THROUGH	2711772	316107
THROUGH	2710380	315995
THROUGH	2689683	308890
THROUGH	2689514	307841
THROUGH	2688390	304545

U.S. v. Louisiana, 422 U.S. 13 (1975)

95 S.Ct. 2022, 44 L.Ed.2d 652

THROUGH	2687610	301648
THROUGH	2687014	300054
THROUGH	2685058	297573
THROUGH	2683264	296069
THROUGH	2680880	294918
THROUGH	2678009	294303
TO	2681915	257755
A POINT AT	2688235	252215
A POINT AT	2689305	250395
A POINT AT	2700735	234640
A POINT AT	2701500	232820
A POINT AT	2707635	223640
A LINE FROM	2709100	220995
TO	2734900	209275
A POINT AT	2737065	210155
A POINT AT	2738320	210230
A POINT AT	2738938	209975
A POINT AT	2750755	206535
A POINT AT	2755325	204680
A POINT AT	2755178	203815
A POINT AT	2754100	186915

A POINT AT	2754263	186316
A POINT AT	2753885	183460
A POINT AT	2752470	182170
A POINT AT	2751045	181305
A POINT AT	2750586	181270
A POINT AT	2736662	175902
A LINE FROM	2734720	174030
TO	2733040	172295
A LINE FROM	2728153	162005
TO	2727215	156890
A POINT AT	2726951	150846
A POINT AT	2726105	148530
A POINT AT	2724850	148150
A LINE FROM	2725550	153430
TO	2724419	152060
A LINE FROM	2724314	151595
THROUGH	2702461	124148
TO	2701735	123905
A POINT AT	2699435	118600
A POINT AT	2699815	116800
A POINT AT	2699695	116700

A LINE FROM	2697850	117200
THROUGH	2697510	117648
TO	2697300	118500
A POINT AT	2685325	133800
A LINE FROM	2682605	136895
THROUGH	2678500	139250
TO	2673482	141245
A LINE FROM	2672315	141745
THROUGH	2644940	134910
THROUGH	2641835	129725
THROUGH	2639545	126825
THROUGH	2638945	126780
THROUGH	2635800	123995
THROUGH	2633755	121760
THROUGH	2630660	116450
THROUGH	2628680	113190
THROUGH	2625550	109560
THROUGH	2624995	108700
THROUGH	2624760	108445
THROUGH	2624045	107660
THROUGH	2621925	105355

THROUGH	2620655	104065
THROUGH	2618380	102265
THROUGH	2615885	99131
THROUGH	2615196	98279
THROUGH	2611843	94130
THROUGH	2610160	92050
THROUGH	2609785	91750
THROUGH	2609180	91445
THROUGH	2607290	93040
THROUGH	2607400	93175
THROUGH	2607455	93710
THROUGH	2608665	95870
THROUGH	2610650	98640
TO	2614224	105206
A POINT AT	2614270	110615
A POINT AT	2614553	111404
A LINE FROM	2615475	113900
THROUGH	2615450	157770
THROUGH	2615135	159890
THROUGH	2614790	160765
THROUGH	2614865	161005

THROUGH	2613550	164745
THROUGH	2613585	166700
THROUGH	2613485	167600
THROUGH	2613960	170145
THROUGH	2614070	171910
TO	2611490	176505
A POINT AT	2610755	176310
A POINT AT	2609880	177025
A LINE FROM	2608270	178325
THROUGH	2607710	178665
THROUGH	2606370	180190
THROUGH	2605125	182710
TO	2605025	183315
A LINE FROM	2604220	184790
THROUGH	2603355	186915
THROUGH	2602860	188615
THROUGH	2602425	189395
THROUGH	2601940	190595
THROUGH	2600780	192900
THROUGH	2598335	196450
THROUGH	2594900	199935

THROUGH	2593875	201260
THROUGH	2593340	201660
THROUGH	2590100	203860
THROUGH	2589100	204125
TO	2587400	205250
A LINE FROM	2585000	206975
THROUGH	2583790	207010
THROUGH	2576450	210023
THROUGH	2576174	209790
THROUGH	2575992	210090
THROUGH	2574890	210450
THROUGH	2574712	210767
THROUGH	2571725	211744
THROUGH	2568736	212548
THROUGH	2566991	212986
TO	2565940	212988
A LINE FROM	2563010	214045
THROUGH	2562149	214046
THROUGH	2561385	214258
TO	2556172	215383
A LINE FORM	2550402	216158

THROUGH	2406890	189733
THROUGH	2398175	182359
THROUGH	2393610	178130
THROUGH	2385833	171938
THROUGH	2381527	168671
THROUGH	2376521	164696
TO	2374875	163200
A POINT AT	2376485	164409
A LINE FROM	2374875	163200
THROUGH	2373613	162597
THROUGH	2369709	160120
TO	2367695	158943
A LINE FROM	2366789	158537
THROUGH	2365337	157918
TO	2364392	157349
A LINE FROM	2362830	157339
TO	2356733	154323
A LINE FROM	2354070	152599
TO	2353875	152659
A LINE FROM	2347871	153564
THROUGH	2342108	151526

TO	2339651	150598
A LINE FROM	2337450	149987
THROUGH	2335471	149301
THROUGH	2327933	146251
THROUGH	2322466	144396
TO	2320164	143811
A LINE FROM	2319608	143421
THROUGH	2317663	142869
THROUGH	2313902	141865
THROUGH	2312204	141813
THROUGH	2310546	141903
THROUGH	2308552	142401
THROUGH	2307414	143059
THROUGH	2306697	143789
THROUGH	2300326	139954
THROUGH	2298538	139073
THROUGH	2296041	138519
THROUGH	2295144	138550
THROUGH	2294383	138846
THROUGH	2293248	139498
THROUGH	2291503	139861

THROUGH	2286402	140499
THROUGH	2281202	141484
THROUGH	2274749	143161
THROUGH	2270205	145091
THROUGH	2264450	147674
THROUGH	2260236	150105
THROUGH	2256191	151946

TABLE CONTINUED

THROUGH	2254031	153153
THROUGH	2253306	154102
THROUGH	2222957	146695
THROUGH	2221937	146004
THROUGH	2219935	144971
THROUGH	2218146	144160
THROUGH	2215009	143380
THROUGH	2207126	141266
THROUGH	2198296	138515
THROUGH	2192330	136944
THROUGH	2186596	135997
THROUGH	2184788	135611

THROUGH	2183331	135655
THROUGH	2182166	135368
THROUGH	2180645	135457
THROUGH	2179937	135695
THROUGH	2170035	135500
THROUGH	2169680	135315
THROUGH	2167836	134922
TO	2164477	134753
A LINE FROM	2162430	135112
TO	2157920	135521
A POINT AT	2155349	135847
A LINE FROM	2148929	136962
THROUGH	2147751	136599
THROUGH	2143589	136276
THROUGH	2139529	136276
TO	2138231	136387
A LINE FROM	2134210	136726
THROUGH	2113089	136940
THROUGH	2128819	138694
THROUGH	2126697	139353
THROUGH	2122523	140238

THROUGH	2118829	141971
THROUGH	2118065	142532
THROUGH	2117317	143491
TO	2117632	143583
A POINT AT	2131078	175500
A POINT AT	2128430	178049
A POINT AT	2127239	179020
A POINT AT	2124878	180545
A POINT AT	2111697	183677
A POINT AT	2106412	183216
A LINE FROM	2103313	183605
THROUGH	2102167	184610
THROUGH	2100222	185315
THROUGH	2099609	185125
THROUGH	2098954	185105
THROUGH	2087767	187497
THROUGH	2087027	187342
THROUGH	2086261	187177
TO	2085370	187372
A LINE FROM	2077417	189409
THROUGH	2076201	189799

TO	2075295	190530
A POINT AT	2071131	195080
A LINE FROM	2062055	199555
THROUGH	2058700	200495
THROUGH	2057430	200980
THROUGH	2055610	201415
THROUGH	2054750	201215
THROUGH	2053190	201320
THROUGH	2051090	201230
THROUGH	2049230	201255
THROUGH	2045960	201470
THROUGH	2042475	201660
THROUGH	2037075	203200
THROUGH	2035775	203405
THROUGH	2033385	204235
THROUGH	2029630	205680
THROUGH	2026640	206660
THROUGH	2023042	208270
THROUGH	2021155	208850
THROUGH	2017453	210475
THROUGH	2016243	211245

THROUGH	2014384	213268
THROUGH	2010960	216566
THROUGH	2008873	218388
THROUGH	2008058	219434
THROUGH	2006991	221401
THROUGH	2006256	222432
THROUGH	2004384	224474
THROUGH	2000030	228573
THROUGH	1998568	230370
THROUGH	1996506	233983
TO	1995220	235805
A POINT AT	1987818	240892
A POINT AT	1987371	241272
A LINE FROM	1993420	241930
TO	1863474	298772
A POINT AT	1933172	264238
A POINT AT	1924399	268936
A POINT AT	1914373	270380
A POINT AT	1896827	275747
A POINT AT	1882306	270590
A POINT AT	1872418	277460

A POINT AT	1843467	275912
A POINT AT	1835344	270839
A POINT AT	1834019	270301
A POINT AT	1833527	271423
A POINT AT	1820994	291804
A POINT AT	1809845	296285
A POINT AT	1791584	307545
A POINT AT	1783067	321331
A POINT AT	1782391	321876
A POINT AT	1778769	324757
A LINE FROM	1763190	333540
TO	1762420	333590
A POINT AT	1758630	333490
A LINE FROM	1755535	335045
THROUGH	1748380	334810
THROUGH	1743691	334373
THROUGH	1738236	333686
THROUGH	1735850	333066
THROUGH	1730831	330886
THROUGH	1726542	329268
THROUGH	1724713	328326

THROUGH	1722884	327774
THROUGH	1721682	327214
THROUGH	1720140	326402
THROUGH	1717114	324303
THROUGH	1711532	320881
THROUGH	1709968	319818
THROUGH	1708756	318661
THROUGH	1706790	317870
THROUGH	1703080	316885
THROUGH	1700680	316390
THROUGH	1696359	315965
THROUGH	1692568	315990
THROUGH	1689980	316170
THROUGH	1687270	316510
THROUGH	1678545	318408
THROUGH	1675346	319196
THROUGH	1671018	320396
THROUGH	1669012	321069
THROUGH	1667091	321595
THROUGH	1665833	321916
THROUGH	1663290	322457

THROUGH	1659960	323169
THROUGH	1658887	323134
THROUGH	1657050	323540
THROUGH	1655896	323305
THROUGH	1653430	323751
THROUGH	1651294	324333
THROUGH	1650220	324644
THROUGH	1649308	324684
THROUGH	1648656	324985
THROUGH	1639027	326645
THROUGH	1629147	327939
THROUGH	1622420	328555
THROUGH	1617090	329300
THROUGH	1616760	329510
THROUGH	1613190	329780
THROUGH	1609300	330480
THROUGH	1608080	330835
THROUGH	1605965	331030
THROUGH	1605565	331280
THROUGH	1603140	331540
THROUGH	1600765	332140

THROUGH	1599740	332390
THROUGH	1595210	333090
THROUGH	1594770	333270
THROUGH	1594075	333290
THROUGH	1593910	333645
THROUGH	1593010	333520
THROUGH	1591685	333785
THROUGH	1589460	334525
THROUGH	1586780	335220
THROUGH	1581450	336800
THROUGH	1576170	338670
THROUGH	1571630	340335
THROUGH	1570480	340905
THROUGH	1567695	341990
THROUGH	1566890	342490
THROUGH	1566375	342810
THROUGH	1564160	343480
THROUGH	1562680	344195
THROUGH	1558720	345375
THROUGH	1555105	346865
THROUGH	1553840	347150

THROUGH	1551670	348170
THROUGH	1550645	349050
THROUGH	1546740	350600
THROUGH	1546195	350910
THROUGH	1539270	354040
THROUGH	1536505	355610
THROUGH	1536245	356080
THROUGH	1535690	356465
THROUGH	1532515	357575
THROUGH	1531970	358030
THROUGH	1531240	358190
THROUGH	1524550	361675
THROUGH	1513280	366930
THROUGH	1502470	372625
THROUGH	1496700	375770
THROUGH	1492040	378110
THROUGH	1489725	379370
THROUGH	1479730	384090
THROUGH	1471240	387390
THROUGH	1467685	388820
THROUGH	1460435	391260

THROUGH	1454105	393050
THROUGH	1449935	394700
THROUGH	1444715	396930
THROUGH	1441485	398150
TO	1436899	399820
A LINE FROM	1431526	400742
THROUGH	1431465	400740
TO	1429020	401485
A LINE FROM	1429035	401760
THROUGH	1425600	402610
THROUGH	1424630	403175
THROUGH	1416365	405700
THROUGH	1410175	407090
THROUGH	1402525	408365
THROUGH	1397220	408870
THROUGH	1932000	409180
THROUGH	1391954	409243
THROUGH	1386636	409216
THROUGH	1383990	409136
THROUGH	1380235	408500
THROUGH	1376515	407966

TO	1372945	406862
A LINE FROM	1363392	397870
TO	1362416	397822
A LINE FROM	1354310	403875
THROUGH	1351162	404620
THROUGH	1341917	405967
THROUGH	1333745	406888
THROUGH	1328473	407126
THROUGH	1323205	407138
THROUGH	1317944	407045
THROUGH	1312617	406742
THROUGH	1307312	406260
THROUGH	1296747	405049
THROUGH	1291413	404205
THROUGH	1286154	403467
THROUGH	1280760	402836
THROUGH	1275467	402375
THROUGH	1264910	401500
THROUGH	1259600	400971
THROUGH	1254211	400226
THROUGH	1248971	399421

THROUGH	1243670	398400
THROUGH	1240260	397840
THROUGH	1235668	396741
THROUGH	1233256	395989
THROUGH	1228846	394497
THROUGH	1228772	394775
THROUGH	1226444	393922
THROUGH	1225768	393281
THROUGH	1225421	393370
THROUGH	1219698	390746
THROUGH	1219065	390227
THROUGH	1217536	389445
THROUGH	1217089	389513
THROUGH	1216582	389216
TO	1215615	388263
A LINE FROM	1206795	378672
THROUGH	1209227	364245
TO	1208456	363990

From January 1961 to December 1969, the baseline in the East Bay vicinity from point X = 2699435, Y = 118600 to point X = 2644940, Y = 134910 deviates from the present baseline and may be described as follows:

***33 **2030 EXHIBIT B**

A point at	X =	2699815	Y =	116800
A point at	X =	2699695	Y =	116700
A line from	X =	2697850	Y =	117200
Through	X =	2697510	Y =	117648
To	X =	2697300	Y =	118500
A line from	X =	2687638	Y =	130705
Through	X =	2685250	Y =	131590
Through	X =	2684417	Y =	131957
Through	X =	2683850	Y =	132390
Through	X =	2682580	Y =	133325
Through	X =	2681624	Y =	134128
Through	X =	2677650	Y =	138050
Through	X =	2644940	Y =	134910

and may be described as follows:

Prior to January 1961, the baseline in the East Bay vicinity from point X = 2699435, Y = 118600 to point X = 2644940, Y = 134910 deviates from the present baseline

A point at	X =	2699435	Y =	118600
A line from	X =	2697850	Y =	117200
Through	X =	2697510	Y =	117648
To	X =	2697300	Y =	118500
A line from	X =	2687638	Y =	130705
Through	X =	2685250	Y =	131590

Through	X =	2684417	Y =	131957
Through	X =	2683850	Y =	132390
Through	X =	2682580	Y =	133325
Through	X =	2681624	Y =	134128
Through	X =	2677650	Y =	138050
Through	X =	2644940	Y =	134910

present baseline and may be described as follows:

****2031** Prior to December 6, 1969, the baseline in the Pass du Bois vicinity from point X = 2615450, Y = 15770 to *34 point X = 2613550, Y = 164745 deviates from the

A point at _____	X =	2615151	Y =	158006
A point at _____	X =	2612771	Y =	162310
A point at _____	X =	2612120	Y =	164118

follows:

From November 19, 1959, to February 1, 1960, the baseline in the Pass Tante Phine vicinity from point X = 2606370, Y = 180190 to point X = 2598335, Y = 196450 deviates from the present baseline and may be described as

A point at _____	X =	2602000	Y =	183535
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baseline and may be described as follows:

From January 1, 1959, through March 31, 1959, and from March 1, 1964 through July 31, 1964, the baseline North of Pass Tante Phine from point X = 2605025, Y = 183315 to point X = 2600780, Y = 192900 deviates from the present

A point at _____	X =	2602763	Y =	186885.
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Parallel Citations

Mr. Justice DOUGLAS and Mr. Justice MARSHALL took no part in the consideration or decision of this motion.

95 S.Ct. 2022 (Mem), 44 L.Ed.2d 652

End of Document

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HB372 - 2011 Regular Session (Act 404)

Author: **MCVEA**

Status:

Summary: **FUNDS/FUNDING:** Establishes the MC Davis Conservation Fund within the Conservation Fund and dedicates certain state revenues from the MC Davis Property for purposes of the fund (EN SEE FISC NOTE SD RV See Note)

**SIGNED BY THE GOVERNOR
ACT 404**

Updated: 7/1/2011

ACT No. 404

Regular Session, 2011

HOUSE BILL NO. 372

BY REPRESENTATIVES MCVEA AND MONICA

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

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AN ACT

To enact R.S. 56:799, relative to revenues generated on the MC Davis Property; to create the MC Davis Conservation Fund in the state treasury as a fund within the Conservation Fund; to provide for deposits of monies into the fund; to provide for investment and uses of monies in the fund; to provide for an effective date; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 56:799 is hereby enacted to read as follows:

§799. MC Davis Conservation Fund

A. There is hereby created and established within the Louisiana Wildlife and Fisheries Conservation Fund a special fund designated as the MC Davis Conservation Fund, hereinafter referred to as the "fund", as mandated by Vendor in the MC Davis Property transfer to the Louisiana Department of Wildlife and Fisheries, which shall consist of management fees, certain revenues generated on and from the MC Davis Property and those monies donated or allocated for the protection, preservation, and stewardship of the forested wetlands in the Maurepas Swamp, Joyce, and Manchac Wildlife Management Areas. Monies in the fund shall be used solely for the implementation and administration of Subparts A, E, and F of this Part and R.S. 56:109 and for the preservation and management of the forested wetlands in the Maurepas Swamp, Joyce, and Manchac Wildlife Management Areas.

B. After allocation of money to the Bond Security and Redemption Fund as provided in Article VII, Section 9(B) of the Constitution of Louisiana, the treasurer shall deposit in and credit to the fund all of the following:

1 (1) All compensation received by the state for management and operation
2 fees for the enhancement of the habitat conditions of the forested wetlands for
3 wildlife and fishery resources and public users on the MC Davis Property.

4 (2) All compensation and fees charged by the state or the Louisiana Wildlife
5 and Fisheries Commission for the use of the MC Davis Property.

6 (3) All mineral revenues received by the state and revenues derived from
7 other surface use activities on the MC Davis Property, except for revenues derived
8 from an integrated coastal protection project as defined in R.S. 49:214.1(10),
9 including revenues from the sale of carbon credits, which shall be deposited into the
10 Coastal Protection and Restoration Fund.

11 (4) All monies received by the state and derived from any sale of assets
12 produced by the MC Davis Property, except for revenues derived from an integrated
13 coastal protection project as defined in R.S. 49:214.1(10), including revenues from
14 the sale of carbon credits, which shall be deposited into the Coastal Protection and
15 Restoration Fund.

16 (5) All donations of private funds or public contributions made to the state,
17 department, or commission for the preservation, administration, management, and
18 development of the forested wetlands in the Maurepas Swamp, Joyce, and Manchac
19 Wildlife Management Areas, including the MC Davis Property, or for the activities
20 conducted thereon.

21 C. The monies in the fund shall be invested by the state treasurer in the same
22 manner as the state general fund and the interest earned on the investment of these
23 monies shall be credited to the fund, after compliance with the requirements of
24 Article VII, Section 9(B) of the Constitution of Louisiana, relative to the Bond
25 Security and Redemption Fund. All unexpended and unencumbered monies in the
26 fund at the end of the fiscal year shall remain in the fund.

27 D. The monies in the fund shall be available only for the preservation,
28 acquisition, administration, management, operation, enhancement, and development
29 of the forested wetlands in the Maurepas Swamp, Joyce, and Manchac Wildlife

1 ~~Management Areas, including the MC Davis Property, or for the activities conducted~~
2 ~~thereon.~~

3 ~~E. The monies in the fund shall be appropriated only for the purposes set~~
4 ~~forth in Subsection D of this Section. The legislature shall make no appropriation~~
5 ~~from the fund which is inconsistent with Subsection A of this Section.~~

6 Section 2. This Act shall become effective on July 1, 2011; if vetoed by the governor
7 and subsequently approved by the legislature, this Act shall become effective on July 1,
8 2011, or on the day following such approval by the legislature, whichever is later.

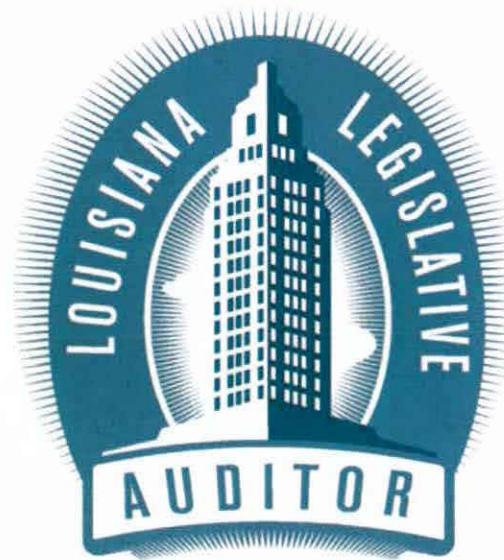
SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED, _____

DEPARTMENT OF NATURAL RESOURCES
PROCESS OF AUDITING MINERAL ROYALTIES



PERFORMANCE AUDIT
ISSUED JULY 28, 2010

Finding #1

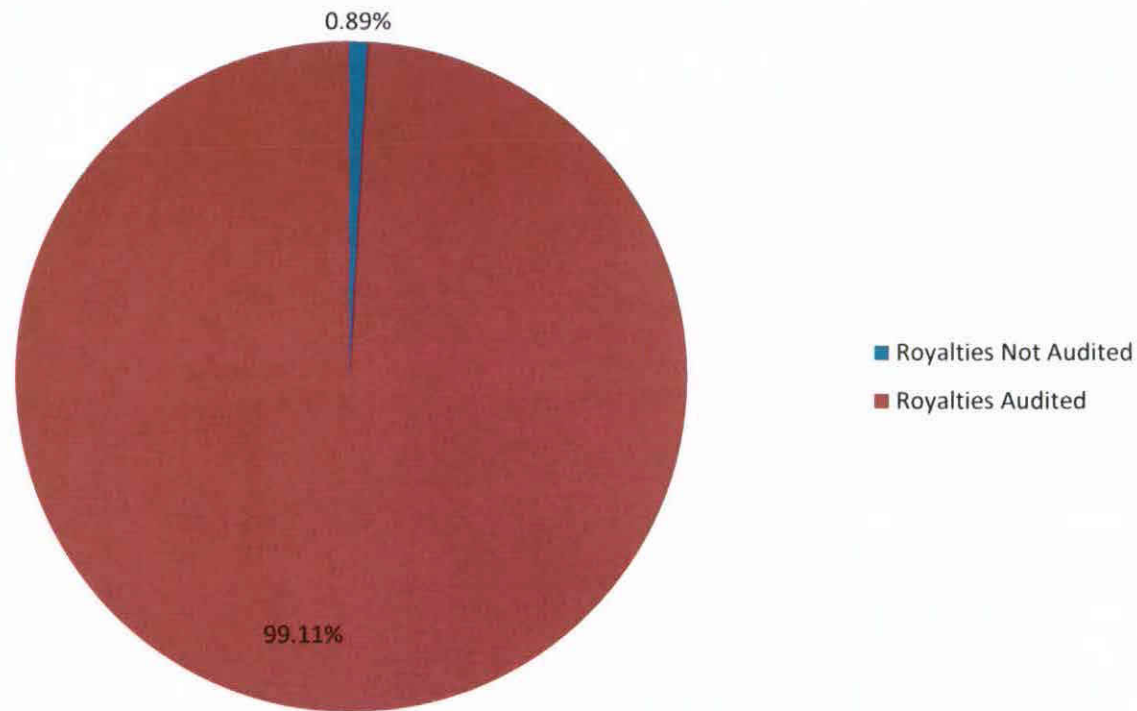
- **OMR has audited approximately 21% of royalties and has recovered over \$75 million during the last five fiscal years. However, according to OMR data, OMR has not audited 168 of 522 (32%) of payors who have paid approximately \$43 million in royalties over the last 10 fiscal years.**

Comments on Finding #1

- All royalty reports are subjected to desk audits on a monthly basis.
- Payors are selected for field audits based upon a risk model, which includes many factors such as amount of royalty paid, time elapsed since previous audit, previous audit findings, findings with payors in the same units, problems found during lease review, etc.

Comments on Finding #1

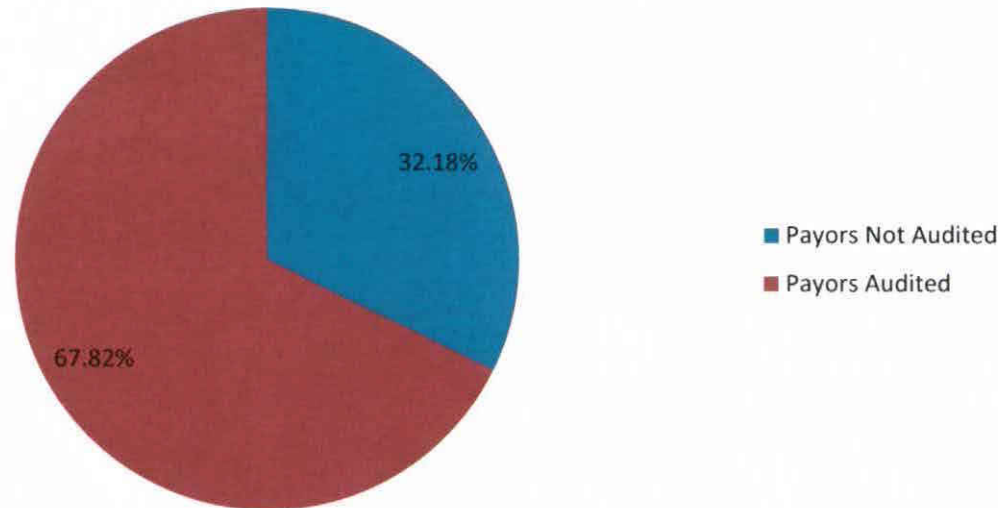
- The 68% of payors subjected to a field audit account for 99.11% of the royalties received.



Comments on Finding #1

Average Annual Royalty Payments:

- Payors field audited **\$1,232,273**
- Payors not field audited **8,612**



Comments on Finding #1

- 82 payors paid an average of less than \$1,000 per year in royalties
- Field audits involve payroll and travel costs.
- Conducting a field audit of a payor submitting royalties less than \$1,000 per year is not considered cost effective.

Comments on Finding #1

- Lessees have more than one payor on many properties (LeaseUnitWell codes). This is the primary reason for payors not being subjected to field audits.
- During fiscal year 2010, there were 212 LUW codes that had more than one payor, with one LUW code having 6 different payors.
- If lessees were required by law to designate one payor per property, the percentage of payors subjected to field audits would increase.

Finding #2

- **OMR has not conducted a desk audit of volume since 2000.**

Comments on Finding #2

- In fiscal year 2000, the Office of Mineral Resources had 81 authorized employee positions. Currently, the office has 68, which is a 16% reduction in staff.
- In 2000, the Mineral Income Division, which conducts audits, had a staff size of 30. The division currently has 24, which is a 20% reduction.

Comments on Finding #2

- Volume audits were discontinued as a result of the staff reductions.
- An on-line system for royalty reporting has been implemented.
- Staff time saved by payors using the on-line reporting system will be used to resume volume auditing.

Finding #3

- **DNR has not coordinated audit activities that could affect the accuracy of royalty payments.**

Comments on Finding #3

- Until recently, the Office of Mineral Resources did not have a formal system of communications with the Department of Revenue or the Office of Conservation.
- However, the accuracy of royalty payments was not affected.

Comments on Finding #3

- During field audits, severance tax deductions are tested for accuracy. Findings are written and audit billings are issued if incorrect severance taxes resulted in underpayments of royalty.
- Field auditors review third party documents such as purchaser statements and meter reports to determine actual volumes. The Office of Conservation does not have these documents.

Comments on Finding #3

- The Office of Mineral Resources has entered into a Cooperative Endeavor Agreement with the Department of Revenue to perform severance tax field audits.
- The Office of Mineral Resources has entered into a Memorandum of Understanding with the Office of Conservation to receive notification of production audit findings.

Updates

- The Office of Mineral Resources has purchased auditing software to increase audit coverage through the use of technology.
- The Audit Director has implemented new procedures that will enable the auditors to audit small payors while continuing to audit the large payors.

DEPARTMENT OF NATURAL RESOURCES
PROCESS OF AUDITING MINERAL ROYALTIES



PERFORMANCE AUDIT
ISSUED JULY 28, 2010

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DIRECTOR OF PERFORMANCE AUDIT
PATRICK W. GOLDSMITH, CIA, CGAP, MPA

**FOR QUESTIONS RELATED TO THIS PERFORMANCE AUDIT, CONTACT
MIKE BATTLE, PERFORMANCE AUDIT MANAGER,
AT 225-339-3800.**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

This document is produced by the Legislative Auditor, State of Louisiana, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397 in accordance with Louisiana Revised Statute 24:513. Twelve copies of this public document were produced at an approximate cost of \$36.84. This material was produced in accordance with the standards for state agencies established pursuant to R.S. 43:31. This report is available on the Legislative Auditor's Web site at www.la.la.gov. When contacting the office, you may refer to Agency ID No. 9726 or Report ID No. 40090002 for additional information.

In compliance with the Americans With Disabilities Act, if you need special assistance relative to this document, or any documents of the Legislative Auditor, please contact Wayne "Skip" Irwin, Administration Manager, at 225-339-3800.



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

July 28, 2010

The Honorable Joel T. Chaisson, II,
President of the Senate
The Honorable Jim Tucker,
Speaker of the House of Representatives

Dear Senator Chaisson and Representative Tucker:

This report provides the results of our performance audit on the Department of Natural Resources' process of auditing mineral royalties. The audit was conducted under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended.

The report contains our findings, conclusions, and recommendations. Appendix A contains the response of the Department of Natural Resources. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the management and staff of the Department of Natural Resources for their assistance during this audit.

Sincerely,

Daryl G. Purpera, CPA, CFE
Legislative Auditor

DGP/dl

DNR 2010

Office of Legislative Auditor

Daryl G. Purpera, CPA, CFE, Legislative Auditor

Department of Natural Resources Process of Auditing Mineral Royalties

July 2010



Audit Control # 40090002

Executive Summary

We conducted a performance audit on the Office of Mineral Resources (OMR) within the Department of Natural Resources (DNR). We focused our audit efforts on its process to ensure that the state is collecting accurate royalty payments for all minerals produced from state lands. Our objective and the overall results of our audit are summarized below.

Objective: Has DNR developed a comprehensive auditing process to ensure that the state is receiving accurate mineral royalties?

We identified weaknesses with OMR's audit coverage and its current process for auditing royalties. Those weaknesses are as follows:

- **OMR has audited approximately 21% of royalties and has recovered over \$75 million during the last five fiscal years. However, according to OMR data, OMR has not audited 168 of 522 (32%) of companies who have paid approximately \$43 million in royalties over the last 10 fiscal years.** OMR stated that it would like to audit a larger percentage of royalties and periodically audit smaller companies as these audits may bring in additional revenue to the state. According to their data, OMR auditors have generated approximately \$1.2 million per auditor per year over the last 10 fiscal years.
- **OMR has not conducted a desk audit of volume since 2000.** Desk audits compare the volume of oil and gas sold to the volume of oil and gas produced and help OMR ensure that royalty payments submitted by companies are reasonable. These audits also help ensure that all production wells on state lands are submitting royalty payments. In a July 2009 audit report on the Minerals Management Service (MMS),¹ the Governmental Accounting Office (GAO) conducted work similar to a volume audit for a sample of companies in the Gulf of Mexico and found approximately \$117 million in royalties that may not have been collected by the federal government. By not conducting these volume audits, DNR could be missing opportunities to identify extra royalty payments that are owed to the state.

¹ The Minerals Management Service is a federal agency within the Department of the Interior and is responsible for reviewing royalty payments for wells on federally owned lands and water bottoms.

- **DNR has not coordinated audit activities that could affect the accuracy of royalty payments.** Both the Office of Conservation (OOC) within DNR and the Louisiana Department of Revenue (LDR) conduct audits that could help OMR verify the accuracy of royalty payments. However, OMR does not coordinate with OOC to obtain errors that OOC finds in its production audits or to obtain information on problems that OOC inspectors find at well sites. In addition, OMR does not coordinate with LDR to obtain the results of LDR severance tax audits. Because severance taxes are deducted when calculating royalty payments, incorrect severance taxes may result in incorrect royalty payments. If DNR improved coordination and communication with other departments and agencies, OMR would be better equipped to verify royalty payments and possibly identify additional dollars owed to the state.

Audit Initiation, Scope and Methodology

We conducted this performance audit under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. In accordance with state law, the legislative auditor scheduled a performance audit of DNR. This audit focused on determining whether DNR has established an audit process to ensure that royalty payments are accurate. We primarily focused on oil and gas royalty payments since these make up the majority of royalties. Our audit scope generally covered FY 2008 and FY 2009. To answer our objective, we performed the following steps:

- Researched state law, the administrative code, executive budget documents, and other internal reports to understand the department's legal authority, responsibilities, mission, goals, and objectives
- Interviewed various staff and key personnel related to oil and gas regulation, royalty reporting, and audit
- Interviewed LDR personnel concerning severance tax auditing
- Accompanied DNR personnel on a well/lease inspection
- Obtained and reviewed relevant internal audit procedures and plans from DNR
- Obtained fiscal data from DNR such as royalty payments collected, audits conducted, and monetary returns from audits
- Interviewed officials in the Texas General Land Office to obtain information on certain procedures in Texas
- Reviewed information from the Bureau of Land Management and the MMS within the U.S. Department of the Interior to obtain information on their procedures
- Reviewed relevant audit reports from the GAO

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Background

Overview of DNR

The overall mission of DNR is to manage, protect, and preserve the state's nonrecurring natural resources which include oil, gas, lignite and other minerals, groundwater and coastal wetlands, and renewable energy. DNR plans to accomplish its mission through conservation, regulation, and scientifically sound management. DNR is composed of four offices. These offices and their FY 2009 expenditures and staffing are summarized in Exhibit 1.

Exhibit 1 DNR Offices, Expenditures, and Staffing FY 2009		
Office	FY 2009 Expenditures	FY 2009 Staffing
Office of the Secretary	\$32,258,078	89
Office of Conservation	16,764,485	187
Office of Mineral Resources	12,351,992	75
Office of Coastal Restoration and Management	109,245,619	159
Total	\$170,620,174	510
Source: Prepared by legislative auditor's staff using actual expenditures reported in the FY 2010 executive budget.		

Our audit focused on whether DNR has a comprehensive process to ensure that royalties submitted to the state are accurate. Ensuring that the state receives optimal revenues from royalty payments is the primary responsibility of OMR. However, the OOC also has regulatory authority over oil and gas wells so its duties also affect the accuracy of royalty payments. The definition of royalties, as well as specific details about the role of DNR in auditing royalties, is outlined in the sections that follow.

Definition of Royalties

Louisiana produces minerals such as crude oil, natural gas, sulfur, salt, gravel, and lignite. If these minerals are produced from state-owned land or water bottoms, the state takes in revenue called royalties. DNR is responsible for collecting and auditing these royalty payments to ensure that the state receives the accurate amount of royalties it is owed.

Royalty amounts are derived by multiplying a percentage up to 25% (also called the "state decimal") on the net value of oil, gas, and other mineral productions. According to DNR, there are approximately 2,000 active state leases on over one million acres of state lands. Exhibit 2 outlines the formula for calculating the amount of royalties.

Exhibit 2
Royalty Calculation

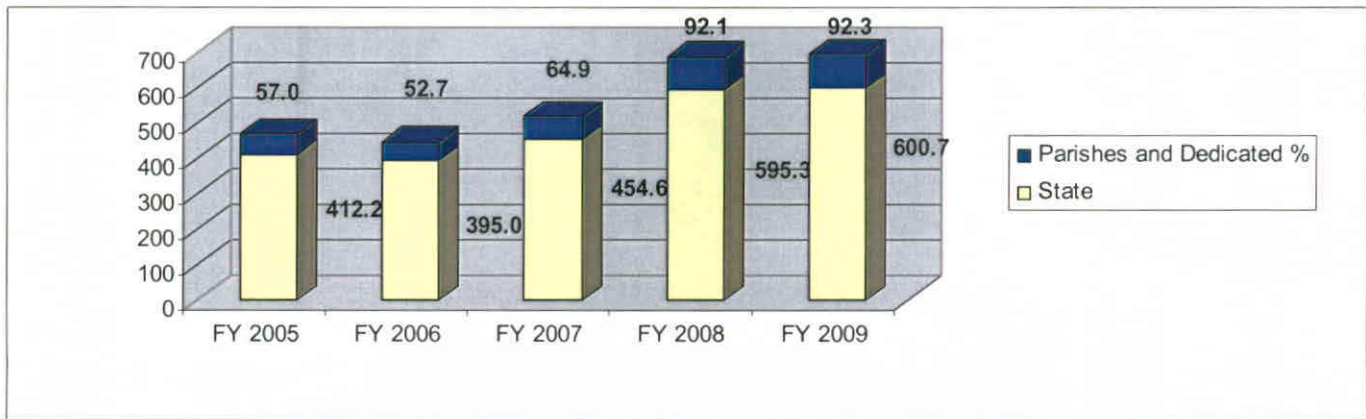
(Price x Volume) - Severance Tax - Allowable Expenses = Net Value

Net Value x State Decimal (up to 25%) = Royalty Payment

Source: Developed by legislative auditor's staff using information from DNR.

The accuracy of royalty payments is important to the state because royalties provide revenue to the state. As shown in Exhibit 3, the total amount of royalties received was \$693 million in FY 2009. One-tenth of royalty revenue each month is distributed to the parishes where the production occurs. A certain percentage is also statutorily dedicated to certain entities, such as the Department of Wildlife and Fisheries. However, most royalties go to the State General Fund in accordance with Article VII, Section 9 of the Louisiana Constitution. Exhibit 3 summarizes the total amount of royalty revenues from FY 2005 to FY 2009.

Exhibit 3
Total Amount of Revenue in Millions From Royalties
FY 2005-2009



Source: Prepared by legislative auditor's staff using data from OMR. Total royalties collected differ from Exhibit 4 because of the timing of data collection.

DNR's Role in Auditing Royalty Payments (OMR)

According to Louisiana Revised Statute (R.S.) 30:129, the State Mineral Board is required to determine whether the companies complied with all lease terms. To fulfill this requirement, DNR's OMR conducts (or has conducted) a variety of audits to help ensure that companies are submitting accurate royalty payments. These audits are summarized below.

Desk Audits of State Royalty Reports. Desk audits of state royalty reports consist of reviewing exception reports generated by the Strategic Online Natural Resources Information System (SONRIS). Companies are required to submit monthly royalty reports that document their sale of oil, gas, and other mineral products and the amount of royalty due to the state. Five staff in the Royalty Reporting Section within OMR review each report for obvious errors and recalculate totals. Once obvious errors are corrected, the reports are entered in SONRIS and the system performs a series of validations on each report. For example, SONRIS validates that the price and severance tax is reasonable and validates that the state's percentage share of royalty is correct. Once all reports have been entered, SONRIS generates exceptions. Some exceptions are rejected and must be sent back to the companies for correction. Companies may be billed for additional royalties that they did not initially submit.

Desk Audits of Volume (or Compliance Reviews). As stated above, companies submit monthly royalty reports to OMR. To conduct desk audits of volume, OMR staff in the Royalty Reporting Section compare the state royalty reports to the production reports and transporter reports submitted to OOC. Staff then send letters to the companies requesting an explanation for any variances between these reports. Depending on their response, OMR may bill the companies for additional royalties. However, these audits have not been conducted in over 10 years. See page 10 for more information on this issue.

Field/Desk Audits of Royalty Payments. Twelve auditors in the regional offices conduct field audits on a certain percentage of royalty dollars each year. Field audits are generally conducted on companies with royalties totaling \$100 million or greater. The auditors conduct onsite audits at company offices and review documentation such as meter statements, check details, and wire transfers to verify the volume and price of oil and gas sold. Also, desk audits are generally conducted on companies with royalties totaling \$1 million or less. These audits are similar to field audits except they are conducted in the regional offices of DNR. Both types of audits detect problems that often result in DNR billing companies for additional royalties. For example, in FY 2009, auditors collected from companies approximately \$6.4 million in additional royalties.

**Other Audits That Affect Accuracy of
Royalty Payments (OOC and LDR)**

In addition to OMR's role in auditing royalty payments described previously, both DNR's OOC and LDR conduct audits which impact the accuracy of royalty payments. These duties are summarized below.

DNR's OOC. R.S. 30:4 gives the commissioner of OOC the jurisdiction and authority over all persons and property necessary to effectively enforce laws relating to oil and gas. As such, this office has the authority to inspect and examine properties and leases and to test and gauge all oil and gas wells, tanks, refineries and modes of transportation for compliance with regulations. OOC also issues permits for companies to drill wells on both public and private lands and determines the allowable amount (volume) that each well can produce. A total of 22 staff in the Production Audit Section within the OOC are responsible for inputting data from production and transporter reports into SONRIS. SONRIS reviews and reconciles reports and generates error reports that production auditors review and correct. Some errors may require that companies submit corrected data. The purpose of these audits is to ensure that companies are submitting required reports and complying with production regulations.

LDR. LDR has four auditors that are responsible for conducting audits to ensure that companies are paying the correct amount of severance taxes on all required wells. Severance taxes are calculated based on the total volume of oil and gas produced. Severance taxes also affect the accuracy of royalty payments because companies are allowed to deduct severance taxes when calculating royalty payments.

Objective: Has DNR developed a comprehensive auditing process to ensure that the state is receiving accurate oil and gas royalties?

While DNR conducts field audits that have generated over \$75 million in additional royalty payments over the last five fiscal years to the state, OMR's audit process could be more comprehensive by periodically auditing smaller companies. OMR has never audited approximately 32% of companies who have submitted approximately \$43 in royalties over the last 10 fiscal years. Although these companies have not paid a large amount of royalties overall, there is no assurance that what these companies have been paying over the years is accurate.

In addition, DNR has not conducted a desk audit of volume (see page 5) in over 10 years. These audits are used extensively in other states as a cost-effective way of identifying errors in royalty payments. Finally, DNR is not currently using all available sources of data to help ensure that royalty payments are accurate. These issues are discussed in more detail below.

OMR field auditors have audited 21% of royalties and have recovered over \$75 million in additional royalties over the last five fiscal years

As mentioned in the background section, OMR conducts field audits of royalty payments to ensure that companies pay the state the correct amount of royalties. According to OMR data, OMR has conducted field audits on over \$469 million in royalties over the last five fiscal years. These audits have resulted in over \$75 million of additional royalties for the state.

According to DNR, the number of audits OMR conducts each year is dictated by its objective in the executive budget and its staffing levels. The current FY 2010 objective requires that OMR increase the percentage of royalties audited to total royalties paid by 1% per year up to a maximum of 25%. Exhibit 4 on the following page summarizes total royalty dollars submitted to OMR, the percentage of royalty dollars audited by OMR, the amount recovered by OMR, and the requirements specified in OMR's objective in the executive budget for the last five fiscal years.

Exhibit 4
Total and Percentage of Royalties Collected and Audited,
Percentage of Additional Royalties Collected From Audits,
and Audit Requirements in Executive Budget
FY 2005 to FY 2009

Fiscal Year	Total Royalties Collected in Audited Year*	Total Amount Audited	% Audited	Amount of Additional Royalties Collected From Audits	Requirement per Objective in Executive Budget for Fiscal Year
2009	\$519,528,580	\$96,657,718	19%	\$6,389,061	To increase the percentage of royalties audited to royalties paid by 1% each year
2008	447,669,081	102,375,023	23%	2,805,081	To increase the percentage of royalties audited to royalties paid by 1% each year
2007	469,216,638	105,783,589	23%	3,490,560	To increase the percentage of royalties audited to royalties paid by 1% each year
2006	431,821,285	74,985,155	17%	7,097,735	To increase the percentage of royalties audited to royalties paid by 1% each year
2005	374,217,632	89,813,476	24%	55,469,241**	Maintain the percentage of royalties audited to royalties paid at 25%
Total	\$2,242,453,215	\$469,614,961	21%	\$75,251,678	

*The total royalty dollars collected differ from the numbers in Exhibit 3 because audits are based on royalty dollars collected two years back. For example, the audits conducted in FY 2008 are for royalties from FY 2006.

**FY 2005 audit collections were higher than normal because of two settlements the state received resulting from audits.

Source: Prepared by legislative auditor's staff using data from OMR.

As the exhibit shows, OMR has audited from 17% to 24% of royalty dollars each year over the last five fiscal years. However, DNR stated that because the objective specifies a target percentage to audit, it limits the number and variety of companies who are audited each year. To meet its objective, OMR generally uses the amount of royalties as the primary criteria² in selecting companies to audit. As a result, it is possible that many of the same companies have been reviewed year after year and some companies have never been audited at all. According to OMR data, approximately 168 of 522 (32%) of companies have never been audited. These companies have submitted approximately \$43 million in royalties over the last 10 fiscal years. Although these companies paid a relatively small amount of royalties, there is no assurance that what these companies have been submitting in royalties during that time frame is accurate. Because more comprehensive audit coverage may mean increased revenue to the state, OMR should plan to include smaller companies in its audit schedule as well.

² OMR also uses additional risk factors, such as leads from other divisions and previous audit findings, to select some companies but larger companies are first priority to meet the objective.

Other states, such as Texas and Alaska, are not required to audit a certain percentage of royalties each year. These states use a variety of risk-based criteria to select companies to audit and then try to audit as many as their resources allow. At the federal level, a similar performance goal at MMS that specified a required percentage to audit was criticized in an Inspector General's report for reducing the number of companies subjected to compliance work.

According to OMR, the reason that it has not increased the percentage of royalties it audits to include these smaller companies is due to a lack of audit staff. OMR has evaluated the cost-effectiveness of hiring more auditors and found that over the last 10 years, each auditor has generated an average of \$1.2 million in increased revenue each year. Hiring additional auditors to increase audit coverage may result in a cost-effective way to increase revenue to the state. According to OMR, it requested 10 additional auditors in the FY 2010 budget request; however, the request was not approved.

To better show its performance and potentially justify more positions, OMR should consider revising its current performance information to show the outcomes from its audit efforts. As discussed above, OMR auditors recover a large amount as a result of their audits. However, OMR's current objective does not include performance indicators that show these outcomes resulting from audits. Texas uses several indicators to show the outcomes of its audits, including the percent of oil and gas revenue resulting from audits and the average revenue generated per auditor. Outcome measures such as these would allow the legislature and other decision makers to better evaluate the cost-effectiveness and success of audit efforts. For example, the average amount recovered per audit or auditor would be a useful indicator to show the effectiveness of OMR audits.

Recommendation: DNR should consider adjusting its selection criteria for audits to provide the most comprehensive audit coverage as possible, which includes periodically auditing smaller companies.

Summary of Management's Response: DNR disagrees with this recommendation and stated that their current selection criteria are sufficiently comprehensive and provide the greatest return on investment.

Recommendation: DNR should assess its agency resources as a whole and determine if it would be cost effective to transfer existing resources within DNR to audit a larger percentage of royalties.

Summary of Management's Response: DNR agrees with this recommendation and stated that they will evaluate their resources to determine if some resources can be transferred to the auditing function.

Recommendation: DNR should consider working with the Office of Planning and Budget to revise its overall objective and associated performance indicators to ensure appropriate audit coverage while better reflecting the actual outcomes.

Summary of Management's Response: DNR partially agrees with this recommendation and stated that if they were granted the staff resources, they would revise their current performance indicator to audit 33% of royalties per year. DNR stated that auditing all payors on a three-year rotating cycle is the most effective methodology.

OMR has not conducted desk audits of volume since 2000

OMR's Royalty Reporting Section previously conducted desk audits of volume (also called compliance reviews) which helped ensure that royalty payments were reasonable and complete. This review compared the sales volume of oil and gas reported to OMR with the production volume of oil and gas reported to OOC in production reports and transporter reports. However, OMR has not conducted these desk audits since 2000. Although OMR did not have any data on the amount of revenue generated from these past audits, OMR staff said that these audits were lucrative for the state because they found additional royalties owed to the state from companies. In addition, these audits require fewer staff and less time so they can be more cost-effective than field audits.

Other states, such as Texas and Oklahoma, and the federal government (MMS) all use these types of audits to help ensure that royalties reported by companies are reasonable. In FY 2009, Texas generated an additional \$3.1 million in additional revenue for the state from these types of audits.

Not only are these audits important for ensuring that royalty payments are reasonable, they are also important for ensuring that royalties have been collected from all wells that are reporting production on state lands. For example, in a July 2009 audit report on MMS, GAO compared a sample of federal leases in the Gulf of Mexico producing gas to royalty reports for the same time frame and found that 5.5% of royalty reports were missing. These reports represented approximately \$117 million in royalties that may not have been collected.

According to OMR, it has not performed these audits because of a lack of staff. OMR currently has five audit staff in this section and there are approximately 250 companies who send in royalty reports to review on a monthly basis. However, OMR is in the process of converting to an online system that will accept royalty reports electronically and will automate some of the preliminary audit steps. According to OMR, this system should allow auditors more time to focus on conducting volume audits.

Another alternative is to automate the actual desk audits of volume. Since both OOC and OMR enter data on volume into the SONRIS, DNR should investigate whether a query or program could be developed to compare these reports and generate exceptions when differences exist between OOC and OMR reports. Texas is currently pursuing automating this review as well.

Recommendation: DNR should require companies to use electronic reporting for both production reports and royalty reports. Requiring companies to enter these reports directly into SONRIS would allow auditors more time to conduct desk audits of volume.

Summary of Management's Response: DNR agrees with this recommendation and stated they are currently working toward this goal.

Recommendation: DNR should resume conducting desk audits of volume. The results of these audits should be documented and additional collections resulting from these audits should be tracked.

Summary of Management's Response: DNR agrees with this recommendation and stated they have a written plan for resuming volume audits.

Recommendation: Once all companies are reporting electronically and DNR resumes conducting desk audits of volume, DNR should consider developing a program within SONRIS that automates volume audits. This program should also include exception reports that are generated when volume numbers do not match between OOC and OMR.

Summary of Management's Response: DNR agrees with this recommendation and stated they will work with their information technology staff to automate the process.

Recommendation: Once DNR resumes its desk audits of volume, it should use the results of these audits as part of its selection criteria for scheduling companies for field audits.

Summary of Management's Response: DNR agrees with this recommendation and stated that volume audit results will be included in the audit selection criteria when they are resumed.

DNR has not coordinated audit activities that could affect the accuracy of royalty payments

DNR has not ensured that all audit activities that could affect the accuracy of royalties are coordinated with other departments and agencies. Although both OOC and LDR conduct audits related to the accuracy of oil and gas volume, neither entity reports the results of their audits to OMR nor does OMR try to obtain such results. Since the volume of oil and gas is a key input into the royalty calculation, having this information would help OMR verify the accuracy of royalty payments.

As mentioned on page 6, a total of 22 OOC production auditors input data into SONRIS from production and transportation reports showing the volume of oil and gas produced and transported from all wells in the state. SONRIS reconciles the reports and generates an error report if it finds a discrepancy between what is reported. Production auditors review the error reports and companies may be asked to submit corrected data. However, OMR does not coordinate with OOC to obtain the results of OOC's production audits.

In addition, OOC field agents conduct a variety of inspections of wells. In FY 2009, they conducted approximately 27,000 field inspections. These inspections are designed to ensure that wells are operating in accordance with rules and regulations. However, OOC does not report problems that its inspectors found to OMR. Some of these problems could affect royalties. We asked OOC to provide us with inspection findings that could affect the accuracy of royalties, but OOC said that production inspections are generally handwritten as narrative inspections and the results could not easily be quantifiable.

LDR also has useful information that could help OMR better verify the accuracy of royalty payments. LDR auditors review a sample of severance tax reports and conduct field audits to ensure that severance taxes were calculated correctly. Severance taxes, like royalties, are based on the volume of oil and gas produced. Ensuring that severance tax is calculated correctly is important because companies are allowed to deduct severance taxes when calculating royalty payments. Therefore, if severance taxes are incorrect, it is likely that royalties will also be incorrect. Although OMR verifies severance tax information when it conducts royalty field audits, it does not coordinate with LDR to obtain the results of its severance tax audits. Routinely obtaining the results of LDR audits would help OMR verify the accuracy of severance taxes on a more frequent basis.

LDR audits have consistently found problems related to companies who both under pay and over pay their severance taxes. For example, from FY 2007 to FY 2009, LDR data shows that some companies have overpaid approximately \$22 million in severance taxes and others have underpaid approximately \$32 million in severance taxes resulting in a net underpayment of taxes of approximately \$10 million. Exhibit 5 summarizes this information.

Exhibit 5				
Total Amount of Severance Tax Overpayments and Underpayments				
FY 2007 to FY 2009				
	FY 2007	FY 2008	FY 2009	TOTAL
Overpayments	\$5,275,443	\$6,121,742	\$10,775,007	\$22,172,192
Underpayments	14,079,007	7,386,479	11,097,711	32,563,197
			Net Underpayment	\$10,391,005
Source: Prepared by legislative auditor's staff using data from LDR.				

As the exhibit shows, LDR audits find substantial errors related to the correct calculation of severance taxes. DNR is currently pursuing a cooperative endeavor agreement that transfers the severance tax auditing function from LDR to OMR. Transferring this function to DNR may resolve the problems discussed above.

Recommendation: DNR should develop a system or process whereby OOC would report any production discrepancies, errors, or violations it discovers in its compliance work to OMR. This process would help ensure that royalty payments are based on accurate data.

Summary of Management's Response: DNR agrees with this recommendation and stated that they are in the process of executing a Memorandum of Understanding between OMR and OOC to accomplish this goal.

Recommendation: DNR management should require OMR auditors to coordinate and communicate with LDR to verify the accuracy of severance tax data.

Summary of Management's Response: DNR agrees with this recommendation but states that this is a moot point since DNR will conduct LDR's severance tax field audits beginning July 1, 2010.

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APPENDIX A: MANAGEMENT'S RESPONSE

BOBBY JINDAL
GOVERNOR



ROBERT D. HARPER
SECRETARY

State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL AND ENERGY BOARD

June 23, 2010

Mr. Daryl Purpera, CPA
Louisiana Legislative Auditor
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Mr. Purpera:

The Department of Natural Resources has reviewed the revised draft of your office's performance audit report on the process of auditing mineral royalties. The Department, for the most part, concurs with the findings and recommendations contained in that report. As requested, we have included the enclosed completed checklist. Our comments regarding the weaknesses identified in the report are as follows.

Finding #1: • OMR has audited approximately 21% of royalties and has recovered over \$75 million during the last five fiscal years. However, according to OMR data, they have not audited 168 of 522 (32%) of companies who have paid approximately \$43 million in royalties over the last ten fiscal years.

DNR's Response: We concur that 168 of companies who have paid royalties in the past ten years have not been audited. We also concur that auditing more companies would generate additional revenue for the state.

Finding #2: • OMR has not conducted a desk audit of volume since 2000.

DNR's Response: We concur that OMR has not conducted a desk audit of volume since 2000. We also recognize the importance of this function and have been working to resume this program. We anticipate that we will be able to resume volume auditing by the end of fiscal year 2011.

Finding #3: • DNR has not coordinated audit activities that could affect the accuracy of royalty payments.

DNR's Response: We concur, in part, with the finding that OMR has not coordinated audit activities with the Office of Conservation (OOC) and the Department of Revenue (LDR). To date, there has been no system of communications with either entity. However, we do not concur that incorrect severance taxes may result in incorrect royalty payments because severance tax deductions are audited for accuracy during royalty field audits. As part of the Streamlining Commission's recommendations, OMR will take over LDR's severance tax field audit program and the two audits will be integrated beginning July 1, 2010. We concur that a

Daryl Purpera, CPA
June 24, 2010
Page 2

system of communications between OMR and OOC will be beneficial. Consequently, we have executed a Memorandum of Understanding to establish a system of communications in which OMR will be notified of production audit findings.

In closing, we greatly appreciate the professional efforts of your office in the preparation of this report. We are proud that our performance information is valid and relevant to the department's mission, goals, and objectives, and demonstrates the success of our audit program. We believe that the report's recommendations will be useful in our administration of our audit program.

Sincerely,



Louis E. Buatt
Acting Assistant Secretary

Enclosure

cc: Robert D. Harper, Secretary

**THE FOLLOWING BID OPENING MEETING REPORT,
COMMITTEE REPORTS, RESOLUTIONS AND
MINERAL REVENUE AND PRODUCTION REPORT
WERE MADE A PART OF THE JULY 13, 2011 MINUTES
BY REFERENCE**

A public meeting for the purpose of opening sealed bids was held on Wednesday, July 13, 2011, beginning at 8:30 a.m. in the La Belle Room, First Floor, LaSalle Office Building, Baton Rouge, Louisiana.

Recorded as present were:

Thomas L. Arnold, Jr., Mineral and Energy Board member
Emile B. Cordaro, Mineral and Energy Board member
Darryl D. Smith, Mineral and Energy Board member
Chip Kline (sitting in for Garret Graves, Governor Bobby Jindal's designee on the Board)

Victor Vaughn, Geologist Administrator-Geological & Engineering Division, and
Executive Officer to the State Mineral and Energy Board
Stacey Talley, Deputy Assistant Secretary of the Office of Mineral Resources
Frederick Heck, Director-Petroleum Lands Division
Rachel Newman, Director-Mineral Income Division
Emile Fontenot, Assistant Director-Petroleum Lands Division
April Duhe, Attorney, OMR Executive Division
Ryan Seidemann, Assistant Attorney General

Mr. Victor Vaughn presided over the meeting. He then read the letter of notification certifying the legal sufficiency of the advertisement of tracts which had been published for lease by the Board at today's sale. Mr. Vaughn read the letter as follows:

July 13, 2011

TO: MEMBERS OF THE STATE MINERAL AND ENERGY BOARD AND
REPRESENTATIVES OF THE OIL AND GAS INDUSTRY

Gentlemen:

Certified proofs of publication have been received in the Office of Mineral Resources on behalf of the State Mineral and Energy Board for the State of Louisiana from the "Advocate," official journal for the State of Louisiana, and from the respective parish journals as evidence that Tract Nos. 42125 through 42203, have been advertised in accordance with and under the provisions of Chapter 2, Title 30 of the Revised Statutes of 1950, as amended.

Yours very truly,

(Original signed)

Frederick D. Heck
Director
Petroleum Lands Division

Mr. Vaughn then stated that there was one (1) letter of protest received and had been examined by legal counsel for the Board who advised that the Board was in a position to consider bids and award a lease on the protested tract if so desired. Mr. Vaughn stated that the letter of protest was as follows:

1. Mary Lynch Courville & Zoe Sagrera Lynch Heirs, dated June 2, 2011, involving Tract No. 42180.

The Letter of Protest is hereby attached and made a part of the Minutes by reference.

For the record, Mr. Vaughn stated that there were no tracts to be withdrawn from today's Lease Sale.

The following bids were then opened and read aloud to the assembled public by Mr. Emile Fontenot.

OFFSHORE TRACTS

	Tract 42125
No Bids	
	Tract 42126
No Bids	
	Tract 42127
No Bids	
	Tract 42128
No Bids	
	Tract 42129
No Bids	
	Tract 42130
No Bids	

Tract 42131
(Portion – 598.8 acres)

Bidder	:	Success Energy LLC
Primary Term	:	Five (5) years
Cash Payment	:	\$128,742.00
Annual Rental	:	\$64,371.00
Royalties	:	22.0% on oil and gas
	:	22.0% on other minerals
Additional Consideration	:	None

Tract 42131
(Portion – 45.0 acres)

Bidder	:	Success Energy LLC
Primary Term	:	Five (5) years
Cash Payment	:	\$23,175.00
Annual Rental	:	\$11,587.50
Royalties	:	22.0% on oil and gas
	:	22.0% on other minerals
Additional Consideration	:	None

INLAND TRACTS

Tract 42132

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$14,400.00
Annual Rental	:	\$7,200.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42133

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$4,200.00
Annual Rental	:	\$2,100.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42134

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$15,000.00
Annual Rental	:	\$7,500.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42135

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$12,600.00
Annual Rental	:	\$6,300.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42136

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$6,300.00
Annual Rental	:	\$3,150.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42137

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$15,900.00
Annual Rental	:	\$7,950.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42138

Bidder	:	CS Tax Properties, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$14,388.00
Annual Rental	:	\$7,194.00
Royalties	:	20.00% on oil and gas
	:	20.00% on other minerals
Additional Consideration	:	None

Tract 42138
(Portion – 7.0 acres)

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$2,100.00
Annual Rental	:	\$1,050.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42139

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$11,700.00
Annual Rental	:	\$5,850.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42140

No Bids

Tract 42141

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$9,900.00
Annual Rental	:	\$4,950.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42142
(Portion – 6.0 acres)

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$1,800.00
Annual Rental	:	\$900.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42143

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$10,800.00
Annual Rental	:	\$5,400.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42144

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$14,400.00
Annual Rental	:	\$7,200.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42145

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$21,600.00
Annual Rental	:	\$10,800.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42146

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$28,200.00
Annual Rental	:	\$14,100.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42147

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$14,400.00
Annual Rental	:	\$7,200.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42148

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$30,900.00
Annual Rental	:	\$15,450.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42149

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$17,400.00
Annual Rental	:	\$8,700.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42150

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$24,300.00
Annual Rental	:	\$12,150.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42151

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$22,200.00
Annual Rental	:	\$11,100.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42152
(Portion – 15.0 acres)

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$4,500.00
Annual Rental	:	\$2,250.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42153

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$29,700.00
Annual Rental	:	\$14,850.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42154

No Bids

Tract 42155

No Bids

July 13, 2011

9

Tract 42156

No Bids

Tract 42157

Bidder	:	T.S. Dudley Land Company, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$33,000.00
Annual Rental	:	\$16,500.00
Royalties	:	20% on oil and gas
	:	20% on other minerals
Additional Consideration	:	None

Tract 42158

No Bids

Tract 42159

No Bids

Tract 42160

No Bids

Tract 42161

Bidder	:	Sheiby Energy Holdings LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$32,250.00
Annual Rental	:	\$16,125.00
Royalties	:	22% on oil and gas
	:	22% on other minerals
Additional Consideration	:	None

Tract 42162

Bidder	:	Carla Petroleum, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$2,002.00
Annual Rental	:	\$1,001.00
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42163

Bidder	:	Pride Oil & Gas Properties, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$4,032.00
Annual Rental	:	\$2,016.00
Royalties	:	22.50% on oil and gas
	:	22.50% on other minerals
Additional Consideration	:	None

Tract 42164

No Bids

Tract 42165

Bidder	:	Orbit Energy, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$13,500.00
Annual Rental	:	\$6,750.00
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42166

Bidder	:	Merit Energy Services, L.L.C.
Primary Term	:	Three (3) years
Cash Payment	:	\$8,309.79
Annual Rental	:	\$4,154.90
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42167

No Bids

Tract 42168

No Bids

Tract 42169

No Bids

Tract 42170

Bidder	:	Orbit Energy, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$4,592.00
Annual Rental	:	\$2,296.00
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42171

Bidder	:	New Century Exploration, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$18,662.00
Annual Rental	:	\$9,331.00
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	This is a re-nomination of the recently released portion of SL 20261 that was lost because of non-payment of rentals due to clerical oversight. New Century has adjacent production (the remaining portion of SL 20261 is HBP) to Tract No. 42171 and has future exploration plans for this area during the primary term of this lease.

Tract 42172
(Portion – 77.00 acres)

Bidder	:	Pride Oil & Gas Properties, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$31,724.00
Annual Rental	:	\$15,862.00
Royalties	:	22.50% on oil and gas
	:	22.50% on other minerals
Additional Consideration	:	None

Tract 42173

No Bids

Tract 42174

No Bids

Tract 42175

No Bids

July 13, 2011

12

Tract 42176
(Portion – 21.00 acres)

Bidder	:	Smith Production Company of Mississippi
Primary Term	:	Three (3) years
Cash Payment	:	\$6,321.00
Annual Rental	:	\$3,160.50
Royalties	:	23.00% on oil and gas
	:	23.00% on other minerals
Additional Consideration	:	None

Tract 42177

No Bids

Tract 42178

No Bids

Tract 42179
(Portion – 85.0 acres)

Bidder	:	Allen & Kirmse, Ltd.
Primary Term	:	Three (3) years
Cash Payment	:	\$22,695.00
Annual Rental	:	\$11,347.50
Royalties	:	23% on oil and gas
	:	23% on other minerals
Additional Consideration	:	None

Tract 42180

No Bids

Tract 42181

No Bids

Tract 42182

Bidder	:	Hilcorp Energy I, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$175.24
Annual Rental	:	\$87.62
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42183

Bidder	:	Hilcorp Energy I, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$97.66
Annual Rental	:	\$48.83
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

STATE AGENCY TRACTS

Tract 42184

Bidder	:	Matador Resources Company
Primary Term	:	Three (3) years
Cash Payment	:	\$1,861,632.00
Annual Rental	:	\$930,816.00
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42184

Bidder	:	Classic Petroleum, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$1,263,914.00
Annual Rental	:	\$631,957.00
Royalties	:	25.00% on oil and gas
	:	25.00% on other minerals
Additional Consideration	:	None

Tract 42185

Bidder	:	Classic Petroleum, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$101,138.44
Annual Rental	:	\$50,569.22
Royalties	:	25.00% on oil and gas
	:	25.00% on other minerals
Additional Consideration	:	None

Tract 42186

Bidder	:	Eagle Stone Energy Partners, L.P.
Primary Term	:	One (1) year
Cash Payment	:	\$22,274.12
Annual Rental	:	N/A
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42186

Bidder	:	Classic Petroleum, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$12,720.84
Annual Rental	:	\$6,360.42
Royalties	:	25.00% on oil and gas
	:	25.00% on other minerals
Additional Consideration	:	None

Tract 42187

No Bids

Tract 42188

No Bids

Tract 42189

Bidder	:	MMB ENERGY, L.L.C.
Primary Term	:	Three (3) years
Cash Payment	:	\$1,432.60
Annual Rental	:	\$1,432.60
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

ATCHAFALAYA DELTA WMA-ST. MARY TRACTS

Tract 42190
(Portion – 625.35 acres)

Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$297,053.76
Annual Rental	:	\$148,526.88
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42190
(Portion – 166.84 acres)

Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$79,252.34
Annual Rental	:	\$39,626.17
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42191
(Portion – 273.02 acres)

Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$129,689.96
Annual Rental	:	\$64,844.98
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42191
(Portion – 253.93 acres)

Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$120,621.83
Annual Rental	:	\$60,310.92
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42192
(Portion – 388.43 acres)

Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$194,805.41
Annual Rental	:	\$97,402.71
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42192
(Portion – 277.42 acres)

Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$139,131.68
Annual Rental	:	\$69,565.84
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42192
(Portion – 60.85 acres)

Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$30,517.49
Annual Rental	:	\$15,258.75
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42193

No Bids

Tract 42194
(Portion – 212.06 acres)

Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$106,352.33
Annual Rental	:	\$53,176.17
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42195
(Portion – 61.64 acres)

Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$30,913.69
Annual Rental	:	\$15,456.85
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 42196
(Portion – 966.26 acres)

Bidder	:	Caza Petroleum, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$373,942.62
Annual Rental	:	\$186,971.31
Royalties	:	25.00% on oil and gas
	:	25.00% on other minerals
Additional Consideration	:	None

Tract 42197

No Bids

Tract 42198
(Portion – 153.13 acres)

Bidder	:	Caza Petroleum, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$59,261.31
Annual Rental	:	\$29,630.66
Royalties	:	25.00% on oil and gas
	:	25.00% on other minerals
Additional Consideration	:	None

TAX ADJUDICATED LANDS TRACTS

Tract 42199

No Bids

Tract 42200

Bidder	:	Anadarko E & P Company, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$4,530.20
Annual Rental	:	\$2,265.10
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

Tract 42201

Bidder	:	Anadarko E & P Company, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$18,120.80
Annual Rental	:	\$9,060.40
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

Tract 42202

Bidder	:	Anadarko E & P Company, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$9,060.40
Annual Rental	:	\$4,530.20
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

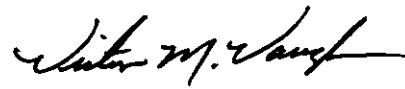
Tract 42203

Bidder	:	Anadarko E & P Company, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$3,624.16
Annual Rental	:	\$1,812.09
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

This concluded the reading of the bids.

There being no further business, the meeting was concluded at 9:33 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Victor M. Vaughn". The signature is fluid and cursive, with a long horizontal stroke at the end.

Victor M. Vaughn
Executive Officer
State Mineral and Energy Board

RECEIVED
OFFICE OF
MINERAL RESOURCES
STATE MINERAL BOARD

2011 JUN -3 PM 12: 55

June2,, 2011

Department of Natural Resources
Office of Mineral Resources
State Mineral Board
Post Office Box 2827
Baton Rouge, Louisiana 70821-2827

Re: Tract Number 42180
Vermilion Parish, Louisiana
July 13, 2011 State Lease Sale

Gentlemen:

It has come to our attention that Tract Number 42180 is being advertised for lease at the upcoming July 13, 2011 State Lease sale.

Without waiver of any rights, Mary L. Courville represents our family's undivided interest and are the owner of parts of the land located within this Tract. We therefore protest the advertising of any such interests within this Tract.

Accordingly, we hereby request the subject Tract be withdrawn from the July 13, 2011 lease sale. In the event that you do not withdraw the Tract, please advise any prospective bidder of the protest by furnishing a copy of this letter. Please inform the prospective bidder that we fully intend to take all action necessary to protect its interests in the premises.

Thanking you in advance for your attention to this matter, I remain

Sincerely,



Mary Lynch Courville
Zoe Sagera Lynch Heirs



State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL AND ENERGY BOARD
LEASE REVIEW COMMITTEE REPORT

A meeting of the Lease Review Committee of the State Mineral and Energy Board convened on Wednesday, July 13, 2011 at 9 39 a m. with the following members of the board in attendance: Mr. Scott A. Angelle, Mr. Thomas L. Arnold, Jr., Mr. Emile B. Cordaro, Mr. Darryl D. Smith, Mr. W. Paul Segura, Jr., Mr. Thomas W. Sanders and Mr. Chip Kline (sitting in for Garrett Graves, Governor Jindal's designee to the State Mineral and Energy Board).

Items on the Lease Review Committee Agenda submitted to the Board by Mr. Jason Talbot, Geologist Supervisor, were as follows:

I. Geological and Engineering Staff Review

According to SONRIS there are 1807 active State Leases covering nearly 837,000 acres. The Geological and Engineering Division has reviewed approximately 170 leases covering 78,000 acres.

II. Committee Review

A staff report on **State Leases SLs 2220, 2221, 4039 and 4147**, Eloi Bay and or Half Moon Lake Fields, Plaquemines and St. Bernard Parishes. Cox Operating L.L.C. is the operator.

The recommendation was to accept approximate 1400 acre partial releases consisting of 800 acres from State Lease 2220, 500 acres from State Lease 2221 and 100 acres from State Lease 4147; and that Cox Operating L.L.C. is to provide a status update on their original prospect affecting State Lease 2220 by April 11, 2012.

III. Force Majeure

Mr. Charles Bradbury, Petroleum Engineer, requested that the Board extend its force majeure recognition for Stone Energy's State Leases 10830, 15074, 17309, 17595 and A0285 by 3 months to the October 12, 2011 Board Meeting to permit Stone Energy time to complete negotiations and connection to the pipeline.

Updated 06/30/2011

Company Name	Lease Numbers
Leases Off Production Due to Non-storm Related Force Majeure Events	
IG Petroleum	A0232
Harvest	A0311
Stone Energy	10830, 15074, 17309, 17595, A0285
Leases affected by Flooding	
Hilcorp	411, 711, 1392, 2024, 2655, 4956, 18070, 18258, 18859, A0293
Hunt Oil	14519, 14520, 14912, 14914, 14915, 14953, 14954, 16859
Sylvan	1337

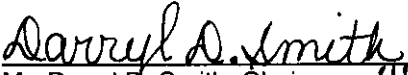
On motion of Mr. Sanders, seconded by Mr. Arnold, the Force Majeure report was approved by the Board.

Lease Review Committee
July 13, 2011
Page 2

On motion by Mr. Sanders, seconded by Mr. Segura, the Committee moved to accept and approve all reviews and recommendations by the staff.

On motion by Mr. Segura, seconded by Mr. Sanders, the Committee moved to adjourn its July 13, 2011 meeting at 9:49 a.m.

Respectfully submitted,



Mr. Darryl D. Smith, Chairman ~~SSB~~
Lease Review Committee
Louisiana State Mineral and Energy Board

Refer to Board Meeting Minutes for any action taken by the Board regarding matters in this report.

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEASE REVIEW COMMITTEE

On Motion of Mr. Sanders, seconded by Mr. Arnold, the following resolution was offered and adopted:

WHEREAS, pursuant to Louisiana Revised Statute 30:129, the Louisiana State Mineral and Energy Board (the "Board") is the body designated to award and administer mineral leases on lands and water bottoms belonging to the State or the title to which is in the public trust;

WHEREAS, Stone Energy made a request to recognize that a force majeure condition exists due to a pipeline leak causing Tennessee Gas to shut-in the gas sales line on January 3, 2011 which services State Leases 10830, 15074, 17309, 17595 and Operating Agreement A0285, Terrebonne Parish, Louisiana;

WHEREAS, at the April 13, 2011 meeting, the Louisiana State Mineral and Energy Board recognized a force majeure until the meeting on July 13, 2011;

WHEREAS, Stone notified the Board that the conditions of the force majeure had not abated and requested three additional months to restore production to the State Leases and Operating Agreement mentioned herein;

NOW THEREFORE BE IT RESOLVED that the Louisiana State Mineral and Energy Board, in consideration of the facts stated herein, by these present does hereby extend recognition of the force majeure event until the October 12, 2011 meeting, or until Stone re-establishes a gas market whichever condition is met at the earliest date. The Board will reserve its rights to review and reconsider whether additional action is necessary concerning the situation at the October 12, 2011 meeting. Furthermore, the Board requires that Stone continue in a due diligent manner, mitigate or negate the effect of said activities which caused the force majeure.

CERTIFICATE

I hereby certify that the above is true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge Louisiana on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral & Energy Board

Louisiana Department of Natural Resources (DNR)

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Staff Reviews

Report run on: July 8, 2011 6:43 AM

Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
00195C		QUARANTINE BAY	QB 3 RB SU	7200	15357	JUL. 7/6/11 JMB SPOKE TO S.IRBY~ HOPE TO HAVE IT ON PRD BY 7/11. 6/14/11 SIDHFU @14428 <CK OB COMP OF WSN 242846 SL 195 QQ NO. 365
00195C		QUARANTINE BAY, SOUTH	QB 3 RB SU	7200	15357	JUL. 7/6/11 JMB SPOKE TO S.IRBY~ HOPE TO HAVE IT ON PRD BY 7/11. 6/14/11 SIDHFU @14428 <CK OB COMP OF WSN 242846 SL 195 QQ NO. 365
01230		BRETON SOUND BLOCK 20 , BRETON SOUND BLOCK 36 , BRETON SOUND BLOCK 37	228447-SL 1230-002 10/11/2003	2000	3800	JUL. AR
02220		ELOI BAY , HALF MOON LAKE , RABBIT ISLAND	4650 RA SUA;LED SL 17002 07/15/2003 659-N 03-530	2000	4163	JUL. OB RCD COX PR PLAT BY 6/8/11 OF 800=2220, 500=2221, 100=4147
02221		ELOI BAY	215867-SL 2221-064-D 06/23/1993	300	2621	JUL. OB RCD COX PR PLAT BY 6/8/11 OF 800=2220, 500=2221, 100=4147
03771		MAIN PASS BLOCK 6	699.21 10/27/2000	367.79	367.79	JUL. AR
03773		MAIN PASS BLOCK 6	333.09 02/21/2001	913.51	913.51	JUL. AR
04039		HALF MOON LAKE	228302-SL 4039-027 07/30/2003	300	670	JUL. OB RCD COX PR PLAT BY 6/8/11 OF 800=2220, 500=2221, 100=4147
04147		ELOI BAY , HALF MOON LAKE	6020 SUA;SL 2220 11/01/1992	80	1383.61	JUL. OB RCD COX PR PLAT BY 6/8/11 OF 800=2220, 500=2221, 100=4147
04708		BRETON SOUND BLOCK 32	237365-SL 4708-018 06/05/2008	454.431	454.431	JUL. AR
06646		FORT PIKE , RIGOLETS	43.126 01/23/1995	732.47	834.874	JUL. AR 6/20/11 PR RQD 6/15/11 LEASE PARTIALLY HELD PER MIKE B;;;11/15/10 CCB QUALIFIED FOR 1ST ILR 11/20/10
06647		RIGOLETS	229.298 05/28/2004	707.53	1281.704	JUL. AR 6/20/11 PR RQD CK ILR TO 4/31/11 OR PRDG JAN. AR
11352		POINTE A LA HACHE	12.863 11/09/2006	9.798	9.798	JUL. AR
11930		POINTE A LA HACHE		62	62	JUL AR 6/7/11 PROD THRU 03/11
12806		BRETON SOUND BLOCK 45 , BRETON SOUND BLOCK 53	UV B RA VUA;SL 17675 03/10/2004	921.53	921.53	JUL. AR
15823		SATURDAY ISLAND	341.935 10/13/2000	13.065	13.065	JUL. AR
15958		BRETON SOUND BLOCK 20	267.95 02/03/2003	186.6	186.6	JUL. AR
16713		CHANDELEUR SOUND BLOCK 71	5900 RA SUA;SL 12789 09/19/1989	70.509	70.509	JUL. AR

Louisiana Department of Natural Resources (DNR)

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Staff Reviews

Report run on: July 8, 2011 6:43 AM

District Code 1 New Orleans- East

Get Review Date July 13, 2011

Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
			1086-E 89-307			
17277		CHANDELEUR SOUND BLOCK 71	230522-VUA;SL 17277-001-D 10/12/2004	26.87	26.87	JUL. AR
17278		CHANDELEUR SOUND BLOCK 71	VUA;SL 17277 08/11/2004	23.37	23.37	JUL. AR
17279		CHANDELEUR SOUND BLOCK 71	VUA;SL 17277 08/11/2004	53.66	53.66	JUL. AR
17340		CLAM BAY	79.72 04/30/2007	73.28	73.28	JUL. AR
17545		LAKE BORGNE	SL 17546 03/12/2003	97.87	97.87	JUL. AR
17621		MAIN PASS BLOCK 16	YAKEY 09/01/2005	90.38	90.38	JUL. AR
17623		MAIN PASS BLOCK 16	YAKEY 09/01/2005	9.48	9.48	JUL. AR
17624		MAIN PASS BLOCK 16	YAKEY 09/01/2005	88.53	88.53	JUL. AR
17655		LAKE BORGNE	SL 17546 03/12/2003	102.56	102.56	JUL. AR
17767		BRETON SOUND BLOCK 33	92 03/27/2008	197.88	197.88	JUL. AR CK PROD 12/20/10 CENTURY XXI;RESTORED PRD YESTERDAY 228463. 11/4/10 CCB:LEASE HB FM STATUS 8/6/10 CK 3 MOS PER MIKE B 5AR
18043		CHANDELEUR SOUND BLOCK 71	230204-VUA;SL 17277-001 10/12/2004	31.06	31.06	JUL. AR
18077		POINTE A LA HACHE	SL 18077	228	228	JUL. AR
18652		LAKE CAMPO	9.16 10/09/2008	62.84	62.84	JUL AR
19706				0	188	JUL. 6/15/11 LEASE NOT EXPIRED PER MIKE B SN 243180 SPUD 5/20/11 PT 6/11/11

Louisiana Department of Natural Resources (DNR)

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Staff Reviews

Report run on: July 8, 2011 6:43 AM

District Code 1W New Orleans- West
Get Review Date July 13, 2011

Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
01464		LAKE WASHINGTON	242044-VUI,LL&E-005 01/02/2011	194	642.192	JUL. AR 6/23/11 SS: 049383 REVISION TRNSMTAL 6/2/11 SRVY PLAT RQD HILCORP;L1 2A-2 RE; 057260; 512052
02474		SOUTH PASS BLOCK 24 , SOUTH PASS BLOCK 24 OFFSHORE(8453 7/97	SPB24 9400 RA SU; 03/01/1998	344	344	JUL. AR
02651		BASTIAN BAY	2500 RA SUA;E FASTERLING 10/12/1999 339-GGGG 99-523	18.851	200	JUL. AR 7/6/11 REL RQD
02652		BASTIAN BAY	BBA X RA SU 01/01/1996	100	100	JUL AR 6/20/11 REL RQD 6/1611 APP EXP PER STEVE
05021		MANCHAC POINT	MARG H B RA SUA;SL 5021 807-L 07-99	145	185	JUL. AR
05913		BAYOU PLAQUEMINE	EAST RA SUA; WILBERTS 05/01/1979	13	14.035	JUL. AR 6/21/11 PROD THUR 3/11;;
05986		BAYOU BLEU	32.85 02/08/1984	12.15	12.15	JUL. 6/22/11 PROD THRU 04/11;;4/27/11 OMR TO OSR PROD RPT SHOWING WELL PERFORMANCE 5-30-11
07501		KINGS RIDGE	25.704 08/16/1994	264.122	264.122	JUL. AR ANY FUTURE RS GO TO CCB PER: 6/14/11 CCB: LEASE HELD VIA DOWNHOLE OPS & PROD 5/4/11 FURR 11/1/10 REL RQD
15057		BAYOU DE FLEUR, SOUTH	4.123 12/14/2000	5.877	5.877	JUL. AR
15276		COLLEGE POINT-ST JAMES	KARSTEIN RD SUA;E H KARSTEIN 01/28/2003 106-A-5 03-54	45.064	45.064	JUL. AR
15736		BAYOU SHERMAN , LAKE PALOURDE, EAST	62.797 07/17/2002	2.875	2.875	JUL. AR
17203		WEST DELTA BLOCK 83	1273.401 10/16/2006	125.599	125.599	JUL. AR
17376		BAY BATISTE	237278-VUA;SL 17376- 001 04/14/2008	261.46	261.46	JUL. AR
17416		LAKE LONG	J RA SUA;ALLAN COMPANY 07/31/2007 717-P 07-841	18.377	18.377	JUL. AR
17446		DARROW		330	330	JUL. AR
19323		BAY MARCHAND BLOCK 2 OFFSHORE		204.86	204.86	JUL. PT 4/11/12
19384		MANILA VILLAGE, SOUTHEAST	5.51 06/23/2010	122.49	122.49	JUL. AR

Louisiana Department of Natural Resources (DNR)

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Staff Reviews

Report run on: July 8, 2011 6:43 AM

District Code 1W New Orleans- West
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Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
19671				0	523	JUL. 5/24/11 REL RQD 5/23/11 APP EXP PER STEVE PT 5/14/11
19673				0	619.2	JUL. 5/24/11 REL RQD 5/23/11 APP EXP PER STEVE PT 5/14/11
19700				0	28	JUL. 6/20/11 RQD REL 6/16/11 RS: APP EXP PT 6/11/11
19701				0	18	JUL. 6/20/11 REL RQD 6/16/11 RS: APP EXP PT 6/11/11
19711				0	26	JUL. 6/20/11 REL RQD PT 6/11/11 POINTE AUX CHENE WMA
19712				0	8	JUL. 6/20/11 REL RQD 6/20/11 RS STEVE: APP EXP 6/17/11 JPT RQD RS TO STEVE: PT 6/11/11 POINTE AUX CHENE WMA
19713				0	133	JUL. 6/20/11 REL RQD 6/16/11 APP EXP PER MIKEB PT 6/11/11 POINTE AUX CHENE WMA
19715				0	47	JUL. 6/20/11 REL RQD PT 6/11/11 POINTE AUX CHENE WMA
19908				0	70.92	JUL. JPT 5/17/11: 191762 JEFF SCH LD SL 2453 020 H208 6084 26 10 009 18S 23E 05/05/2011 17051206900000 HOUSTON ENERGY ATTEMPTED ST FOR TP 1-2 SD & FORMED A OC UNIT UNDER ORDER 604-R-3 TP 1-2 ZONE RB SUA, LITTLE LAKE. AWAIT RESULTS OF WOCR. IF PRDG, NEED TO REQ SURVEY UNIT PLAT.
20049				0	52	JUL. 5/24/11 REL RQD 5/23/11 APP EXP PER STEVE PT 5/13/12

Louisiana Department of Natural Resources (DNR)

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Staff Reviews

Report run on: July 8, 2011 6:43 AM

District Code 2 Lafayette
Get Review Date July 13, 2011

Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
00301A	1	CAILLOU ISLAND	W1-W2 RA SUA;SL 1247 11/30/2010 411-YYYY 10-1261	115	515.74	JUL. AR 6/22/11 CKED BY REID
00340B		BELLE ISLE	1130 03/12/2010	2100	6400	JUL. AR 6/30/11 G&E TO GULFPORT. POD OR REL FOR NP AC BY 12/8/11.
00340B		BELLE ISLE, SOUTHWEST	1130 03/12/2010	2100	6400	JUL. AR 6/30/11 G&E TO GULFPORT. POD OR REL FOR NP AC BY 12/8/11.
00340C	5	RABBIT ISLAND	SL 340 RABBIT ISLAND DA	160	5000	JUL. 6/22/11 OMR TO ENERGY XX1- 3,000 AC PR ACCEPTED FROM DA 3 & 5
00340C	5	RABBIT ISLAND ONSHORE	SL 340 RABBIT ISLAND DA	160	5000	JUL. 6/22/11 OMR TO ENERGY XX1- 3,000 AC PR ACCEPTED FROM DA 3 & 5
00340C	3	RABBIT ISLAND	SL 340 RABBIT ISLAND DA	260	3746	JUL. 6/22/11 OMR TO ENERGY XX1- 3,000 AC PR ACCEPTED FROM DA 3 & 5
00340C	3	RABBIT ISLAND ONSHORE	SL 340 RABBIT ISLAND DA	260	3746	JUL. 6/22/11 OMR TO ENERGY XX1- 3,000 AC PR ACCEPTED FROM DA 3 & 5
00411		LAKE CHICOT	J-2 SUB;SL 411 L C U C 07/13/2010 119-J-1 10-817	1040	3720	JUL. AR 6/30/11 OMR TO HLCP. POD/REL BY 12/ 8/11.
01337		BATEMAN LAKE , SWEET BAY LAKE	9700 RSW1B SUA;SL 1337 WAX U1 89-K-3 90-110	600	2076	JUL. CCB: FM 6/8/11 LRC (OB) 4/27/11 JPT: SYLVAN WILL BE CONTACTED FOR DEV UPDATE.
02024		BAYOU BOUILLON	MT 1 RA SUA, 03/01/1997	190	720	JUL. AR 6/30/11 G&E TO HLCP POD/REL BY 12/8/11 6/22/11 CKED BY REID
02906		LAPEYROUSE	VUB;J B SMITH ETAL	11.5	40.4	JUL. AR 6/22/11 CKED BY REID
16120		CAILLOU ISLAND	108.803 06/16/2004	8.304	8.304	JUL. AR 6/22/11 CKED BY REID
16212		PATTERSON	MA 3 RC SUA;A B ZENOR A 395-Z-2 00-382	11.388	11.388	JUL. AR 6/22/11 CKED BY REID
16528		CAILLOU ISLAND	258.695 02/09/2005	42.131	42.131	JUL. AR 6/22/11 CKED BY REID
16558		SHIP SHOAL BLOCK 43		160	349.69	JUL. 6/23/11 VB WILL SEND FU LTR 6/17/11 RQD STATUS OF REL 8/16/10 FU REL RQD 5/27/10 RQD REL
16945		CAILLOU ISLAND	698.241 11/19/2009	7.169	7.169	JUL. AR 6/22/11 CKED BY REID
17315		BROUSSARD	8.67	2.33	2.33	JUL. 7/7/11 REL RQD 6/22/11

Louisiana Department of Natural Resources (DNR)

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Staff Reviews

Report run on: July 8, 2011 6:43 AM

District Code 2 Lafayette
 Get Review Date July 13, 2011

Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
			04/09/2007			RS REID: APP EXP, LAST PRD 10/09 CCB 1/21/11 LEASE HB DOWNHOLE OPS.
17435		CAILLOU ISLAND	60.73 06/16/2004	4.89	4.89	JUL. AR 6/22/11 CKED BY REID
18070		BAYOU POSTILLION	12000' SU A; W. M. COTTEN 11/25/2010 386-D-5	8.038	17.178	JUL. AR 6/20/11 PR RQD 6/15/11 REID: 2ND REVISION TRNSMTL 600058 6/14/11 RS REID: PARTIALLY HBP, REQ 9.14 AC PR.
19372		KENT BAYOU	HL YWD 2 RA SUA;CL&F 7 01/13/2009 313-G 09-28	10.109	33	JUL. SUGGEST AR UPON RCT OF PR 5/24/11 PR RQD DD 5/9/11 PT 5/9/10 -DISPUTED AC W/ CL&F
19393				0	167	JUL. 6/20/11 REL RQD 6/16/11 APP EXP PER REID SEP. PT 6/13/12
19395				0	47.18	JUL. 6/20/11 REL RQD 6/16/11 APP EXP PER REID SEP. PT 6/13/12
19397		EUGENE ISLAND BLOCK 10	VUB,SL 19266 06/11/2008	52.456	52.48	JUL. 6/15/11 JPT APPROVED DD TO 6/13/12 6/14/11 DDPMT TO REID PT 6/13/12
19422				0	110.19	JUL 6/20/11 REL RQD 6/16/11 APP EXP REQ REL PER REID SEP. PT 6/13/12
19440		BATEMAN LAKE	9600 RC SUA,EMERALD LAND CORP 89-V-2 08-909	13.9	13.9	JUL. 6/20/11 REL RQD 6/16/11 APP EXP PER REID <JPT:FLAG 7/11 PROD CK
19665				0	715	JUL. 5/24/11 REL RQD 5/23/11 APP EXP PER REID PT 5/14/11

Louisiana Department of Natural Resources (DNR)

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Staff Reviews

Report run on: July 8, 2011 6:43 AM

District Code 3 Lake Charles- North
 Get Review Date July 13, 2011

Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
02066		SENTELL	CV RA SUC;ATKINS-LINCOLN 18 01/16/2008 251-F 08-24	116	287	JUL. AR 7/6/11 VB WILL ADD OLD RELS TO 7/11 REL LIST PER R.HECK. ; 6/16/11 RS RQD BY MACY: SAM: 170 NP AC, REQ PR 11/18/04 D.C HAS PR, PROBLEMS.
04347		BLACK LAKE	191843-BLKE PET SU;R TAYLOR-001 11/07/1984	73	73	JUL. RECK PRD 12/11 PER VMV 6/15/11 6/9/11 SAM: RECK 6 MOS, BARELY PRDG
04348		BLACK LAKE	BLKE PSU 07/01/1976	284	284	JUL. RECK PRD 12/11 PER VMV 6/15/11
12104		LIVINGSTON	215090-LVG WX 1 RA SU;CAVENHAM ENERGY-001 12/24/1992	.34	.34	JUL. AR 6/9/11 SAM. HBP = AR
14073		CADDO PINE ISLAND		40	40	JUL. AR 6/9/11 SAM: HBP = AR
14260		UNIONVILLE	CV DAVIS RA SUQQ;L G HANNA 01/29/1980 206-E-1 80-50	4	4	JUL. AR/TC- 6/9/11 SAM: HBP = AR
14261		UNIONVILLE	CV DAVIS RA SUN;H W WRIGHT 12/13/1978 206-E 78-771	8	8	JUL. AR/TC 6/9/11 SAM: HBP = AR
14262		UNIONVILLE	CV DAVIS RA SUO;M C BABINEAUX 12/13/1978 206-E 78-771	12	12	JUL. AR/TC 6/9/11 SAM: HBP = AR
14713		SAILES	HOSS B SUBB;WILLAMETTE 01/01/1995	120	120	JUL. AR 6/9/11 SAM: HBP = AR
15718		SUGRUE	AUS C RA SUB;CROSBY 22 A 05/01/1997	36.9	46	JUL. AR 6/9/11 SAM: HBP = AR
15719		SUGRUE	AUS C RA SUC;JOHNSON 24 05/01/1997	36.295	40	JUL. AR 6/9/11 SAM: HBP = AR
15720		SUGRUE	AUS C RA SUC;JOHNSON 24 05/01/1997	27 529	31	JUL. AR 6/9/11 SAM: HBP = AR
15721		SUGRUE	AUS C RA SUC;JOHNSON 24 05/01/1997	20	20	JUL. AR 6/9/11 SAM: HBP = AR
16036		ELM GROVE	LCV RA SUMM;MERCER 9 05/18/1999 361-E-21 99-269	1.838	1.838	JUL. AR 6/9/11 SAM: HBP = AR
16397		SWAN LAKE	180.956 06/03/2002	12.044	12.044	JUL. AR 6/9/11 SAM: HBP = AR

Louisiana Department of Natural Resources (DNR)

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Staff Reviews

Report run on: July 8, 2011 6:43 AM

District Code 3 Lake Charles- North
Get Review Date July 13, 2011

Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
16438		ELM GROVE	HA RA SUAA;W K CUPPLES 10 H 11/13/2008 361-L-10	12.64	12.64	JUL. AR 6/9/11 SAM: HBP = AR
17161		ELM GROVE	HA RA SU93;HUTCHINSON 28 H 11/10/2009 361-L-66 09-1187	10	10	JUL. AR 6/9/11 SAM: HBP = AR
17162		VIXEN	MH B SUC;DEVON-DONNER 02/20/1964 139-F-14 04-645	40	40	JUL. AR 6/9/11 SAM: HBP = AR
17732		ELM GROVE	CV RA SU46;ELM GROVE PLNT 29	50	50	JUL. AR 6/9/11 SAM: HBP = AR 3/15/11 SRVY PLAT RQD FROM CHESAPEAKE 616611 HA RA SUNN
17734		ELM GROVE , SWAN LAKE	CV RA SUK;MENDENHALL 10 01/14/2003 691-B-1	24.36	24.36	JUL. AR 6/15/11 SAM. NEW TRNSMTL 616645 W PLAT DATED 6/1/11
19123		ELM GROVE	HA RA SU87;CUPPLES H 09/10/2009 361-L-56 09-945	51	51	JUL. AR 6/9/11 SAM: HBP = AR
19124		RED RIVER-BULL BAYOU	HA RD SUB;REX YOUNG 21 H 06/25/2008 109-X	55.695	55.695	JUL. AR 6/9/11 SAM: HBP = AR
19349		CEDAR GROVE	HA RA SUJ;RED RIVER BEND 22 H 06/09/2009 967-C-3 09-630	121.028	326	JUL. 6/21/11 2ND REQ PETROHAWK; 239822; 615901
19693		WOODARDVILLE	HA RA SU80;L L GOLSON 16H 12/15/2009 990-D-29 09-1316	18.41	35	JUL. SUGGEST AR 6/15/11 LEASE NOT EXP PER SAM, 100% HBP &/OR OPERATIONS DD & PT 6/11/11
19694		BRACKY BRANCH , WOODARDVILLE	HA RA SU81;RUSSELL THOMAS 21H 12/15/2009 990-D-29 09-1316	41	44	JUL. SUGGEST AR UPON RCT OF PR, RQD 6/20/11 7/1/11 JPT: PRELIM 48 616435, FINAL CORRECTION WILL BE DONE W/OFL PLAT.6/21/11 2ND REQ ENCANA 616182 6/15/11 LEASE PARTIALLY HELD PER SAM DD & PT 6/11/11
19765		SWAN LAKE , THORN LAKE	HA RA SUN;SAMPLE 2 H 06/09/2011 1145-B-14 09-631	316	316	JUL. 6/24/11 JPT: PRELIM 43, 44, 45 615787, 616171 & 616045 PT 8/13/11
19831		CASPIANA , RED RIVER-BULL BAYOU	HA RC SUCC;HEWITT 10-13-12 H 10/27/2009 109-X-70 09-1139	22.789	80	JUL 6/10/11 SAM: ENTIRE LEASE HBP & ACTIVITY 6/9/11 JPT: PRELIM 11 TRNSMTL 616338 6/7/11 HA RA SU11;SN 239708; HA RC SUCC (LUW 616738) 5/5/11 RQD CHESAPEAKE SRVY PLAT 241955 616738 HA RC SUCC PT 12/10/11 10/8/11

Louisiana Department of Natural Resources (DNR)

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Staff Reviews

Report run on: July 8, 2011 6:43 AM

District Code	3	Lake Charles- North				
Get Review Date	July 13, 2011					
Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
19834		RED RIVER-BULL BAYOU	HA RB SU60;GILCREASE ETAL 22 H 09/10/2009 109-X-62 09-971	28.6	43	JUL. 6/30/11 PRELIM 47 616583 6/9/11 SAM.HBP / ACTIVITY, OK < 2/18/11 SAM: HBP / ACTIVITY RECK 3 MOS PT 12/10/11 10/8/11
19844		BENSON		0	89	JUL. 6/21/11 2ND REQ COMSTOCK; HA RA SULL 240200; 616229
19846		CONVERSE	HA RA SUC;BSM 31 H 04/07/2009 501-G 09-376	38.005	40	JUL. 6/22/11 JPT: PRELIM 40 616775 DD TO 12/10/2011 6/2/11 RQD SRVY PLAT EAGLE 241828 616775 HA RA SUC
19929		CASPIANA	HA RA SU99;PEACOCK 9 H 04/07/2009 191-H-41 09-393	208.937	346	JUL. 6/9/11 JPT: PRELIM 5 616126 ;; 6/2/11 SRVY PLAT RQD EXCO 241740 616769 HA RA SU94.
20036		BRACKY BRANCH , WOODARDVILLE	HA RA SUDD;MC TRUST B ETAL 28H 04/13/2010 917-L-11 10-410	33.045	44	JUL. 7/5/11 JPT: PRELIM 51 616732 ;; 6/24/11 SAM: PRELIM 42 616691 6/9/11 SAM:100% HBP & UNIT ACTIVITY PT 4/8/12 5/5/11 RQD CHESAPEAKE SRVY PLAT 241713 616732 HA RA SUX.
20037		BRACKY BRANCH , RED RIVER-BULL BAYOU	HA RA SUDD;MC TRUST B ETAL 28H 04/13/2010 917-L-11 10-410	25	25	JUL. 6/24/11 SAM: PRELIM 42 616691 PT 4/8/12
20038		BRACKY BRANCH , RED RIVER-BULL BAYOU	HA RB SU59;CASON 5 H 09/10/2009 109-X-63 09-967	22.66	49	JUL. 6/9/11 JPT: PRELIM 10 616250 6/21/11 2ND REQ SRVY PLAT PETROHAWK 241514; 616511
20040				0	161	JUL. 6/9/11 SAM:HB RNTL PT 4/8/12
20076				0	60	JUL. 6/20/11 REL RQD 6/15/11 APP EXP PER SAM R; ;
20079				27.5	27.5	JUL. 6/15/11 LEASE NOT EXP; HBP VIA HA RA SUS, WSN 241465, 616613 PER SAM SAL OMR MANAGED WLF PT 6/10/12
20080				13.5	13.5	JUL. 6/15/11 LEASE NOT EXP - HBP VIA HA RA SUS 616613 & CV RA SUL 614745 PER SAM SAL OMR MANAGED WLF PT 6/10/12
20081		RED RIVER-BULL BAYOU	HA RD SUV;GAMBLE 24-14-12 H 07/01/2009 109-X-46 09-687	10.789	68	JUL. 6/15/11 SAM: LEASE HBP &/OR OPERATIONS SAL OMR MANAGED WLF DD 6/10/11 PT 6/10/12
20114		REDOAK LAKE	HA RA SULL;JANELLE GIVENS 38 H 03/09/2010 948-C-8 10-260	188	359	JUL. 6/24/11 DD APPROVED TO 8/12/12 6/22/11 DDPMT TO SAM 4/14/11 SRVY PLATS RQD ENCANA 616663 HA RA SULL & 616667 HA RA SUC
20288				0	57	JUL. SAM: 4/21/11 REL RQD PT 4/14/12 *2YR LEASE

Louisiana Department of Natural Resources (DNR)

SONRIS

Staff Reviews

Report run on: July 8, 2011 6:43 AM

District Code 3 Lake Charles- North
 Get Review Date July 13, 2011

Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
20289				0	76	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13
20290				0	201	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13
20291				0	91	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13
20292				0	167	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13
20293				0	97	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13
20294				0	184	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13
20295				0	69	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13
20317				0	20	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20318				0	80	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20319				0	10	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20320				0	12	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20321				0	40	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20322				0	10	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20323				0	20	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20324				0	18.5	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20325				0	20	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20326				0	40	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20327				0	40	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20328				0	20	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20330				0	20	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED

Louisiana Department of Natural Resources (DNR)

SONRIS

Staff Reviews

Report run on: July 8, 2011 6:43 AM

District Code 3 Lake Charles- North
 Get Review Date July 13, 2011

Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
						LAND
20331				0	10	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20332				0	10	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 TAX AJUDICATED LAND
20333				0	40.36	JUL 6/9/11 SAM:HB RNTL PT 4/14/13 VACANT STATE LAND
20334				0	40	JUL. 6/9/11 SAM:HB RNTL PT 4/14/13 VACANT STATE LAND
20351				0	79.93	JUL. 5/24/11 REL RQD 5/23/11 APP EXP PER SAM PT 5/12/13 VACANT STATE LAND
20353				10.89	60	JUL. PT 6/9/13 6/27/11 JPT: PRELIM45 616366 ;; 6/20/11 PR RQD 6/15/11 LEASE PARTIALLY HB HA RA SU53 WSN 238710 616366 APPROX 56 AC EXP PER SAM
20354		ELM GROVE , SLIGO	HA RA SU83;DYSON 34-17-12 H 10/20/2009 361-L-63 09-1005	10.614	11	JUL. 7/6/11 JPT PRELIM52 615946 ;; 7/5/11 JPT: PRELIM50 616292 ;; 6/21/11 2ND REQ PETROHAWK 615946, 240322. (UNLEASED AC-NO SL)
20355				0	545	JUL. 6/20/11 RQD REL 6/15/11 APP EXP - NA RA SUA WOC PER SAM R PT 6/9/13
20370				8.91	8.91	JUL. 6/15/11 LEASE NOT EXP PER SAM: HBP FROM LCV RA SU119 SN 240747 615586 PT 6/9/13 TAX ADJUDICATED LAND
20566		SWAN LAKE	HA RA SUR;LOFTIN 32 H 06/23/2009 691-C-12 09-670	112.96	504.3	JUL. 6/20/11 JPT: PRELIMINARY34 TRNSMTL 616621 6/9/11 JPT: PRELIM12 616588 OMR MANAGED WLF PT 3/9/14

Louisiana Department of Natural Resources (DNR)

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Staff Reviews

Report run on: July 8, 2011 6:43 AM

District Code	3S	Lake Charles- South				
Get Review Date	July 13, 2011					
Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
00050		BIG LAKE , HACKBERRY, EAST	241475-SL 50-157 08/19/2010	720	2639	JUL. AR 6/30/11 G&E TO GLPT. BY 6/1/12 UPDATE ON DRLG PROGAM & SPECIFIC PLANS FOR UNPLUGGED WELLS
02340		DEEP LAKE	675 02/02/1994	1597.72	1648.77	JUL. AR 6/22/11 KAM: HBP 157853, 611049, DLK 15100 RA SU. CONTINUE ON AR.
12239		COWARDS GULLY	27.44 10/05/1990	35.56	35.56	JUL. AR 6/22/11 KAM: HBP 202351, 042695. AR. 12/15/10 KAM: SN 202351, NO PRD. 9/1/2010. REVIEW IN 6 MOS. JAN. AR
16038		PERRY POINT , RAYNE, SOUTH	MT RC SUA;PLATTSMIER- HULIN 10/17/2006 448-K-4	4.506	4.506	JUL. AR 6/22/11 KAM: HBP 184289, 303401, BOL M B RA SUA; 224381, 609512, BOL M RA SUA. CONTINUE ON AR.
16138		LITTLE CHENIERE, EAST	51.66 05/06/2003	12.34	12.34	JUL. AR 6/22/11 KAM: HBP 225716, 613468, 12600 RA SUA. CONTINUE ON AR.
17156		VERMILION BLOCK 16		160	1418	JUL. 6/30/11 G&E 2ND REQ FOR >HARVEST 6 MO RPT ON DRLG #2 DUE ~4/2011
17774		WEST CAMERON BLOCK 21	VUA;SL 17774 04/13/2005	750	750	JUL. AR 6/22/11 KAM: HBP 229259 305339 AR
17775		WEST CAMERON BLOCK 21	390.267 06/15/2010	461.993	461.993	JUL. AR 6/22/11 KAM: HBP 229259 305339 AR
18284		WEST CAMERON BLOCK 21	55.852 09/28/2010	11.948	11.948	JUL. AR 6/22/11 KAM: HBP 229259 305339 AR
18292		WEST CAMERON BLOCK 21	25.851 09/28/2010	104.209	104.209	JUL. AR 6/22/11 KAM: HBP 229259 305339 AR
18356		WEST CAMERON BLOCK 21	64.184 09/28/2010	46.666	46.666	JUL. AR 6/22/11 KAM: HBP 229259 305339 AR
18524		CREOLE OFFSHORE	VUB;SL 18521 03/11/2009	55.43	80.17	JUL. 6/22/11 KAM: FINAL DD TO 4/13/12 =AR PT 4/13/10
18529		BAYOU CHOUPIQUE	52.929 06/06/2007	15.07	15.07	JUL. AR 6/22/11 KAM: HBP 232185, 050048, 8800 RB SUA AR.
18949		WEST CAMERON BLOCK 1		320	916.99	JUL. 6/30/11 G&E RQD LLOG SUBMIT 123 POD/REL BY 1/2/12 6/22/11 KAM: 233888 & 235934, 305698. REQU POD OR PR, 1/2012. PT 4/12/11
19354		MALLARD BAY	218.866 05/07/2010	84.259	252 134	JUL. SUGGEST AR UPON RCD OF PR, RQD 5/24/11 DD 5/9/11 PT 5/9/10
19401		GRAND LAKE	55.423 04/20/2009	119.402	136.697	JUL. SUGGEST AR UPON RCT OF PR -RQD 6/20/11 6/15/11-119.402 AC HBP PER KATHY ; DD 6/13/11 PT 6/13/10
19402		PECAN LAKE	288.72 08/12/2008	119.28	119.28	JUL. 6/20/11 REL RQD 6/15/11APP EXP PER KATHY M ;



Louisiana Department of Natural Resources (DNR)

SONRIS

Staff Reviews

Report run on: July 8, 2011 6:43 AM

District Code 3S Lake Charles- South

Get Review Date July 13, 2011

Lease Num	DA	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review In
19639				276.15	283	JUL. 6/6/11 DD APPROVED TO 6/3/12 DD TO JPT 3/22/11 DD TO KAM: APPROX AC, NO PLAT 3/25/11 WOPRD, 242101 COMP 12/9/10 PT 4/9/11 1/6/11 PLAT RQD LLOG 616463 JPT 242101 CMPD 12/9/10 ESTD 100% PRD
19938				0	463	JUL. 6/2/11 SRVY PLAT RQD SAMSON 241819 616754 HA RA SUEE
20041				0	11.78	JUL. 6/22/11 KAM RNTL PD 2011 PT 4/8/12
20042				0	327	JUL. 6/22/11 KAM RNTL PD 2011 PT 4/8/12
20297				0	414.79	JUL. 6/22/11 KAM RNTL PD 2011 PT 4/14/13
20298				0	407.43	JUL. 6/22/11 KAM RNTL PD 2011 PT 4/14/13
20299				0	18.9	JUL. 6/22/11 KAM RNTL PD 2011 PT 4/14/13
20343				0	600	JUL. 5/24/11 REL RQD 5/23/11 APP EXP PER KAM PT 5/12/13
20366		WHITE LAKE, WEST	7150 RB SUA;SL 540 B 02/09/2010 75-F-3 10-163	64.639	350.43	JUL. 6/9/11 DDPMT TO 6/9/12 APPROVED. 6/8/11 DDPMT TO JPT 6/7/11 DDPMT TO KAM PT 6/9/13 WHITE LAKE
178				31,663.403	80,067.972	



State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL AND ENERGY BOARD

NOMINATION AND TRACT COMMITTEE REPORT

The Nomination and Tract Committee, convened at **9:41 a.m.** on Wednesday, **July 13, 2011** with the following members of the Board in attendance:

Mr. Thomas L. Arnold, Jr. Mr. Emile B. Cordaro Mr. Thomas W. Sanders

Mr. W. Paul Segura, Jr. Mr. Darryl D. Smith Mr. Chip Kline (sitting in for
Garret Graves, Gov. Jindal's
Designee)

The Committee heard the report of Mr. Emile Fontenot, relative to nominations received for the September 14, 2011 Mineral Lease Sale and other matters. Based upon the staff's recommendation, on motion of **Mr. Segura** duly seconded by **Mr. Arnold**, the Committee voted unanimously to recommend to the Board the granting of authority to the staff to advertise all such tracts as have been reviewed by the State Land Office and the staff of the Office of Mineral Resources as well as any tracts that have been previously advertised and rolled over and otherwise approve the Nomination and Tract Report presented by Mr. Fontenot.

A Letter of Protest from Mary L. Courville and Zoe Sagera Lynch Heirs, dated June 2, 2011, pertaining to Tract No. 42180, Vermilion Parish, Louisiana. No action was required.

The Committee heard the report of Mr. Byron Miller regarding the re-adoption of seismic permit fees. On the motion of **Mr. Arnold**, duly seconded by **Mr. Sanders**, the Committee voted unanimously to:

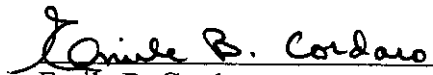
- Adopt and set a fee of \$15.00 per acre, or a minimum of \$1,000.00, whichever is greater, for non-exclusive, regular seismic permit on lands belonging to the State of Louisiana under the jurisdiction of the Wildlife and Fisheries Commission, including wildlife management areas, wildlife refuges, public shooting grounds, or other outdoor recreation areas and
- Adopt and set a fee of \$10.00 per acre, or a minimum of \$1,000.00, whichever is greater, for a non-exclusive, regular seismic permit on all other lands and

Nomination and Tract Committee Report
July 13, 2011
Page-2-

- water bottoms belonging to the State of Louisiana, and
- Adopt and set a fee of \$200.00 per line mile, or \$1,000.00, whichever is greater, for areas surveyed with 2D coverage only, on either state-owned lands

The Committee, on motion of *Mr. Segura*, seconded by *Mr. Sanders*, voted to adjourn at *9:43 a.m.*

Respectfully Submitted,

 *Emile B. Cordaro*

Emile B. Cordaro

Chairman

Nomination and Tract Committee

Refer to Board Meeting Minutes for any action taken by the Board regarding matters in this report.

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

NOMINATION AND TRACT COMMITTEE

ON MOTION of *Mr. Segura*, seconded by, *Mr. Arnold*, the following Resolution was offered and adopted:

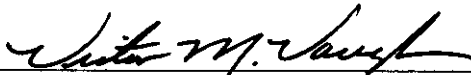
WHEREAS, Mr. Emile Fontenot presented to the State Mineral and Energy Board 61 tracts that had been nominated for the September 14, 2011 Mineral Lease Sale, and that same are to be advertised pending staff review; now therefore

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the State Mineral and Energy Board does hereby approve and authorize the advertising of all such tracts as have been reviewed by the State Land Office and the staff of the Office of Mineral Resources, as well as any tracts that have been previously advertised and rolled over, and to otherwise approve the Nomination and Tract Report presented by Mr. Heck and Mr. Fontenot.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of July 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

NOMINATION AND TRACT COMMITTEE

On motion of *Mr. Arnold*, duly seconded by *Mr. Sanders*, the State Mineral Board by unanimous vote, adopted the following Resolution, to-wit:

WHEREAS, R.S. 30:215 mandates that the State Mineral Board meet at least every twelve months and set the price per acre to be paid by entities desiring to perform seismic activity on State-owned lands and/or water bottoms under the non-exclusive, regular seismic permit given under R.S. 30:212, as amended, utilizing all sources to obtain a true market value under the circumstances; and

WHEREAS, the State Mineral Board met on July 13, 2011, as mandated, to set the price per acre to be paid for shooting seismic on State-owned lands and/or water bottoms, and pertinent thereto, received information regarding market price per acre for shooting seismic on private acreage and in other states; and

WHEREAS, the State Mineral Board has duly considered all pertinent information received regarding its obligation under R. S. 30:212, as amended.

NOW THEREFORE, BE IT RESOLVED, that the State Mineral Board does herein and hereby adopt the recommendations and set a fee of **\$15.00** per acre, or a minimum of \$1,000.00, whichever is greater, to be paid for obtaining a non-exclusive, regular seismic permit on lands belonging to the State of Louisiana under the jurisdiction of the Wildlife and Fisheries Commission (WFC), including wildlife management areas, wildlife refuges, public shooting grounds, or other outdoor recreation areas.

BE IT FURTHER RESOLVED, that the State Mineral Board does herein and hereby adopt the recommendations and set a fee of **\$10.00** per acre, or a minimum of \$1,000.00, whichever is greater, to be paid for obtaining a non-exclusive, regular seismic permit on all other lands and water bottoms belonging to the State of Louisiana.

BE IT FURTHER RESOLVED, that the State Mineral Board does herein and hereby adopt the recommendations and set a fee, if the area surveyed is for 2D coverage only, on either state-owned lands and water bottoms or lands and water bottoms under the jurisdiction of the WFC, of \$200.00 per line mile, or \$1,000.00, whichever is greater.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral Board in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral Board and is now in full force and effect.


LOUISIANA STATE MINERAL BOARD



State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL AND ENERGY BOARD

AUDIT COMMITTEE REPORT

The regular meeting of the Audit Committee of the State Mineral and Energy Board was held on Wednesday, July 13, 2011, following the Nomination and Tract Committee Meeting, in the LaBelle Room, First Floor, LaSalle Building, located at 617 North Third Street, Baton Rouge, Louisiana. Committee Members present were:

Thomas L. Arnold, Jr. Thomas W. Sanders Darryl D. Smith
Emile B. Cordaro W. Paul Segura, Jr.
Chip Kline (sitting in for Garrett Graves, Governor Jindal's designee to the State Mineral & Energy Bd.)

Mr. Thomas L. Arnold, Jr. convened the Committee at 9:49 a.m.

The first matter considered by the Committee was a penalty waiver requested from Encana Oil & Gas (USA), Inc.

Upon recommendation of the staff and upon motion of Mr. Sanders, seconded by Mr. Cordaro, the Committee voted unanimously to approve 75% penalty waiver of \$31,372.10.

The second matter considered by the Committee was a penalty waiver requested from Dune Operating Company.

Upon recommendation of the staff and upon motion of Mr. Segura, seconded by Mr. Sanders, the Committee voted unanimously to approve 75% penalty waiver of \$12,072.40.

The third matter considered by the Committee was a penalty waiver requested from Dune Operating Company.

Upon recommendation of the staff and upon motion of Mr. Sanders, seconded by Mr. Segura, the Committee voted unanimously to approve 75% penalty waiver of \$11,952.91.

The fourth matter considered by the Committee was a penalty waiver requested from Manti Operating Company.

Staff's initial recommendation was a 75% penalty waiver request of \$12,012.97. Mr. Scott Patton, representative of Manti Operating Company, addressed the Board to request a penalty waiver of 100%. Upon motion of Mr. Sanders, seconded by Mr. Cordaro, the Committee voted unanimously to approve the 100% penalty waiver of \$16,017.29.

The fifth matter considered by the Committee was a recoupment request from Manti Exploration Operating, Inc.

Upon recommendation of the staff and upon motion of Mr. Segura, seconded by Mr. Sanders, the Committee voted unanimously to approve the recoupment request in the amount of \$92,076.87 and that Manti use separate line entries for the Product and Production payments.

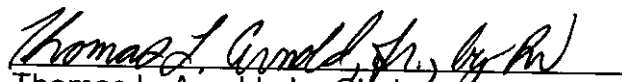
The sixth matter considered by the Committee was to adopt a Resolution requiring all payors to separately report royalty for all laterally drilled wells which cross more than one unit, using the Louisiana Department of Natural Resources Online Royalty Reporting System and exclusively in the excel upload format.

Upon recommendation of the staff and upon motion of Mr. Segura and seconded by Mr. Sanders, the Committee voted unanimously to approve the Resolution.

The seventh matter considered by the Committee was the election of the July 2011 gas royalty to be paid on a processed basis at the Discovery Plant at Larose and the Sea Robin Plant at Henry per the terms of the State Texaco Global Settlement Agreement.

No action required.

On motion of Mr. Segura, seconded by Mr. Sanders, the Board voted unanimously to adjourn the Audit Committee at 10:02 a.m.


Thomas L. Arnold, Jr., Chairman
Audit Committee

Refer to State Mineral and Energy Board Meeting Minutes for additional information on actions taken by the Board regarding matters in this report.

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

AUDIT COMMITTEE

ON MOTION of Mr. Sanders, seconded by Mr. Cordaro, the following Resolution was offered and adopted:

WHEREAS, Encana Oil & Gas (USA), Inc. has made a letter application for reduction of penalties assessed in the amount of \$41,829.46 due to late royalty payments in the Thorn Lake Field, State Lease 19765; and

WHEREAS, the Mineral Income Division has verified that the underpayment of royalties was discovered and paid by Encana Oil & Gas (USA), Inc. and does recommend that a portion of the penalty be waived;

THEREFORE BE IT RESOLVED, that the Board does waive seventy-five percent (75%), which amounts to \$31,372.10 of the total penalty assessed to Encana Oil & Gas (USA), Inc.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

AUDIT COMMITTEE

ON MOTION of Mr. Segura, seconded by Mr. Sanders, the following Resolution was offered and adopted:

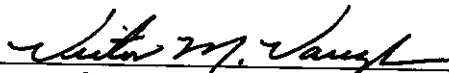
WHEREAS, Dune Operating Company has made a letter application for reduction of penalties assessed in the amount of \$16,096.53 due to late royalty payments in the Lake Sand Field, State Leases 11279, 11282, 10835, 13403, and 12897; and

WHEREAS, the Mineral Income Division has verified that the underpayment of royalties was discovered and paid by Dune Operating Company and does recommend that a portion of the penalty be waived;

THEREFORE BE IT RESOLVED, that the Board does waive seventy-five percent (75%), which amounts to \$12,072.40 of the total penalty assessed to Dune Operating Company.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

AUDIT COMMITTEE

ON MOTION of Mr. Sanders, seconded by Mr. Segura, the following Resolution was offered and adopted:

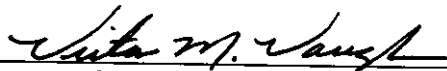
WHEREAS, Dune Operating Company has made a letter application for reduction of penalties assessed in the amount of \$15,937.21 due to late royalty payments in the Bateman Lake, Garden Island Bay, and Live Oak Fields, State Leases 00341, 00214, 01393, 02412, and 02413; and

WHEREAS, the Mineral Income Division has verified that the underpayment of royalties was discovered and paid by Dune Operating Company and does recommend that a portion of the penalty be waived;

THEREFORE BE IT RESOLVED, that the Board does waive seventy-five percent (75%), which amounts to \$11,952.91 of the total penalty assessed to Dune Operating Company.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

AUDIT COMMITTEE

ON MOTION of Mr. Sanders, seconded by Mr. Cordaro, the following Resolution was offered and adopted:

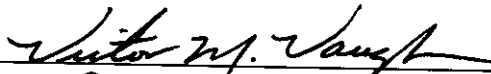
WHEREAS, Manti Operating Company has made a letter application for reduction of penalties assessed in the amount of \$16,017.29 due to late royalty payments in the Drakes Bay, Bayou Biloxi, and Grand Cheniere Fields, State Leases 19250, 19550, 17086, 17088, and 19072; and

WHEREAS, the Mineral Income Division has verified that the underpayment of royalties was discovered and paid by Manti Operating Company and does recommend that the penalty be waived;

THEREFORE BE IT RESOLVED, that the Board does waive one hundred percent (100%), which amounts to \$16,017.29 of the total penalty assessed to Manti Operating Company.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

AUDIT COMMITTEE

ON MOTION of Mr. Segura, seconded by Mr. Sanders, the following resolution was offered and unanimously adopted:

WHEREAS, Manti Exploration Operating, Inc. has made a letter application for an adjustment of \$92,431.87 for the Drakes Bay Field, State Leases 192, 19250, 19550 and A0220; and

WHEREAS, this amount was based on Manti Exploration Operating, Inc. submitting an overpayment of gas royalties based on incorrect decimal for the period of March 2010 in the Drakes Bay Field; and


WHEREAS, the Mineral Income Division has verified that an overpayment in the amount of \$92,076.87 was made and that the applicant is entitled to a credit adjustment; and

WHEREAS, the State Mineral and Energy Board after reviewing the work of the Mineral Income Division, agrees that the applicant is entitled to an adjustment, does recommend that the State allow Manti Exploration Operating, Inc. to recoup the \$92,076.87 overpayment.

NOW, BE IT THEREFORE RESOLVED, that the Board does authorize and direct the Mineral Income Director to effectuate the credit adjustment of \$92,076.87 to Manti Exploration Operating, Inc. on a one-time or lump sum basis or on such terms deemed necessary by the Director, which are legally permissible, and without prejudice to any other rights of the state.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

AUDIT COMMITTEE

ON MOTION of Mr. Segura, seconded by Mr. Sanders, the following Resolution was offered and adopted:

WHEREAS, upon authorization by the Commissioner of Conservation, in certain circumstances, operators may utilize long lateral hydrofracturing technologies which cross the boundary of one or more units to produce hydrocarbons;

WHEREAS, all royalties derived from the production of hydrocarbons from such authorized long lateral hydrofracturing technologies utilized within these wells shall be reported to the Office of Mineral Resources (“OMR”);

THEREFORE BE IT RESOLVED, that any and all royalties derived from the utilization of authorized long lateral hydrofracturing technologies, which extend into more than one unit must be presented and paid separately for each unit; and

BE IT FURTHER RESOLVED, that all royalties shall be reported to OMR utilizing the Department of Natural Resources Online Royalty Reporting System and all royalty reports shall be submitted in “Excel” (“.xls”) format.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD



State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE REPORT

The regular meeting of the Legal and Title Controversy Committee of the State Mineral and Energy Board was held on July 13, 2011, following the Audit Committee Meeting, in the LaBelle Room, First Floor, LaSalle Building located at 617 North Third Street, Baton Rouge, Louisiana. Committee Members present were:

Mr. Thomas W. Sanders

Mr. Emile B. Cordaro

Mr. Darryl David Smith

Mr. Chip Kline (sitting in for

Garret Graves, Governor Jindal's designee)

Secretary Scott A. Angelle

Mr. Thomas L. Arnold, Jr.

Mr. W. Paul Segura, Jr.

The Legal and Title Controversy Committee was called to order by Mr. Sanders at 10:03 a.m.

The first matter considered by the Committee was a discussion of the surface water rates per Act 955 of the 2010 Session.

This matter was merely a discussion and did not require any action. A power point presentation was given by Mr. Louis E. Buatt, Assistant Secretary of the Office of Coastal Management and is attached hereto and made a part of this report. No comments were made by the public.

The second matter considered by the Committee was a request by Staff for approval of changes to the indemnity clause of the Cooperative Endeavor Agreement for Running Surface Water.

Upon recommendation of the staff and upon motion of Mr. Segura, seconded by Mr. Arnold, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant approval of the changes to the indemnity clause of the Cooperative Endeavor Agreement for Running Surface Water which will add a reference to limiting the indemnity clause subject to the Louisiana Oilfield Anti-Indemnity Act (LA R.S. 9:2780) and Civil Code Article 2004. No comments were made by the public.

The Legal & Title Controversy Committee meeting was recessed to begin the State Mineral and Energy Board Meeting at 11:00 A.M.

The Legal & Title Controversy Committee meeting was resumed at 11:02 A.M.

The third matter considered by the Committee was a request for authority to discuss and make a recommendation regarding an Oil, Gas and Mineral Lease from the DeSoto Parish School Board, for the DeSoto Parish School Board, Natchitoches Parish School Board and the Red River School Board, dated April 19, 2011, awarded to Suncoast Land Services, Inc., covering lands located in all of Section 16, T11N, R10W, DeSoto Parish, Louisiana, containing 614.43 acres, more or less, with further contractual obligations being more enumerated in the instrument.

Upon recommendation of the staff and upon motion of Mr. Arnold, seconded by Mr. Segura, the Committee voted unanimously to recommend that the State Mineral and Energy Board table this matter until the August 10, 2011 Legal & Title Controversy Committee Meeting. An appearance was made by Mr. William S. Strain on behalf of Suncoast Land Services, Inc. and Chesapeake Louisiana, L.P. No comments from the public were made.

The fourth matter considered by the Committee was a request for final approval of a Lease Amendment presented by Sandridge Exploration and Production, LLC, whereas said parties desire to amend the Lease to include a Force Majeure Provision and other required clauses, affecting State Lease No. 2102, Iberville Parish, Louisiana, with further particulars being stipulated in the instrument, on the docket as Item No. 11-20.

Upon recommendation of the staff and upon motion of Mr. Arnold, seconded by Mr. Segura, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant final approval of the Lease Amendment presented by Sandridge Exploration and Production, LLC on the docket as Item No. 11-20. No comments from the public were made.

The fifth matter considered by the Committee was a request for authority to publish a Notice of Intent to release the rules governing Alternate Energy Leases in the Louisiana Register.

Upon recommendation of the staff and upon motion of Mr. Arnold, seconded by Mr. Segura, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant authority to publish a Notice of Intent to release the rules governing Alternate Energy Leases in the Louisiana Register. No comments from the public were made.

The sixth matter considered by the Committee was a request by Clayton Williams Energy, Inc. to amend State Lease No. 19706 in the Main Pass area and to amend the lease to include a shut-in oil well clause providing for payment of in-lieu royalty at \$50.00 per acre.

Upon recommendation of the staff and upon motion of Mr. Cordaro, seconded by Mr. Arnold, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant approval, in principle, to Clayton Williams to amend State Lease No.

19706 to include a shut-in oil well clause providing for payment of in-lieu royalty at \$50.00 per acre, subject to drafting of an appropriate instrument, execution thereof, proper advertisement and placement on the Docket of the Board. An appearance was made by Mr. Stephen D. Baker on behalf of Clayton Williams Energy, Inc. No comments from the public were made.

The seventh matter considered by the Committee was a request by Staff for authority to add the language currently being used in the lease rider into the lease body itself.

Upon recommendation of the staff and upon motion of Mr. Arnold, seconded by Mr. Smith, the Committee voted unanimously to add the language currently being used in the lease rider into the lease body itself. No comments from the public were made.

The eighth matter considered by the Committee was a request by Energy XXI GOM, LLC to extend the previous extensions of the primary terms of State Lease Nos. 18737 and 18738 for an additional six (6) months in return for a payment of a full rental on each lease.

Upon recommendation of the staff and upon motion of Mr. Smith, seconded by Mr. Arnold, the Committee voted unanimously to extend the previous extensions of the primary terms of State Lease Nos. 18737 and 18738 for an additional six (6) months in return for a payment of a full rental on each lease. An appearance was made by Mr. Scott R. Patton on behalf of Energy XXI GOM, LLC. No comments from the public were made.

A request was made by Staff to add the following item to the Legal & Title Controversy Committee Agenda as Item No. 11:

A discussion in executive session of the suit entitled: Kenneth Webb et al vs. DNR et al, Suit No. 72615, 42nd Judicial District Court, Parish of DeSoto.

Upon recommendation of the staff, no objections or comments made from the public, and upon motion of Mr. Arnold, seconded by Mr. Segura, the Committee voted unanimously to recommend that the State Mineral and Energy Board add this item to the Legal & Title Controversy Committee Agenda as the 11th matter in this report.

Upon motion of Mr. Arnold, seconded by Mr. Segura, the Committee voted unanimously to go into Executive Session at 11:45 A.M.

Upon motion of Mr. Arnold, seconded by Mr. Segura, the Committee voted unanimously to return to Open Session at 12:45 P.M.

The following matters were discussed in Executive Session:

The ninth matter considered by the Committee was a discussion in executive session of the offer made by Chesapeake Louisiana, L.P. for an Operating Agreement

covering a total of +/- 899 acres located in Sections 13, 14, 15, 23 and 24, T14N, R12W, DeSoto and Red River Parishes, Louisiana, portions of which are in title controversy with the Albrittons.

This matter was merely a discussion and did not require any action.

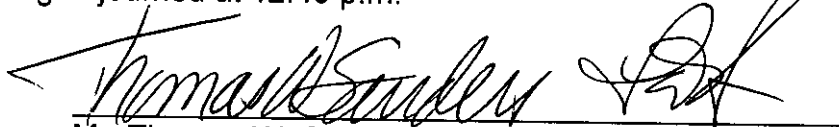
The tenth matter considered by the Committee was a discussion in executive session of the suit entitled: Callon Petroleum Operating Co v State of LA, et al, Suit No. C-136424, 26th Judicial District Court, Bossier Parish.

This matter was merely a discussion and did not require any action.

The eleventh matter considered by the Committee was a discussion in executive session of the suit entitled: Kenneth Webb et al vs. DNR et al, Suit No. 72615, 42nd Judicial District Court, Parish of DeSoto.

This matter was merely a discussion and did not require any action.

Upon motion of Mr. Segura, seconded by Mr. Arnold, the Legal and Title Controversy Committee meeting adjourned at 12:45 p.m.

A handwritten signature in black ink, appearing to read "Thomas W. Sanders", is written over a horizontal line. To the right of the signature is a smaller, less legible handwritten mark.

Mr. Thomas W. Sanders, Chairman
Legal and Title Controversy Committee
Louisiana State Mineral and Energy Board

Refer to the State Mineral and Energy Board Meeting Minutes for additional information on actions taken by the Board regarding matters listed in this Report.



Louisiana Department of Natural Resources

**LOUISIANA
SURFACE WATER MANAGEMENT
INITIATIVE**

SURFACE WATER PRICING

Louis E. Buatt
Assistant Secretary
Louisiana Department of Natural Resources

July 13, 2011



SURFACE WATER MANAGEMENT

Background

- 1st Haynesville Shale Play gas well drilled in March 2007.
- October 2008, 18 wells had been completed, and the Commissioner of the Office of Conservation issues a Groundwater Advisory suggesting the use of surface water for frac'ing instead of groundwater.
- March 17, 2010 first Attorney General Opinion.
- July, 2010, over 626 wells have been completed and the Governor of Louisiana signs Act 955 into effect.

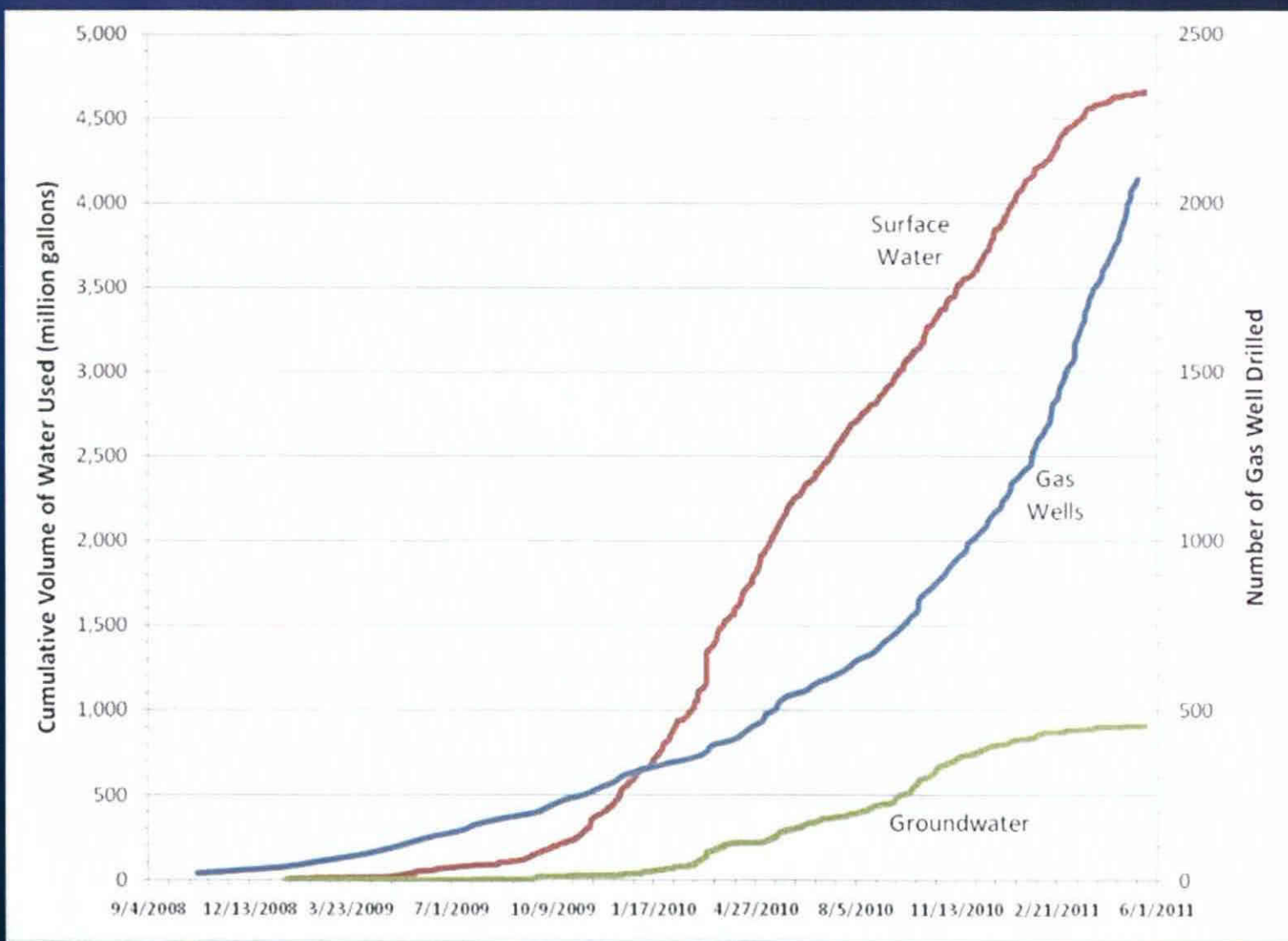


5/17/2011



SURFACE WATER MANAGEMENT

Cumulative Water Used For HFS (May, 2011)





SURFACE WATER MANAGEMENT

Legislative Acts (2010)

HCR 1 instructs the Ground Water Resources Commission to study and to provide recommendations for the optimal management of the states ground and surface water resources.

Act 955 created a voluntary and temporary mechanism, whereby persons or entities seeking to be water users could enter into an agreement for the withdrawal of surface water that was pre-approved by the Attorney General and was protective of the State's resource and the environment.



SURFACE WATER MANAGEMENT

Implementation of Act 955

Development of a process including:

- Preparation of forms and agreement
- Approval of the agreement by the Mineral & Energy Board
- Organization of a review process
 - Hydrologic, ecologic, aquatic and environmental review:
 - ✓ Coordinate with cooperating agencies
 - ✓ Hiring a hydrologist to facilitate the implementation
 - Economic review process
 - ✓ Contracting with the LSU-Center for Energy Studies
- Development of an electronic submittal process through SONRIS
- Development of a tracking system



SURFACE WATER MANAGEMENT

Application Content

- Plan of Water Use:
 - Specific description of the withdrawal event(s)
 - Detailed description of how and when the water is used, by whom and for what purpose(s)
 - Specific description of waterbody condition, current use, impairment, and other relevant scientific information
 - Description of potential impact, and proposed monitoring and mitigating activities
 - Supporting documentation
- Economic Impact Report
 - Detailed description of how the state will be compensated
 - Detailed description of social and economic benefits
 - Detailed project-specific cost breakdown



SURFACE WATER MANAGEMENT

Application Process

- Applicant accesses SONRIS
- Applicant uploads the application material:
 - Plan of Water Use
 - Economic Impact Report
 - Supporting documents
- Application is checked for completeness
- Application is automatically delivered to reviewers with a 7-day turn-around deadline
- LSU Economist submits a recommendation
- DNR Hydrologist submits a recommendation (yes/yes with conditions/no)
- Cooperative Endeavor Agreement is issued, if approved



SURFACE WATER MANAGEMENT

Review Process

- Plan of Water Use:
 - DNR-OCM (completeness)
 - DNR-OSEC (hydrologic issues)
 - DNR-OC (groundwater issues)
 - DEQ (water quality issues)
 - DWF (ecological, environmental and aquatic issues)
 - DHH (drinking water issues)
 - OCPR (consistency with the Master Plan)
 - Others, as needed
- Economic Impact Report
 - DNR-OCM (completeness)
 - LSU-Center for Energy Studies (economic assessment)



SURFACE WATER MANAGEMENT

Current Situation (as of May, 2011)

- ~2,077 Haynesville gas wells have a reported Spud date
- ~1.6 billion gallons of groundwater have been reported used to produce gas from the Haynesville Play.
- ~4.8 billion gallons of surface water have been reported used to produce gas from the Haynesville Play.

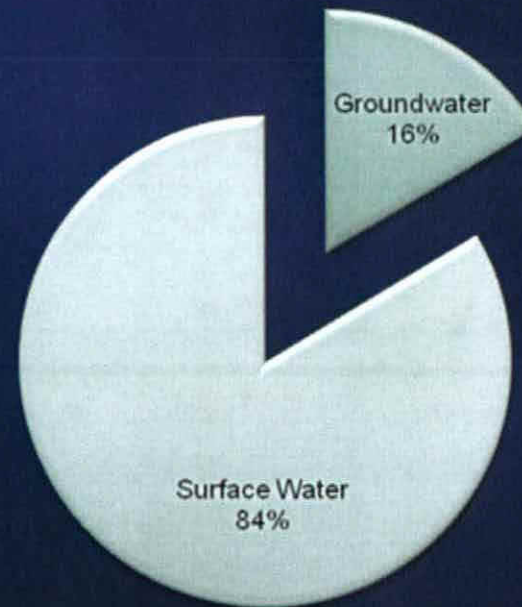


SURFACE WATER MANAGEMENT

Cumulative Known Water Used (May, 2011)

	Count	Average per well (Mgal)
HFS Surface Water	742	4.5
HFS Groundwater	324	2.2
Rig Supply (SW)	173	0.55
Rig Supply (GW)	1,223	0.53

**Proportion of Groundwater
and Surface Water
Used for Hydraulic
Fracture Stimulation
(HFS)**





SURFACE WATER MANAGEMENT

2010 Applications

- Ten applications received
- Four Cooperative Endeavor Agreements issued and executed (six remained incomplete and were resubmitted in 2011)
- Total of 59,789,467 gallons
- 59,760,000 gallons was sold as “in-kind” value in lieu of payment
- 29,467 gallons was sold at \$0.15/1000 gal. for a total sum of \$4.42 (received)
- Most of the water is to be extracted from Clear/Smithport and Wallace Lakes (NW Louisiana)



SURFACE WATER MANAGEMENT

2011 Applications

- Nineteen applications (20 pull-points) received to date
- Five Cooperative Endeavor Agreements issued and fourteen in various level of completeness
- Total of 1,703,360,000 gallons
- 1,618,560,000 gallons to be sold as “in-kind” value in lieu of payment
- 600,000 gallons sold at \$0.15/1,000 gal. for a total sum of \$90.00 (received)
- Two issued agreements with a total volume of 82,000,000 gal. to be sold at \$0.15/1,000 gal. for a total sum of \$12,300.00
- Most of the water is to be extracted from Lake Bistineau, Bayou Pierre and the Red River or their tributaries (NW Louisiana)



SURFACE WATER MANAGEMENT

Most Common Source of Surface Water

Of the surface water withdrawal under the existing agreements (issued, executed or under review) the following water bodies are the source of the most water:

- 30% of the total from the Red River
- 18% of the total from Bayou Pierre
- 17% of the total from Lake Bistineau
- 15% of the total from Loggy Bayou



SURFACE WATER MANAGEMENT

Mitigation of Impact

- Water levels in water bodies most frequently requested have their gauging records regularly reviewed.
- Monitoring and reporting requirements have been strengthened in the Plan of Water Use application.
- Conditions have been added to Cooperative Endeavor Agreements to address the potential secondary and cumulative impacts resulting from multiple simultaneous surface water withdrawals.



SURFACE WATER MANAGEMENT

Pricing of Surface Water

- Initial survey suggested the use of \$0.15 per 1,000 gallons, using the precedent of the Sabine River Authority.
- 2011 regular legislative session. Rep. Doerge authored a house bill (HB321) to provide for the authority to sell surface waters of Lake Bistineau by certain parish governing authorities.
- Second-hand accounts indicate that surface water in NW Louisiana is being sold at prices up to \$0.50 per barrel (42 gal.) or \$11.90 per 1,000 gal.
- New pricing information is needed.



SURFACE WATER MANAGEMENT

Steps Taken to Date

- In-house planning meetings have been held.
- A process to gather statewide market data on surface water sales pricing has been developed.
- Stakeholders have been identified.
- A survey is being developed to poll the stakeholders.



SURFACE WATER MANAGEMENT

Stakeholders Identified

- Water regulatory agencies, Parish, municipal, etc.
- Shale play operators – Haynesville and Tuscaloosa
- Section 10 applicants
- DNR water withdrawal applicants
- Groundwater Commission's Interested parties list
- Trade associations
- Prospective State Lease lessees



SURFACE WATER MANAGEMENT

Statewide Market Information to be Gathered and Compiled

- Price per volume of sales
- Date of sale
- Date of water withdrawal
- Location of water as sold
- Other qualities of the exchange that impact price



SURFACE WATER MANAGEMENT

Framework for Setting Market Prices

- Analyze market data gathered
- Develop proposed market price matrix by water body segments
- Present proposed market prices to Mineral & Energy Board for information
- Make proposed market prices and supporting data available at libraries and courthouses in communities where public meetings will be held
- Publish notice of availability of proposed market prices and supporting data
- Hold public meetings
- Compile public comments
- Adjust proposed market prices to reflect public input
- Present recommendation for market pricing to Mineral & Energy Board for consideration
- Publish market pricing matrix in the Louisiana Register



SURFACE WATER MANAGEMENT

Thank you!

Questions?

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Segura, seconded by Mr. Arnold, the following resolution was offered and unanimously adopted:

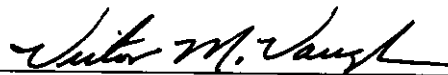
WHEREAS, a request was made by Staff for approval of changes to the indemnity clause of the Cooperative Endeavor Agreement for Running Surface Water;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board grant final approval of the changes to the indemnity clause of the Cooperative Endeavor Agreement for Running Surface Water which will add a reference to limiting the indemnity clause subject to the Louisiana Oilfield Anti-Indemnity Act (LA R.S. 9:2780) and Civil Code Article 2004.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Arnold, seconded by Mr. Segura, the following resolution was offered and unanimously adopted:

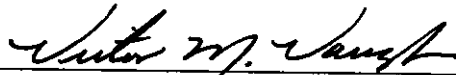
WHEREAS, a request was made for authority to discuss and make a recommendation regarding an Oil, Gas and Mineral Lease from the DeSoto Parish School Board, for the DeSoto Parish School Board, Natchitoches Parish School Board and the Red River School Board, dated April 19, 2011, awarded to Suncoast Land Services, Inc., covering lands located in all of Section 16, T11N, R10W, DeSoto Parish, Louisiana, containing 614.43 acres, more or less, with further contractual obligations being more enumerated in the instrument. An appearance was made by Mr. William S. Strain on behalf of Suncoast Land Services, Inc. and Chesapeake Louisiana, L.P.;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board table this matter until the August 10, 2011 Legal & Title Controversy Committee Meeting.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Arnold, seconded by Mr. Segura, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made for final approval of a Lease Amendment presented by Sandridge Exploration and Production, LLC, whereas said parties desire to amend the Lease to include a Force Majeure Provision and other required clauses, affecting State Lease No. 2102, Iberville Parish, Louisiana, with further particulars being stipulated in the instrument, on the docket as Item No. 11-20;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board grant final approval of the Lease Amendment presented by Sandridge Exploration and Production, LLC on the docket as Item No. 11-20.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Arnold, seconded by Mr. Segura, the following resolution was offered and unanimously adopted:

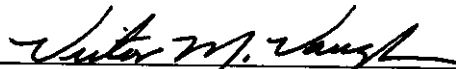
WHEREAS, a request was made by Staff for for authority to publish a Notice of Intent to release the rules governing Alternate Energy Leases in the Louisiana Register;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board grant authority to publish a Notice of Intent to release the rules governing Alternate Energy Leases in the Louisiana Register.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Cordaro, seconded by Mr. Arnold, the following resolution was offered and unanimously adopted:

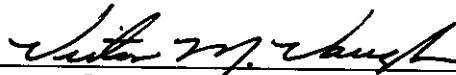
WHEREAS, a request was made by Clayton Williams Energy, Inc. to amend State Lease No. 19706 in the Main Pass area and to amend the lease to include a shut-in oil well clause providing for payment of in-lieu royalty at \$50.00 per acre. An appearance was made by Mr. Stephen D. Baker on behalf of Clayton Williams Energy, Inc.;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board grant approval, in principle, to Clayton Williams to amend State Lease No. 19706 to include a shut-in oil well clause providing for payment of in-lieu royalty at \$50.00 per acre, subject to drafting of an appropriate instrument, execution thereof, proper advertisement and placement on the Docket of the Board.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Arnold, seconded by Mr. Smith, the following resolution was offered and unanimously adopted:

WHEREAS, a request was made by Staff for authority to add the language currently being used in the lease rider into the lease body itself;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board grant approval to add the language currently being used in the lease rider into the lease body itself.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

LEGAL AND TITLE CONTROVERSY COMMITTEE

ON MOTION of Mr. Smith, seconded by Mr. Arnold, the following resolution was offered and unanimously adopted:

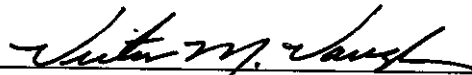
WHEREAS, a request was made by Energy XXI GOM, LLC to extend the previous extensions of the primary terms of State Lease Nos. 18737 and 18738 for an additional six (6) months in return for a payment of a full rental on each lease. An appearance was made by Mr. Scott R. Patton on behalf of Energy XXI GOM, LLC;

WHEREAS, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

NOW, BE IT THEREFORE RESOLVED, that the Committee recommends that the State Mineral and Energy Board grant approval to extend the previous extensions of the primary terms of State Lease Nos. 18737 and 18738 for an additional six (6) months in return for a payment of a full rental on each lease.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

BOBBY JINDAL
GOVERNOR



SCOTT A. ANGELLE
SECRETARY

State of Louisiana
DEPARTMENT OF NATURAL RESOURCES
OFFICE OF MINERAL RESOURCES
STATE MINERAL AND ENERGY BOARD

DOCKET REVIEW COMMITTEE REPORT

The Docket Review Committee convened at 12:50 p.m. on Wednesday, July 13, 2011. Board Members present were Mr. Scott A. Angelle, Mr. Thomas W. Sanders, Mr. Thomas L. Arnold, Jr., Mr. Emile Cordaro, Mr. Darryl D. Smith, Mr. W. Paul Segura, Jr. and Mr. Chip Kline (sitting in for Garret Graves, Governor Jindal's designee to the State Mineral and Energy Board)

The Committee made the following recommendations:

Approve State Agency Lease A and B on pages 1 and 2;

Defer for thirty (30) days State Agency Lease C on page 2;

Approve all Assignments on pages 3 through 14; Nos. 28, 29, 30, 31 and 32 on pages 12, 13 and 14 would be approved subject to the approval of the Governor of Louisiana;

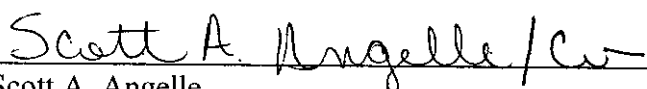
Approve the following item: Docket Item No. 11-19 on page 16;

Approve the following items upon recommendation of the Legal and Title Controversy Committee: Docket Item No. 11-20 on page 16.

Upon Motion of Mr. Segura, seconded by Mr. Arnold, the committee voted unanimously to accept the staff's recommendations.

There being no further business to come before the committee, upon motion of Mr. Sanders, and seconded by Mr. Segura, the committee voted unanimously to adjourn the meeting at 12:55 p.m.

Respectfully submitted,



Scott A. Angelle
Acting Chairman
Docket Review Committee

Refer to Board Meeting Minutes for any action taken by the Board regarding matters in this report.

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura, seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item A from the July 13, 2011 Meeting be approved, said instrument being an Oil, Gas and Mineral Lease from the Cameron Parish School Board, dated May 17, 2011, awarded to United World Energy Corporation, covering lands located in Section 16, Township 12 South, Range 6 West, Cameron Parish, Louisiana, containing 324.3 acres, more or less, with further contractual obligations being more enumerated in the instrument.

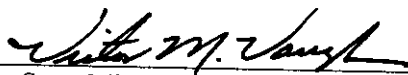
The State of Louisiana, through the State Mineral and Energy Board, asserts and claims title to the beds and bottoms of any navigable waterbed that may be located within the boundaries of the lands leased, and this approval shall not cover or extend to, or be construed as affecting the State's title to such submerged lands, if any. This lease is approved only so far as it covers lands in place, excluding from such approval any and all navigable waterbeds and sovereignty lands located within the tract leased.

BE IT FURTHER RESOLVED that this action is taken only in pursuance of Louisiana Revised Statutes 30:158 and without inquiry into the lessor's title to the leased premises or such rights, if any, that the State of Louisiana may have in the same. It is understood that this approval is solely given in order to comply with the statutory authority aforesaid.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to sign said lease to reflect the approval of the State Mineral and Energy Board.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura, seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item B from the July 13, 2011 Meeting be approved, said instrument being an Oil, Gas and Mineral Lease from the Vermilion Parish School Board, dated June 3, 2011, awarded to Patrick L. Donohue Petroleum Properties, Inc., covering lands located in the entirety of Section 16, Township 16 South, Range 2 East, Vermilion Parish, Louisiana, containing 746.52 acres, more or less, with further contractual obligations being more enumerated in the instrument.

The State of Louisiana, through the State Mineral and Energy Board, asserts and claims title to the beds and bottoms of any navigable waterbed that may be located within the boundaries of the lands leased, and this approval shall not cover or extend to, or be construed as affecting the State's title to such submerged lands, if any. This lease is approved only so far as it covers lands in place, excluding from such approval any and all navigable waterbeds and sovereignty lands located within the tract leased.

BE IT FURTHER RESOLVED that this action is taken only in pursuance of Louisiana Revised Statutes 30:158 and without inquiry into the lessor's title to the leased premises or such rights, if any, that the State of Louisiana may have in the same. It is understood that this approval is solely given in order to comply with the statutory authority aforesaid.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to sign said lease to reflect the approval of the State Mineral and Energy Board.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral and Energy Board

RESOLUTION

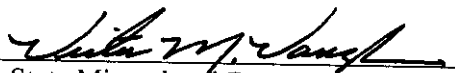
LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura, seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item C from the July 13, 2011, Meeting be deferred for thirty days, said instrument being an Oil, Gas and Mineral Lease from the DeSoto Parish School Board, for the DeSoto Parish School Board, Natchitoches Parish School Board and the Red River School Board, dated April 19, 2011, awarded to Suncoast Land Services, Inc., covering lands located in all of Section 16, T11N, R10W, DeSoto Parish, Louisiana, containing 614.43 acres, more or less, with further contractual obligations being more enumerated in the instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 1 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Theophilus Oil, Gas & Land Services, L.L.C., of all of Assignor's right, title and interest to the following in the proportions set out below:

Phoenix Exploration Louisiana C LLC	50.00%
Castex Energy 2005, L.P.	50.00%

in and to State Lease Nos. 20523, 20524, 20525, 20531 and 20534, St. Mary Parish, Louisiana, with further particulars being stipulated in the instrument.

Phoenix Exploration Louisiana C LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument;

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board.

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any non-signatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind.

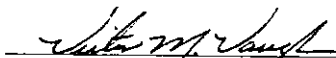
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 2 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Theophilus Oil, Gas & Land Services, L.L.C., of all of Assignor's right, title and interest to the following in the proportions set out below:

Phoenix Exploration Louisiana C.L.L.C.	65.00%
Castex Energy 2005, L.P.	25.00%
Petsec Exploration and Production L.L.C.	10.00%

in and to State Lease Nos. 20528, 20529 and 20530, St. Mary Parish, Louisiana, with further particulars being stipulated in the instrument.

Phoenix Exploration Louisiana C.L.L.C. is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

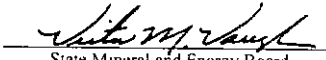
This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,
- 3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any non-signatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,
- 4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,
- 5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and
- 6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 3 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Theophilus Oil, Gas & Land Services, LLC, of all of Assignor's right, title and interest

Phoenix Exploration Louisiana C LLC	50.00%
Ridgewood Energy Corporation	50.00%

in and to State Lease Nos. 20526 and 20527, St. Mary Parish, Louisiana, with further particulars being stipulated in the instrument

Phoenix Exploration Louisiana C LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any non-signatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

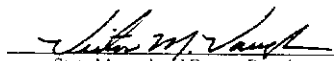
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 4 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from FVC, LLC to Riverstone Management, LLC, a 0.1669% of 8/8ths undivided interest in and to State Lease Nos. 19152, 19154, 19155, 19259, 19262, 19268, 19269, 19270, 19296, 19299, 19393, 19395, 19397, 19411, 19422, 19745, 19804 and 19810, Iberia Parish, Louisiana, with further particulars being stipulated in the instrument

Dynamic Offshore Resources, LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof;

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 5 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Clayton Williams Energy, Inc., of an undivided interest to the following in the proportions set out below

B & L Exploration, L.L.C.	15.00% of 8/8ths
Diverse 2007 Exploration, L.P.	5.00% of 8/8ths
Park Resources #1, LLC	25.00% of 8/8ths
Pruet Offshore Company	10.00% of 8/8ths
GG Oil & Gas I, LLC	20.00% of 8/8ths
KC Whittemore	1.00% of 8/8ths
David R. Wood and Becky Sue Martin Wood	.25% of 8/8ths

in and to State Lease Nos. 19706 and 20363, Plaquemines Parish, Louisiana, with further particulars being stipulated in the instrument.

Clayton Williams Energy, Inc. is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 6 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Cinco Land & Exploration, Inc. to Catapult Exploration, LLC, of all of Assignor's right, title and interest in and to State Lease Nos. 20568, 20569 and 20570, Vermilion Parish, Louisiana, with further particulars being stipulated in the instrument

Catapult Exploration, LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows.

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30 128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind;

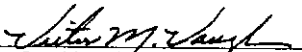
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted.

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 7 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Gulf Explorer, LLC to B & L Exploration, LLC, of all of Assignor's right, title and interest in and to State Lease No. 19065, St. Bernard Parish, Louisiana, with further particulars being stipulated in the instrument

B & L Exploration, LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument.

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30 128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind.

5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 8 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Indigo Minerals LLC to Indigo Minerals II LLC, of all of Assignor's right, title and interest in and to State Lease No 15421, Pointe Coupee Parish, Louisiana, with further particulars being stipulated in the instrument

Indigo Minerals II LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board;

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30 128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind.

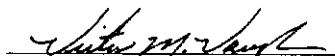
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 9 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Indigo Minerals LLC to Indigo Minerals II LLC, of all of Assignor's right, title and Interest in and to State Lease Nos 16878 and 17806, Evangeline Parish, Louisiana, with further particulars being stipulated in the instrument

Indigo Minerals II LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

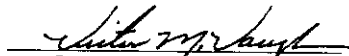
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 10 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Indigo Minerals LLC to Indigo Minerals II LLC, of all of Assignor's right, title and interest in and to State Lease Nos. 14988, 14990, 14999, 15000, 15088, 16877 and 16878, Rapides Parish, Louisiana, with further particulars being stipulated in the instrument.

Indigo Minerals II LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted.

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 11 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Indigo Minerals II LLC to Indigo II Louisiana Operating LLC, of all of Assignor's right, title and interest in and to State Lease No. 15421, Pointe Coupee Parish, Louisiana, with further particulars being stipulated in the instrument

Indigo II Louisiana Operating LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30 128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No 12 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Indigo Minerals II LLC to Indigo II Louisiana Operating LLC, of all of Assignor's right, title and interest in and to State Lease Nos 16878 and 17806, Evangeline Parish, Louisiana, with further particulars being stipulated in the instrument

Indigo II Louisiana Operating LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30 128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

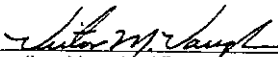
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted.

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 13 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Indigo Minerals II LLC to Indigo II Louisiana Operating LLC, of all of Assignor's right, title and interest in and to State Lease Nos. 14988, 14990, 14999, 15000, 15088, 16877 and 16878, Rapides Parish, Louisiana, with further particulars being stipulated in the instrument.

Indigo II Louisiana Operating LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,
- 3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any non-signatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.
- 4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind.
- 5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and
- 6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 14 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Theophilus Oil, Gas & Land Services, LLC to Chevron U.S.A. Inc., of all of Assignor's right, title and interest in and to State Lease Nos. 20492 and 20498, Cameron Parish, Louisiana, with further particulars being stipulated in the instrument.

Chevron U.S.A. Inc. is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any non-signatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind;

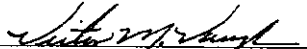
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted.

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 15 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Kash Oil & Gas, Inc. to DEIMI Exploration, LLC, of all of Assignor's right, title and interest in and to State Lease Nos. 19260, 19298, 19392, 19394, 19799, 19800, 19865, 19866, 19870, 19871, 19910, 19913 and 19914 Iberia Parish, Louisiana, with further particulars being stipulated in the instrument.

Vermilion Bay Exploration, Inc. is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows.

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,
- 3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,
- 4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,
- 5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and
- 6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No 16 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Duncan Oil Partners, an undivided 70.75% of 8/8ths interest to the following in the proportions set out below:

Samson Contour Energy E&P, LLC	50.00% of 8/8ths
Brinkerhoff Exploration, Inc	5.00% of 8/8ths
Captiva Resources, LLC	5.00% of 8/8ths
Sovereign Holdings, LLC	5.00% of 8/8ths
JRJM 2, LLC	50% of 8/8ths
Meyer Family Enterprises, LLC	2.00% of 8/8ths
c/o Duncan Oil, Inc	
O'Neil Properties, Ltd	2.00% of 8/8ths
DKD, LLC	50% of 8/8ths
c/o Duncan Oil, Inc	
SARK Exploration, LLC	50% of 8/8ths
BNB Energy, LLC	25% of 8/8ths

in and to State Lease Nos. 20359, 20360, 20371, 20390, 20391, 20392, 20393, 20394 and 20395, Calcasieu Parish, Louisiana, with further particulars being stipulated in the instrument

Duncan Oil Partners is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument.
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board.
- 3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.
- 4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind.
- 5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and
- 6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect



State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 17 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Brinkerhoff Exploration, Inc., Captiva Resources, LLC, Sovereign Holdings, LLC, JRJM2, LLC, Meyer Family Enterprises, LLC, O'Neill Properties, Ltd., DKD, LLC, SARK Exploration, LLC and BNB Energy, LLC to Duncan Oil Partners, LLC, of all of Assignor's right, title and interest in and to State Lease Nos 20359, 20360, 20371, 20390, 20391, 20392, 20393, 20394 and 20395, Calcasieu Parish, Louisiana, with further particulars being stipulated in the instrument

Duncan Oil Partners, LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,
- 3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, reassigning any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof;
- 4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30 128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind;
- 5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and
- 6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 18 from the July 13, 2011 Meeting be approved, said instrument being a Change of Name whereby Sterling Energy, Inc. is changing its name to Atinum Energy, Inc., under the name of Atinum Energy, Inc., affecting State Lease Nos. 19638 and 20099, Plaquemines and St. Bernard Parishes, Louisiana, with further particulars being stipulated in the instrument.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board;
- 3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof;
- 4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind;
- 5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and
- 6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted.

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 19 from the July 13, 2011 Meeting be approved, said instrument being a Correction of that certain Assignment, dated February 1, 2010, from Merit Management Partners I, L.P., et al to Hilcorp Energy, I, L.P., whereas said parties desire to correct the original Assignment ("Merit Assignment") to include the record title interest in State Lease Nos. 3599 and 14703, and to more particularly describe the record title interest conveyed in State Lease No. 3258, by substituting the Exhibit "A" attached hereto for the Exhibit "A" attached to the original Assignment ("Merit Assignment"), affecting State Lease Nos. 3258, 3599 and 14703, Lafourche Parish, Louisiana, with further particulars being stipulated in the instrument.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument.
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board:
- 3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any non-signatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.
- 4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind.
- 5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and
- 6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 20 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Petsec Exploration and Production L.L.C. to GOME 1271 LLC, an undivided 2.0 working interest in and to State Lease Nos. 20221, 20259, 20367, 20368, 20369, 20528 and 20530, St. Mary Parish, Louisiana, with further particulars being stipulated in the instrument.

Phoenix Exploration Louisiana C, LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument.
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board.
- 3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.
- 4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind.
- 5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and
- 6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 21 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Invenco, Inc. to Tommy Garrot Operating Service, Inc., of all of Assignor's right, title and interest in and to State Lease Nos. 12894 and 13398, Avoyelles and Concordia Parishes, Louisiana, with further particulars being stipulated in the instrument

Tommy Garrot Operating Service, Inc. is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument.
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,
- 3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any non-signatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,
- 4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30.128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,
- 5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and
- 6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 22 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Harry H. Cullen to Tommy Garrot Operating Service, Inc., of all of Assignor's right, title and interest in and to State Lease Nos. 12894 and 13398, Avoyelles and Concordia Parishes, Louisiana, with further particulars being stipulated in the instrument.

Tommy Garrot Operating Service, Inc. is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.


This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board.
- 3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any non-signatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.
- 4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,
- 5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and
- 6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted.

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 23 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Nehawka Energy Partners Ltd Partnership to Tommy Garrot Operating Service, Inc. of all of Assignor's right, title and interest in and to State Lease Nos 12894 and 13398, Avoyelles and Concordia Parishes, Louisiana, with further particulars being stipulated in the instrument

Tommy Garrot Operating Service, Inc. is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,
- 3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any non-signatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,
- 4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30 128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,
- 5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and
- 6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted.

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No 24 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from Tommy Garrot Operating Service, Inc. to Ram Oil & Gas, LLC, of all of Assignor's right, title and interest in and to State Lease Nos 12894, 12938 and 13398, Avoyelles Parish, Louisiana, with further particulars being stipulated in the instrument

Ram Oil & Gas, LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

- 1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,
- 2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board;
- 3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,
- 4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30 128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,
- 5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and
- 6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

RESOLUTION

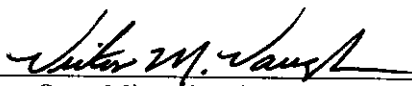
LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura, seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 25 from the July 13, 2011, Meeting be approved, said instrument being a Correction of Resolution No. 4 from the March 9, 2011 Meeting, being a Change of Name whereby Ram Oil & Gas, LLC is changing its name to TriDimension Energy, LLC, under the name of TriDimension Energy, LLC, whereas State Lease Nos. 12894, 12938 and 13398 were omitted from said resolution and are hereby being added, affecting State Lease Nos. 3557, 12894, 12938 and 13398, Avoyelles and Concordia Parishes, Louisiana.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura, seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 26 from the July 13, 2011, Meeting be approved, said instrument being a Correction of Resolution No. 5 from the March 9, 2011 Meeting, being a Change of Name whereby TriDimension Energy, LLC is changing its name to TriDimension Energy, L.P., under the name of TriDimension Energy, L.P., whereas State Lease Nos. 12894, 12938 and 13398 were omitted from said resolution and are hereby being added, affecting State Lease Nos. 3557, 12894, 12938 and 13398, Avoyelles and Concordia Parishes, Louisiana.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 27 from the July 13, 2011 Meeting be approved, said instrument being an Assignment from TriDimension Energy, L P to SR Acquisition I, LLC, all of Assignor's right, title and interest in and to State Lease Nos 3557, 12894, 12938 and 13398, Avoyelles and Concordia Parishes, Louisiana, with further particulars being stipulated in the instrument

SR Acquisition I, LLC is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows.

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board;

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30 128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura, seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 28 from the July 13, 2011, Meeting be approved subject to the approval of the Governor of Louisiana, said instrument being a Correction of Resolution No. 27 from the September 9, 2009 Meeting, being an Act of Exchange from Terry Fluke to Terry Fluke, L.L.C., whereas said resolution incorrectly read..."of all of Assignor's right, title and interest" and is hereby being corrected to read..."an undivided .0008532% interest in and to State Lease No. 341, **INSOFAR AND ONLY INSOFAR AS** said lease covers the Bateman Lake Unit" **AND** being corrected to read..."an undivided .0004639% interest in and to State Lease Nos. 334, 335, 340 and 341, **LESS AND EXCEPT** in State Lease No. 341 the Bateman Unit", affecting State Lease Nos. 334, 335, 340 and 341, **AND** State Lease No. 344 was incorrectly added to said Resolution and is hereby being deleted, Cameron, Iberia, Plaquemines, St. Bernard, St. Mary, Terrebonne and Vermilion Parishes, Louisiana.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral and Energy Board

Approved as per Executive Order BJ 2008-10
Bobby Jindal, Governor

By: 

Scott A. Angelle
Chairman, State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 29 from the July 13, 2011 Meeting be approved subject to the approval of the Governor of Louisiana, said instrument being an Act of Exchange from Terry Fluke to Terry Fluke, L.L.C., an undivided 37.5% interest in and to State Lease Nos. 334, 335, 340, 341 and 344, Cameron, Iberia, Plaquemines, St. Bernard, St. Mary, Terrebonne and Vermilion Parishes, Louisiana, with further particulars being stipulated in the instrument

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

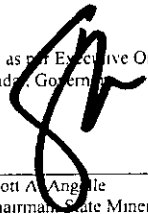
BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect


State Mineral and Energy Board

Approved as per Executive Order BJ 2008-10
Bobby Jindal, Governor

By 
Scott A. Angelle
Chairman, State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura, seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 30 from the July 13, 2011, Meeting be approved subject to the approval of the Governor of Louisiana, said instrument being a Correction of Resolution No. 28 from the September 9, 2009 Meeting, being an Act of Exchange from Marsha Budz to MRMB, L.L.C., whereas as said resolution incorrectly read..."of all of Assignor's right, title and interest" and is hereby being corrected to read..."an undivided .004639 interest in and to State Lease Nos. 334, 335, 340 and 341, **LESS AND EXCEPT** in State Lease No. 341 the Bateman Lake Unit" and also corrected to read..."an undivided .008532% interest in and to State Lease No. 341, **INSOFAR AND ONLY INSOFAR AS** said lease covers the Bateman Lake Unit", **AND** State Lease No. 344 was incorrectly added to said Resolution and is hereby being deleted, affecting State Lease Nos. 334, 335, 340 and 341 Cameron, Iberia, Plaquemines, St. Bernard, St. Mary, Terrebonne and Vermilion Parishes, Louisiana.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral and Energy Board

Approved as per Executive Order BJ 2008-10
Bobby Jindal, Governor

By: 

Scott A. Angelle
Chairman, State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 31 from the July 13, 2011 Meeting be approved subject to the approval of the Governor of Louisiana, said instrument being an Act of Exchange from Marsh Budz to MRMB, L.L.C., of all of Assignor's right, title and interest in and to State Lease Nos. 334, 335, 340, 341 and 344, Cameron, Iberia, Plaquemines, St. Bernard, St. Mary, Terrebonne and Vermilion Parishes, Louisiana, with further particulars being stipulated in the instrument.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any nonsignatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof,

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind;


5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

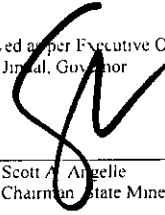
BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

Approved under Executive Order BJ 2008-10
Bobby Jindal, Governor

By 
Scott A. Angelle
Chairman, State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 32 from the July 13, 2011 Meeting be approved subject to the approval of the Governor of Louisiana, said instrument being an Assignment from Rory Scott McFarland, individually and on behalf of Alpha R2, LLC, an undivided interest to the following in the proportions set out below:

Dennis Joslin Company, L.L.C.	75.0000%
Algernon P. Ryland, III	3.3350%
Randall P. Crenshaw	3.3300%
Edward K. White III	15.0000%

in and to State Lease Nos. 334, 335, 340, 341 and 344, Cameron, Iberia, Plaquemines, St. Bernard, St. Mary, Terrebonne and Vermilion Parishes, Louisiana, with further particulars being stipulated in the instrument.

Dennis Joslin Company, L.L.C. is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows:

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board.

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any non-signatory lessee to such remedy. If any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof.

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30:128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind;

5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution.

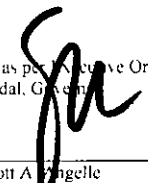
BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

Approved as per Executive Order BJ 2008-10
Bobby Jindal, Governor

By 
Scott A. Angelle
Chairman, State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Scgura seconded by Mr. Arnold, the following Resolution was offered and adopted

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No 33 from the July 13, 2011 Meeting be approved subject to the approval of the Governor of Louisiana, said instrument being an Amendment of that certain Assignment, dated February 15, 2010, whereas said party desires to clarify that said Assignment does not pertain to any interest that Rory Scott McFarland received from the Estate of Rose Long McFarland at anytime, affecting State Lease Nos 334, 335, 340, 341 and 344, Cameron, Iberia, Plaquemines, St. Bernard, St. Mary, Terrebonne and Vermilion Parishes, Louisiana, with further particulars being stipulated in the instrument.

This approval is expressly granted and accepted subject to certain conditions in the absence of which conditions approval of said instrument would not have been given as follows

1) That all terms and conditions of the basic lease will be fulfilled, including but not limited to the full payment of rentals and royalties, regardless of the division of leasehold interests resulting from the instrument,

2) That failure to comply with the terms and conditions of the basic lease by the original lessee, or by any assignee, sublessor or sublessee, prior or subsequent hereto, shall not be deemed waived by the approval of said instrument by the State Mineral and Energy Board for the State of Louisiana, it being distinctly understood that the State Mineral and Energy Board for the State of Louisiana does not recognize said instrument as creating a novation, as regards any right or interest of the State or Board,

3) That in the event ownership of the basic mineral lease is or becomes vested in two or more lessees responsible to the lessor for compliance with indivisible obligations to maintain the lease, then said lessees shall designate in writing to the State Mineral and Energy Board the lessee representing the joint account of all lessees, who shall be accountable to the Board for discharge of indivisible obligations under the lease for all lessees or for release in lieu of compliance therewith, provided that in the event of failure of said lessees to comply with such condition, then the Board may withhold approval of and thereby deny validity to any pending or future assignment or transfer of an interest in the lease, and, provided further, that if any lessee should agree to release the lease or any segregated portion thereof in lieu of complying with an indivisible lease obligation to maintain the lease and no other lessee desires to assume and undertake the indivisible obligation, then all lessees agree to join in a release or to otherwise execute a similar release of their rights to lessor, relegating any non-signatory lessee to such remedy, if any, as such party may have against the lessee or lessees, who may execute a release purporting to cover the entirety of the lease or of a segregated portion thereof

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30 128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

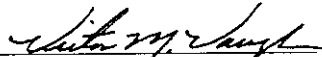
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

6) That nothing herein shall be construed as approval for any assignment, sublease or transfer to or from any individual, partnership, corporation or other legal entity who has filed bankruptcy proceedings unless such status is specifically recognized in this resolution

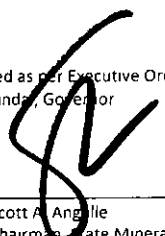
BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.


State Mineral and Energy Board

Approved as per Executive Order BJ 2008-10
Bobby Jindal, Governor

By: 
Scott A. Angille
Chairman, State Mineral Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

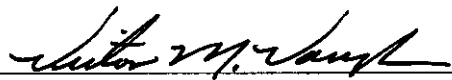
On motion of Mr. Segura, seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 11-19 from the July 13, 2011, Meeting be approved, said instrument being a Unitization Agreement presented by EPL of Louisiana, L.L.C., to create a 141.28 acre unit, more or less, identified as the "I-4 RA VUA", with 128.94 acres being attributable to State Lease No. 998 and 12.34 acres being attributable to State Lease No. 1388, South Pass Block 24 Field, Plaquemines Parish, Louisiana, with further particulars being stipulated in the instrument.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the instrument by signing said instrument for the Board.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011 pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral and Energy Board

RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

On motion of Mr. Segura, seconded by Mr. Arnold, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 11-20 from the July 13, 2011, Meeting be approved, said instrument being a Lease Amendment presented by Sandridge Exploration and Production, LLC, whereas said parties desire to amend the Lease to include a Force Majeure Provision and other required clauses, affecting State Lease No. 2102, Iberville Parish, Louisiana, with further particulars being stipulated in the instrument.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the instrument by signing said instrument for the Board.

CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 13th day of July, 2011 pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

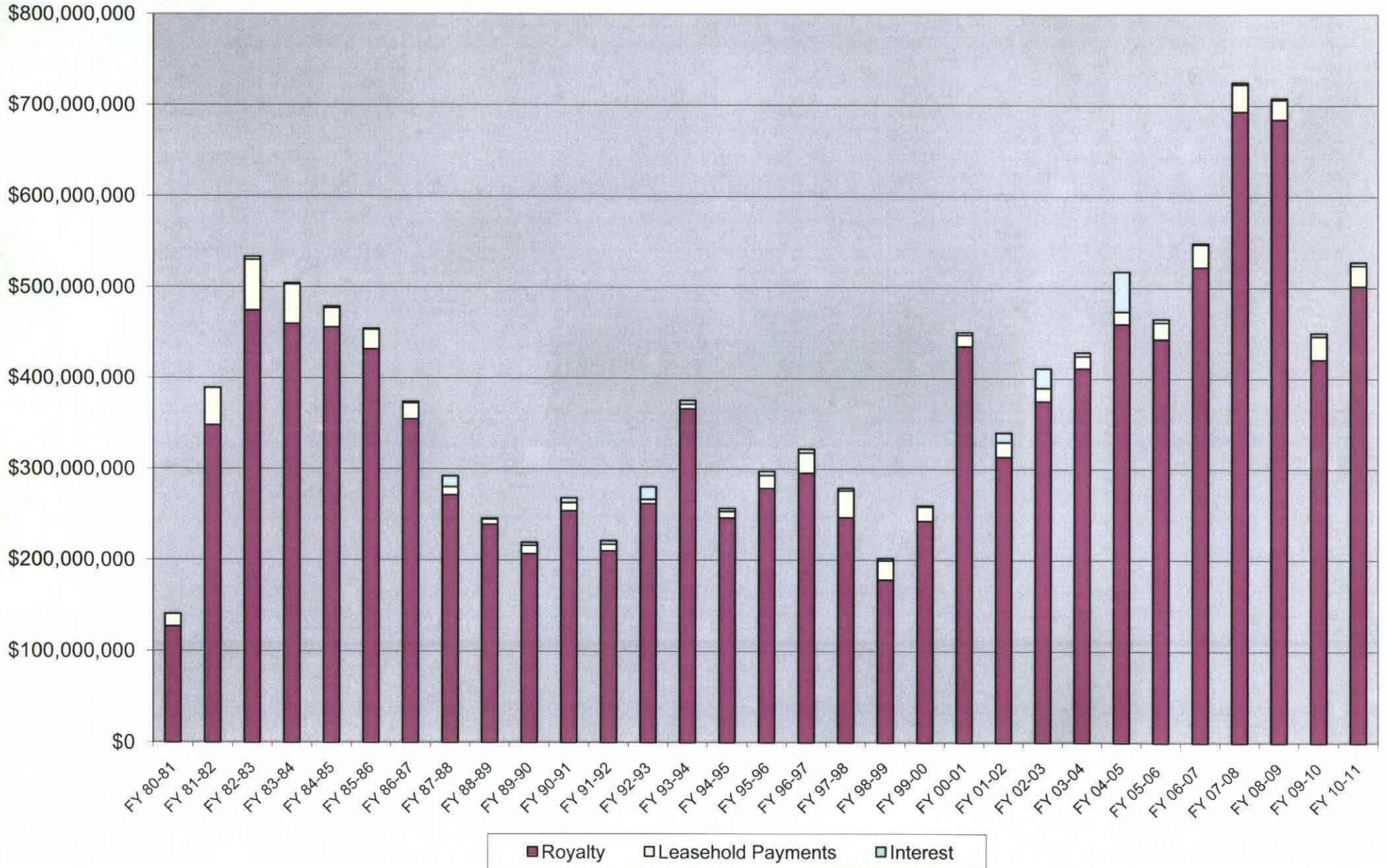


State Mineral and Energy Board



Office of Mineral Resources
Mineral and Energy Board
Meeting
July 13, 2011

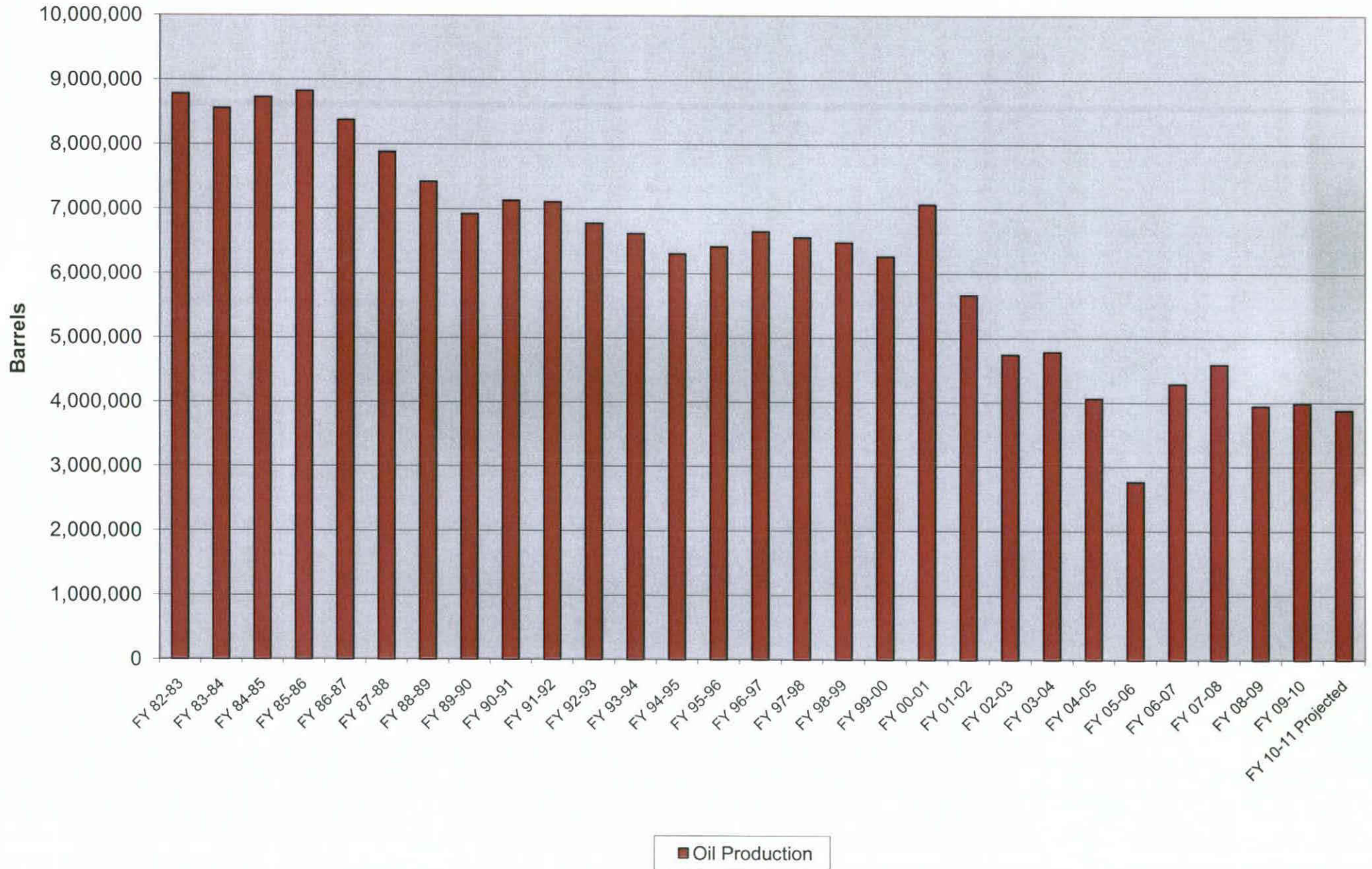
Historical Cash Receipts



Historical Cash Receipts

	<u>Bonus</u>	<u>Royalty</u>	<u>Leasehold Payments</u>	<u>Interest</u>	<u>Total</u>	<u>Monthly Average</u>
FY 80-81	\$198,104,745	\$126,962,938	\$13,726,070	\$38,009	\$338,831,763	\$28,235,980
FY 81-82	\$131,117,077	\$348,027,422	\$40,948,515	\$265,203	\$520,358,217	\$43,363,185
FY 82-83	\$125,077,331	\$474,263,313	\$55,641,805	\$3,391,727	\$658,374,176	\$54,864,515
FY 83-84	\$44,758,460	\$459,698,249	\$43,255,022	\$1,524,256	\$549,235,986	\$45,769,665
FY 84-85	\$55,880,090	\$455,791,830	\$21,309,253	\$1,763,379	\$534,744,551	\$44,562,046
FY 85-86	\$61,170,201	\$431,815,874	\$21,511,753	\$1,113,371	\$515,611,199	\$42,967,600
FY 86-87	\$25,942,570	\$354,879,094	\$17,665,672	\$1,606,832	\$400,094,168	\$33,341,181
FY 87-88	\$12,353,802	\$271,257,912	\$8,929,753	\$11,979,478	\$304,520,945	\$25,376,745
FY 88-89	\$28,745,161	\$239,046,099	\$5,812,014	\$843,904	\$274,447,179	\$22,870,598
FY 89-90	\$14,566,153	\$206,720,056	\$9,269,143	\$3,222,195	\$233,777,547	\$19,481,462
FY 90-91	\$11,165,526	\$253,746,520	\$9,211,891	\$5,203,730	\$279,327,667	\$23,277,306
FY 91-92	\$6,434,397	\$209,901,054	\$7,311,704	\$3,921,211	\$227,568,366	\$18,964,030
FY 92-93	\$8,440,252	\$261,813,228	\$4,740,303	\$13,900,890	\$288,894,674	\$24,074,556
FY 93-94	\$12,717,182	\$366,476,927	\$4,991,838	\$4,217,741	\$388,403,688	\$32,366,974
FY 94-95	\$24,823,265	\$246,335,063	\$7,203,636	\$3,218,058	\$281,580,022	\$23,465,002
FY 95-96	\$32,593,416	\$278,760,461	\$14,298,740	\$4,561,045	\$330,213,662	\$27,517,805
FY 96-97	\$53,288,169	\$295,576,020	\$22,314,560	\$4,249,293	\$375,428,041	\$31,285,670
FY 97-98	\$50,493,823	\$246,741,067	\$29,645,527	\$2,740,889	\$329,621,306	\$27,468,442
FY 98-99	\$19,050,657	\$178,424,388	\$21,074,412	\$2,531,361	\$221,080,819	\$18,423,402
FY 99-00	\$18,569,755	\$242,898,371	\$15,915,901	\$1,091,752	\$278,475,778	\$23,206,315
FY 00-01	\$32,740,448	\$435,407,994	\$12,663,749	\$2,842,244	\$483,654,435	\$40,304,536
FY 01-02	\$23,694,681	\$313,406,688	\$16,272,288	\$10,490,957	\$363,864,614	\$30,322,051
FY 02-03	\$22,598,580	\$374,872,047	\$14,874,075	\$21,524,326	\$433,869,028	\$36,155,752
FY 03-04	\$25,978,167	\$411,350,277	\$13,474,503	\$4,304,885	\$455,107,832	\$37,925,653
FY 04-05	\$38,696,837	\$459,982,045	\$13,769,854	\$43,902,608	\$556,351,343	\$46,362,612
FY 05-06	\$37,995,175	\$443,298,720	\$18,494,328	\$3,910,046	\$503,698,269	\$41,974,856
FY 06-07	\$52,139,307	\$522,453,427	\$25,057,910	\$1,335,183	\$600,985,827	\$50,082,152
FY 07-08	\$61,175,021	\$693,034,893	\$29,820,735	\$2,322,081	\$786,352,730	\$65,529,394
FY 08-09	\$143,182,978	\$684,405,483	\$21,853,067	\$1,581,618	\$851,023,146	\$70,918,596
FY 09-10	\$29,151,741	\$420,718,802	\$26,049,542	\$3,612,904	\$479,532,989	\$39,961,082
FY 10-11	\$30,293,007	\$501,602,312	\$22,735,393	\$3,725,864	\$558,356,576	\$46,529,715
	\$1,432,937,973	\$11,209,668,573	\$589,842,957	\$170,937,039	\$13,403,386,542	
% of Total	11%	84%	4%	1%		

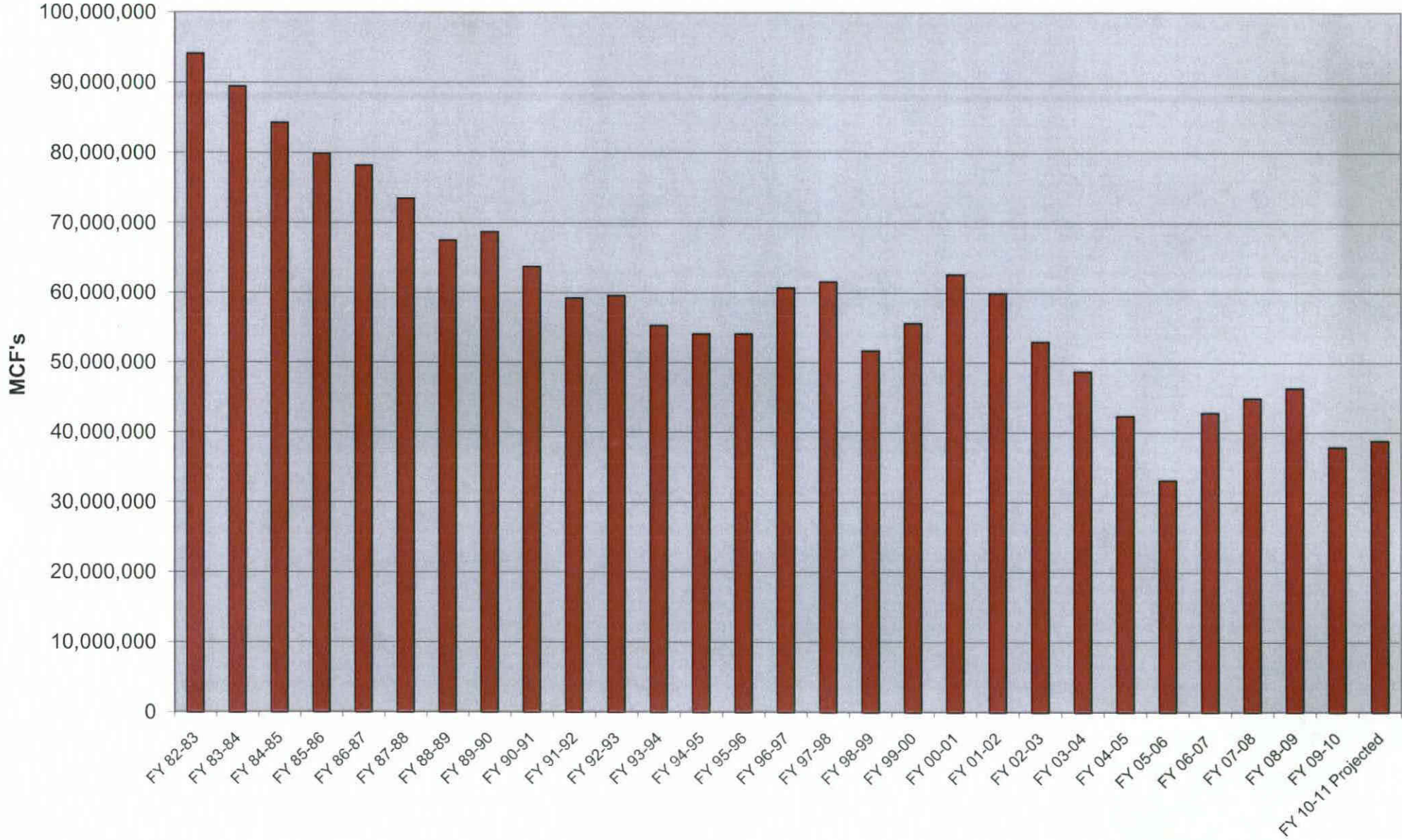
Historical Oil Production



Historical Oil Production

	<u>Barrels</u>
FY 82-83	8,781,026
FY 83-84	8,558,474
FY 84-85	8,730,682
FY 85-86	8,824,976
FY 86-87	8,377,006
FY 87-88	7,882,985
FY 88-89	7,423,374
FY 89-90	6,925,937
FY 90-91	7,131,084
FY 91-92	7,112,144
FY 92-93	6,782,359
FY 93-94	6,621,212
FY 94-95	6,309,036
FY 95-96	6,418,023
FY 96-97	6,653,990
FY 97-98	6,561,424
FY 98-99	6,485,581
FY 99-00	6,264,810
FY 00-01	7,073,883
FY 01-02	5,670,120
FY 02-03	4,747,875
FY 03-04	4,790,574
FY 04-05	4,065,744
FY 05-06	2,766,635
FY 06-07	4,291,644
FY 07-08	4,595,790
FY 08-09	3,948,509
FY 09-10	3,994,423
FY 10-11 Projected	3,880,617
	181,669,934
% of Total	2%

Historical Gas Production

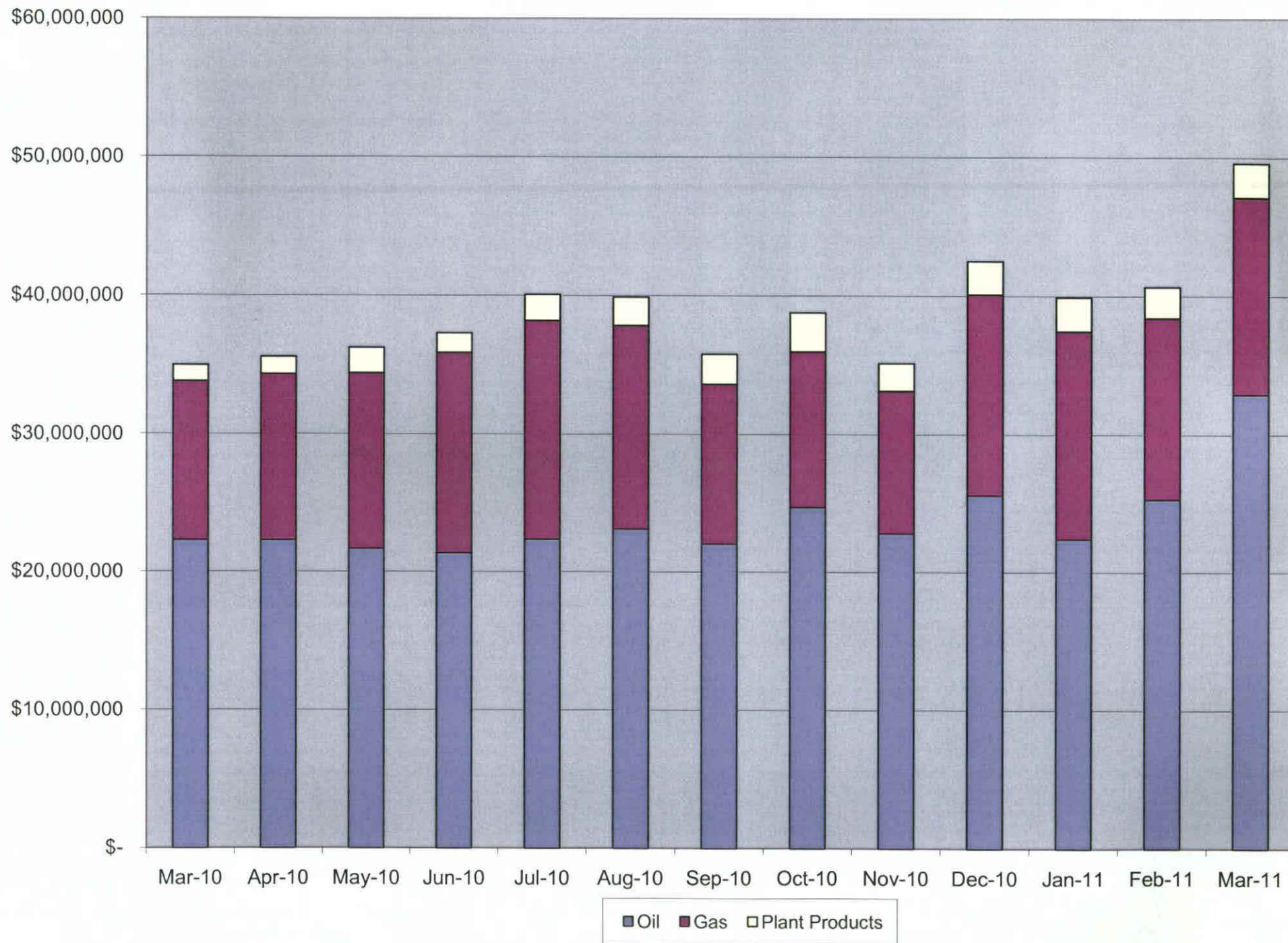


■ Gas Production

Historical Gas Production

	<u>MCF's</u>
FY 82-83	94,125,368
FY 83-84	89,454,160
FY 84-85	84,301,670
FY 85-86	79,934,040
FY 86-87	78,234,139
FY 87-88	73,532,729
FY 88-89	67,566,288
FY 89-90	68,771,995
FY 90-91	63,785,078
FY 91-92	59,265,715
FY 92-93	59,631,387
FY 93-94	55,353,141
FY 94-95	54,136,350
FY 95-96	54,136,350
FY 96-97	60,755,685
FY 97-98	61,613,141
FY 98-99	51,729,194
FY 99-00	55,650,030
FY 00-01	62,648,531
FY 01-02	59,989,148
FY 02-03	53,028,702
FY 03-04	48,754,276
FY 04-05	42,369,541
FY 05-06	33,179,715
FY 06-07	42,851,389
FY 07-08	44,916,786
FY 08-09	46,366,673
FY 09-10	37,907,745
FY 10-11 Projected	38,819,939
	1,722,808,904
% of Total	2%

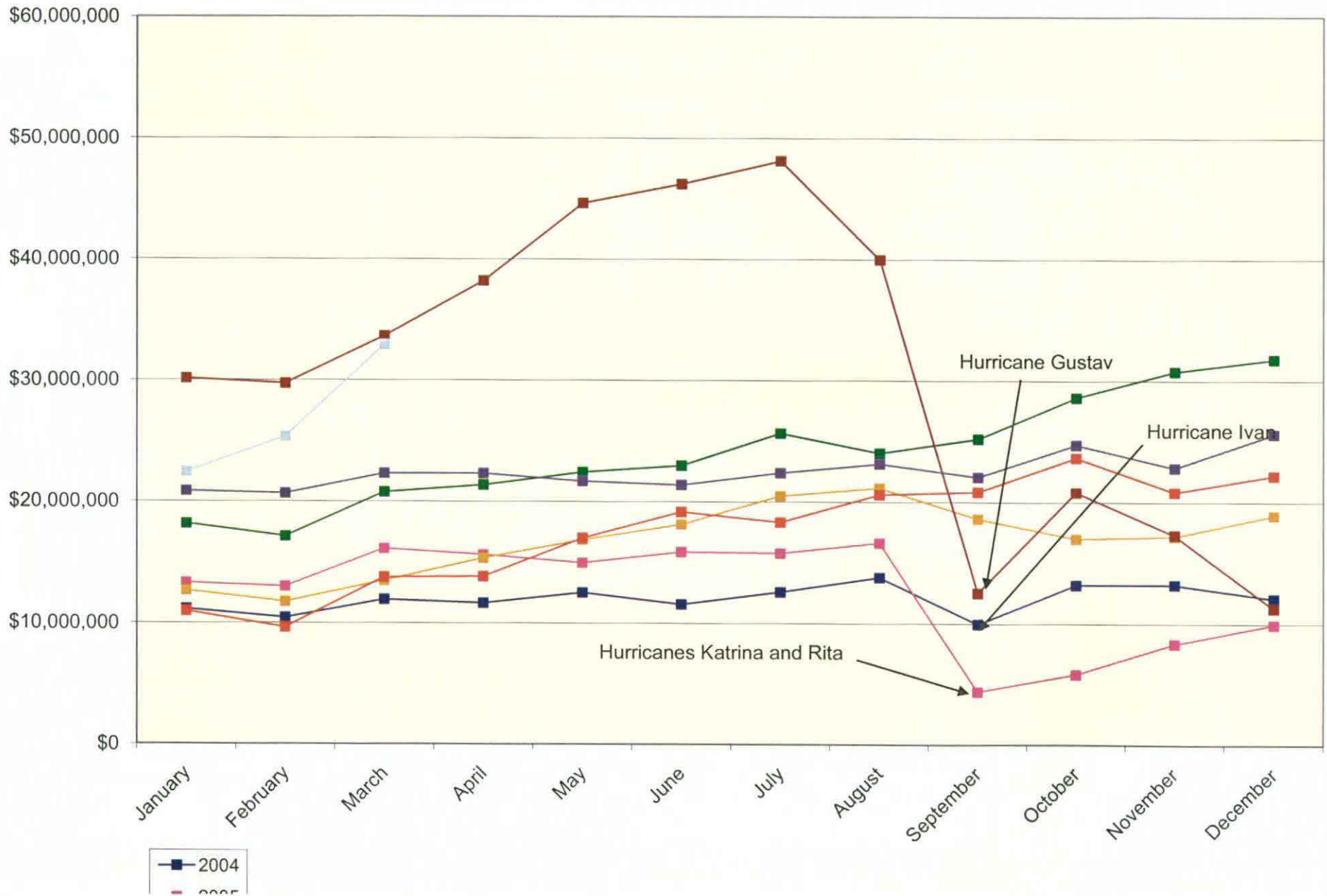
Royalty Collections by Disposition Month



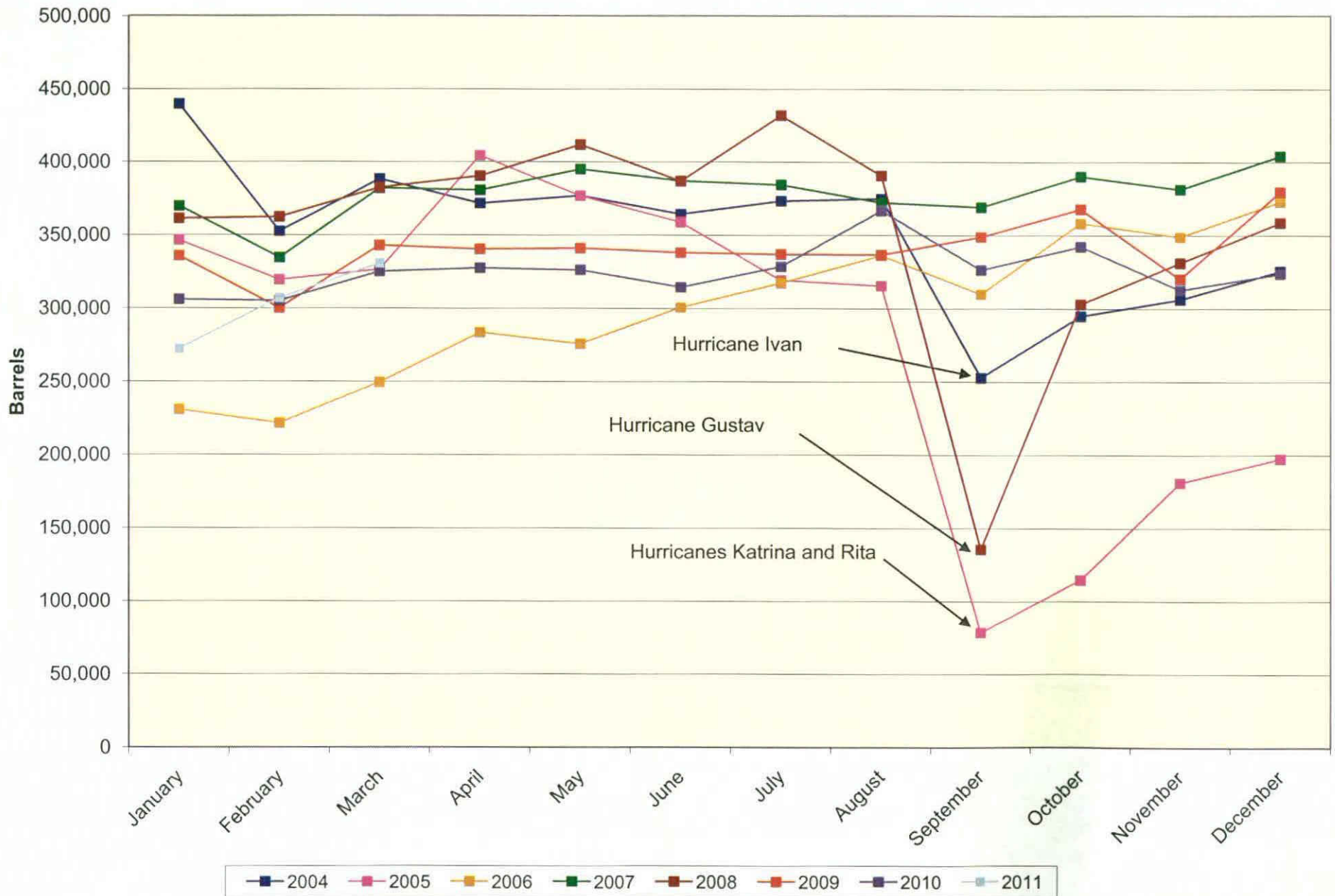
Royalty Collections by Disposition Month

<u>Disposition Month</u>	<u>Oil</u>	<u>Gas</u>	<u>Plant Products</u>	<u>Total</u>
March 2010	22,304,157.86	11,494,248.96	1,161,246.51	34,959,653.33
April 2010	22,300,532.08	12,015,162.75	1,249,432.78	35,565,127.61
May 2010	21,672,734.94	12,721,973.68	1,840,886.39	36,235,595.01
June 2010	21,373,603.23	14,494,630.01	1,422,930.05	37,291,163.29
July 2010	22,373,135.06	15,812,012.50	1,883,218.53	40,068,366.09
August 2010	23,125,619.01	14,717,014.19	2,047,298.79	39,889,931.99
September 2010	22,046,469.85	11,567,688.09	2,174,181.35	35,788,339.29
October 2010	24,720,508.61	11,234,644.29	2,826,979.93	38,782,132.83
November 2010	22,808,213.80	10,326,283.66	2,005,380.54	35,139,878.00
December 2010	25,598,380.10	14,515,762.74	2,395,347.18	42,509,490.02
January 2011	22,418,334.91	15,037,425.43	2,452,862.30	39,908,622.64
February 2011	25,329,955.78	13,089,917.72	2,244,333.07	40,664,206.57
March 2011	32,916,716.11	14,202,415.01	2,470,784.48	49,589,915.60
Total	\$ 308,988,361.34	\$ 171,229,179.03	\$ 26,174,881.90	\$ 506,392,422.27
% of Total	61%	34%	5%	

Oil Royalty by Disposition Month



Oil Volume by Disposition Month

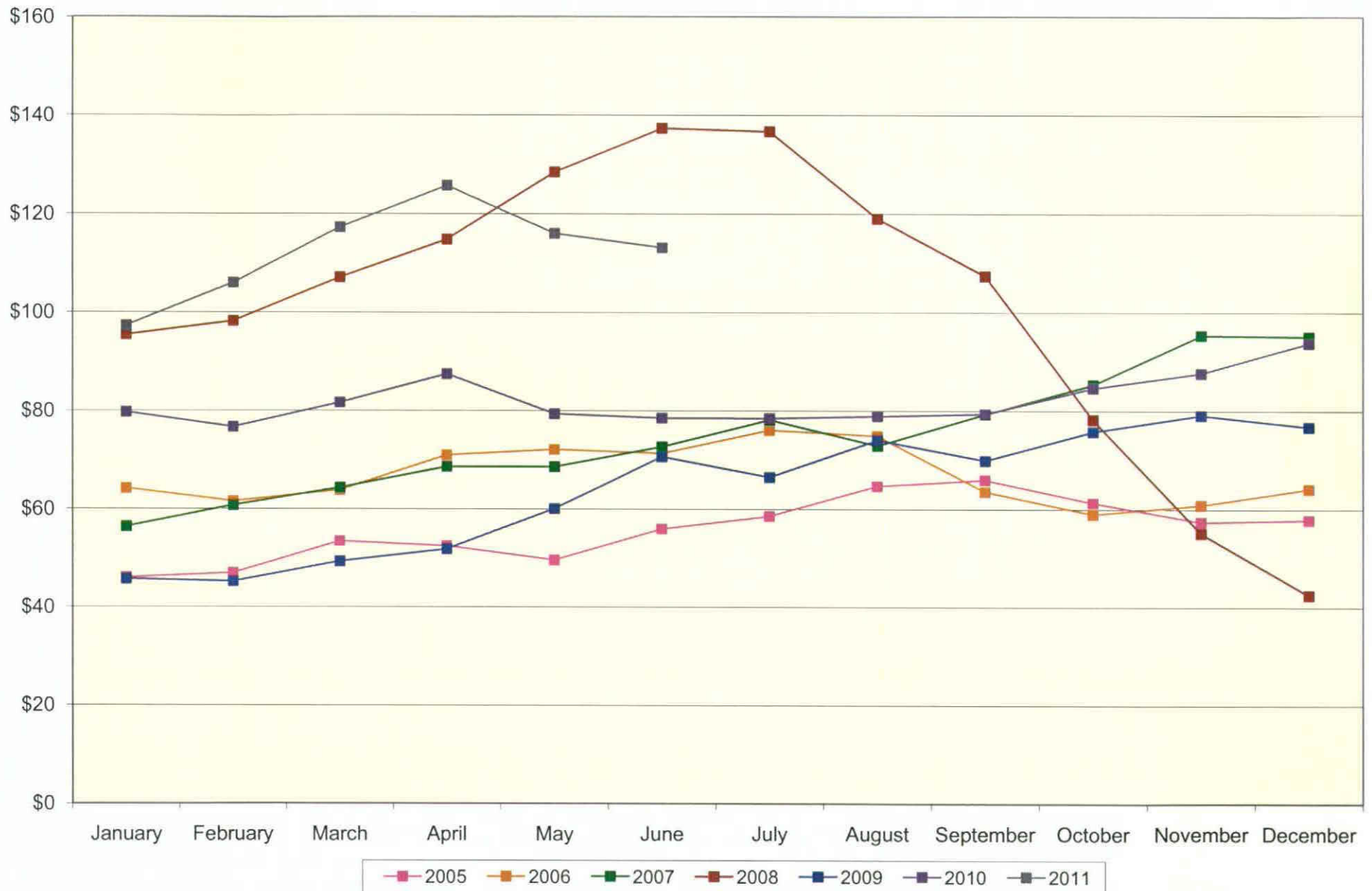


Oil Volume by Disposition Month

<u>Disposition Month</u>	<u>Barrels</u>
January 2004	439,528 9609
February 2004	352,554 1807
March 2004	388,250 3056
April 2004	371,664 9497
May 2004	376,944 4191
June 2004	364,373 3908
July 2004	373,376 3670
August 2004	374,957 0454
September 2004	252,648 3494
October 2004	294,836 0875
November 2004	306,161.9020
December 2004	325,615 3498
January 2005	346,534 8170
February 2005	319,401 7647
March 2005	326,574 1954
April 2005	404,282 7275
May 2005	376,916 3110
June 2005	358,886.3852
July 2005	319,254 6372
August 2005	315,616 4399
September 2005	78,702 6983
October 2005	114,538 4508
November 2005	180,921 8969
December 2005	197,290 8761
January 2006	230,553 1412
February 2006	221,290 4591
March 2006	249,233 3520
April 2006	283,336.5046
May 2006	275,598 7558
June 2006	300,558.2834
July 2006	317,273.1720
August 2006	336,148 3010
September 2006	309,714.7966
October 2006	358,167.3469
November 2006	348,876 4593
December 2006	372,942 6979
January 2007	369,686 7391
February 2007	334,445.2821
March 2007	381,894.4336
April 2007	380,620 5660
May 2007	394,922 1387
June 2007	386,951 9410
July 2007	384,343 3655
August 2007	372,200.9844
September 2007	369,099 6361
October 2007	390,100 0705
November 2007	381,339 3224
December 2007	404,072 8738
January 2008	361,176 4387
February 2008	362,295 3898
March 2008	382,364 6358
April 2008	390,318 1222
May 2008	411,660 0823
June 2008	386,818 7829
July 2008	431,713 7465
August 2008	390,637 7039
September 2008	135,413 3037
October 2008	303,040 5406
November 2008	331,229 8897
December 2008	358,616 5912
January 2009	335,619 8256
February 2009	299,945 1542
March 2009	342,890 1437
April 2009	340,343 5012
May 2009	341,003 5932
June 2009	338,054.9410
July 2009	336,967.2856
August 2009	336,668.5888
September 2009	348,827.1927
October 2009	367,868.0350
November 2009	320,253.9693
December 2009	379,646.7972
January 2010	305,902.4678
February 2010	305,033.7570
March 2010	325,097.6073
April 2010	327,484.8852
May 2010	326,192.3885
June 2010	314,479 6459
July 2010	328,621.0334
August 2010	366,772 3039
September 2010	326,376 1998
October 2010	342,355 7863
November 2010	312,617 7361
December 2010	323,806 3963
January 2011	272,203.9368
February 2011	306,959.0184
March 2011	330,750 2847

Oil Prices

Average of HLS Oil Spot at Empire Pla. Parish \$/bbl. and LLS Oil Spot at St. James Terminal \$/bbl.

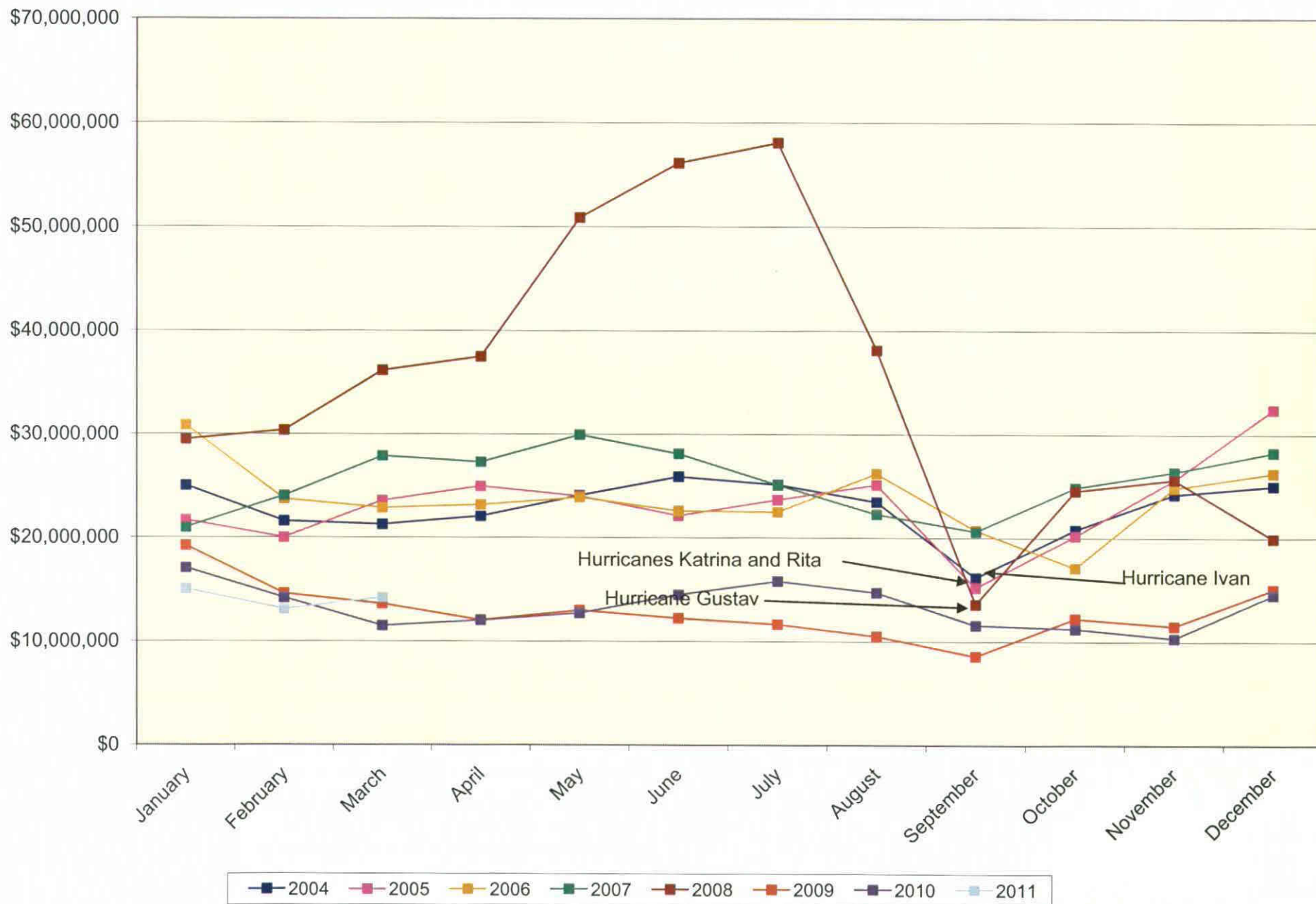


Monthly Average Oil Prices

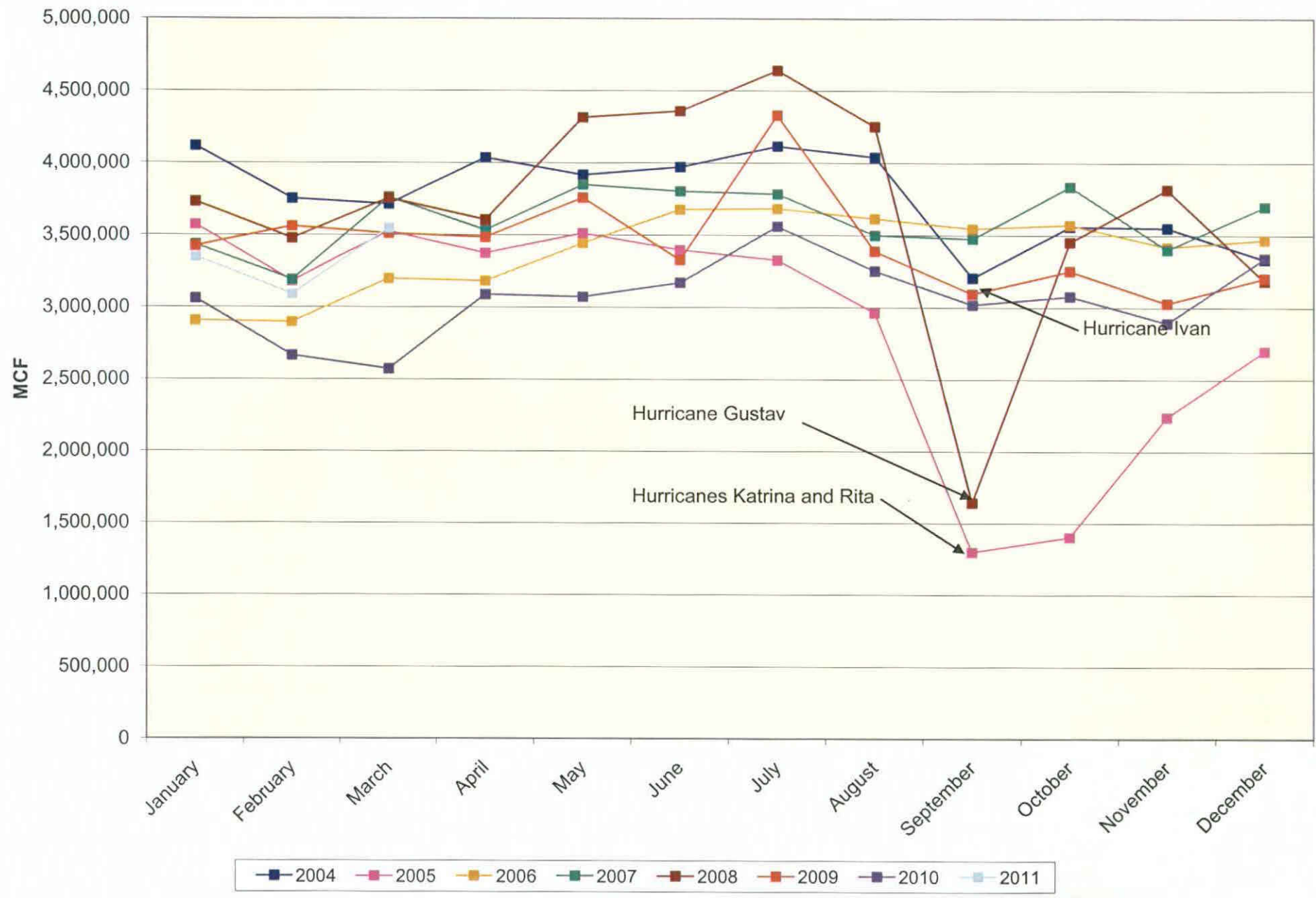
Jan-04	\$34.66
Feb-04	\$34.05
Mar-04	\$36.60
Apr-04	\$35.80
May-04	\$39.28
Jun-04	\$37.15
Jul-04	\$40.24
Aug-04	\$44.32
Sep-04	\$45.81
Oct-04	\$53.46
Nov-04	\$47.33
Dec-04	\$42.28
Jan-05	\$46.02
Feb-05	\$46.94
Mar-05	\$53.42
Apr-05	\$52.46
May-05	\$49.59
Jun-05	\$55.94
Jul-05	\$58.53
Aug-05	\$64.67
Sep-05	\$65.93
Oct-05	\$61.29
Nov-05	\$57.41
Dec-05	\$57.81
Jan-06	\$64.11
Feb-06	\$61.49
Mar-06	\$63.76
Apr-06	\$70.92
May-06	\$72.06
Jun-06	\$71.31
Jul-06	\$76.04
Aug-06	\$74.85
Sep-06	\$63.52
Oct-06	\$58.93
Nov-06	\$60.85
Dec-06	\$64.12
Jan-07	\$56.29
Feb-07	\$61.27
Mar-07	\$64.22
Apr-07	\$68.51
May-07	\$68.48
Jun-07	\$72.60
Jul-07	\$78.08
Aug-07	\$72.81
Sep-07	\$79.26
Oct-07	\$65.27
Nov-07	\$95.28
Dec-07	\$95.04
Jan-08	\$95.36
Feb-08	\$98.17
Mar-08	\$107.05
Apr-08	\$114.80
May-08	\$128.47
Jun-08	\$137.37
Jul-08	\$136.70
Aug-08	\$119.00
Sep-08	\$107.35
Oct-08	\$79.86
Nov-08	\$55.08
Dec-08	\$42.51
Jan-09	\$45.67
Feb-09	\$45.18
Mar-09	\$49.26
Apr-09	\$51.75
May-09	\$59.98
Jun-09	\$70.59
Jul-09	\$66.43
Aug-09	\$74.01
Sep-09	\$69.83
Oct-09	\$75.74
Nov-09	\$79.08
Dec-09	\$76.71
Jan-10	\$79.65
Feb-10	\$76.64
Mar-10	\$81.61
Apr-10	\$87.44
May-10	\$79.32
Jun-10	\$78.50
Jul-10	\$78.43
Aug-10	\$78.88
Sep-10	\$79.35
Oct-10	\$84.60
Nov-10	\$87.63
Dec-10	93.74
Jan-11	97.26
Feb-11	105.95
Mar-11	117.25
Apr-11	125.72
May-11	116.01
Jun-11	113.12

Source: Average of HLS Oil Spot @ Empire Plaq Parish \$/bbl and LLS Oil Spot @ St James Terminal \$/bbl.

Gas Royalty by Disposition Month



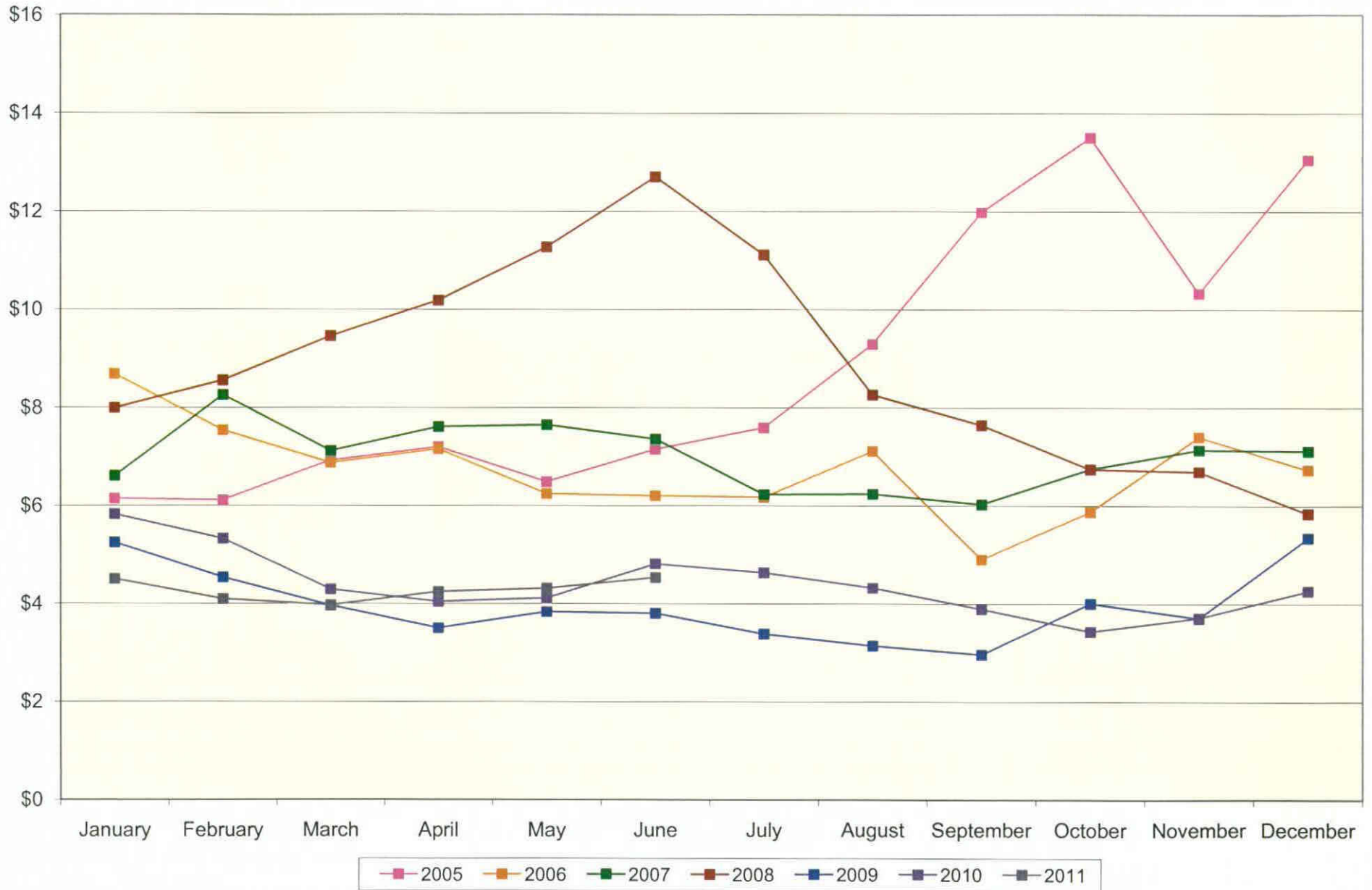
Gas Volume by Disposition Month



Gas Volume by Disposition Month

<u>Disposition Month</u>	<u>MCF</u>
January 2004	4,116,851.7031
February 2004	3,751,396.3749
March 2004	3,712,684.6945
April 2004	4,034,822.4874
May 2004	3,916,088.2692
June 2004	3,969,900.0143
July 2004	4,113,654.6443
August 2004	4,039,039.5326
September 2004	3,203,047.0172
October 2004	3,557,609.2440
November 2004	3,549,434.2038
December 2004	3,331,205.5308
January 2005	3,572,292.7624
February 2005	3,179,408.8827
March 2005	3,524,675.3742
April 2005	3,373,989.9785
May 2005	3,512,440.4707
June 2005	3,396,830.1710
July 2005	3,326,464.2787
August 2005	2,962,636.1525
September 2005	1,299,470.4761
October 2005	1,403,319.1284
November 2005	2,238,950.7428
December 2005	2,696,394.9614
January 2006	2,903,605.4539
February 2006	2,893,564.0591
March 2006	3,195,937.8564
April 2006	3,179,013.8634
May 2006	3,441,908.5053
June 2006	3,675,130.0272
July 2006	3,681,560.8937
August 2006	3,612,949.7915
September 2006	3,543,892.0727
October 2006	3,570,670.6822
November 2006	3,416,427.3444
December 2006	3,467,063.6852
January 2007	3,431,417.7115
February 2007	3,187,283.0760
March 2007	3,758,706.9103
April 2007	3,532,409.0063
May 2007	3,847,360.6544
June 2007	3,801,646.8530
July 2007	3,781,746.6914
August 2007	3,496,860.8815
September 2007	3,473,362.6860
October 2007	3,833,954.5812
November 2007	3,398,892.1836
December 2007	3,696,247.7050
January 2008	3,730,140.2105
February 2008	3,474,580.1026
March 2008	3,753,795.8870
April 2008	3,604,400.2650
May 2008	4,314,815.7422
June 2008	4,357,988.9728
July 2008	4,640,001.8107
August 2008	4,251,992.6308
September 2008	1,641,863.7205
October 2008	3,450,641.0306
November 2008	3,815,543.5628
December 2008	3,182,526.7217
January 2009	3,421,660.2538
February 2009	3,558,198.5941
March 2009	3,508,372.5448
April 2009	3,483,031.3518
May 2009	3,757,781.7273
June 2009	3,325,616.5673
July 2009	4,329,442.0363
August 2009	3,387,938.2444
September 2009	3,093,455.9969
October 2009	3,250,906.8563
November 2009	3,027,374.2991
December 2009	3,202,927.3345
January 2010	3,058,322.9738
February 2010	2,662,243.1072
March 2010	2,569,379.7003
April 2010	3,086,794.2439
May 2010	3,070,278.4790
June 2010	3,168,681.3615
July 2010	3,559,180.5902
August 2010	3,250,660.6614
September 2010	3,016,834.2946
October 2010	3,075,124.4259
November 2010	2,890,624.2314
December 2010	3,340,461.6392
January 2011	3,348,641.8206
February 2011	3,087,589.7919
March 2011	3,545,836.6751

Natural Gas Prices
Daily Cash Gas Prices at Henry Hub \$/mmbtu.

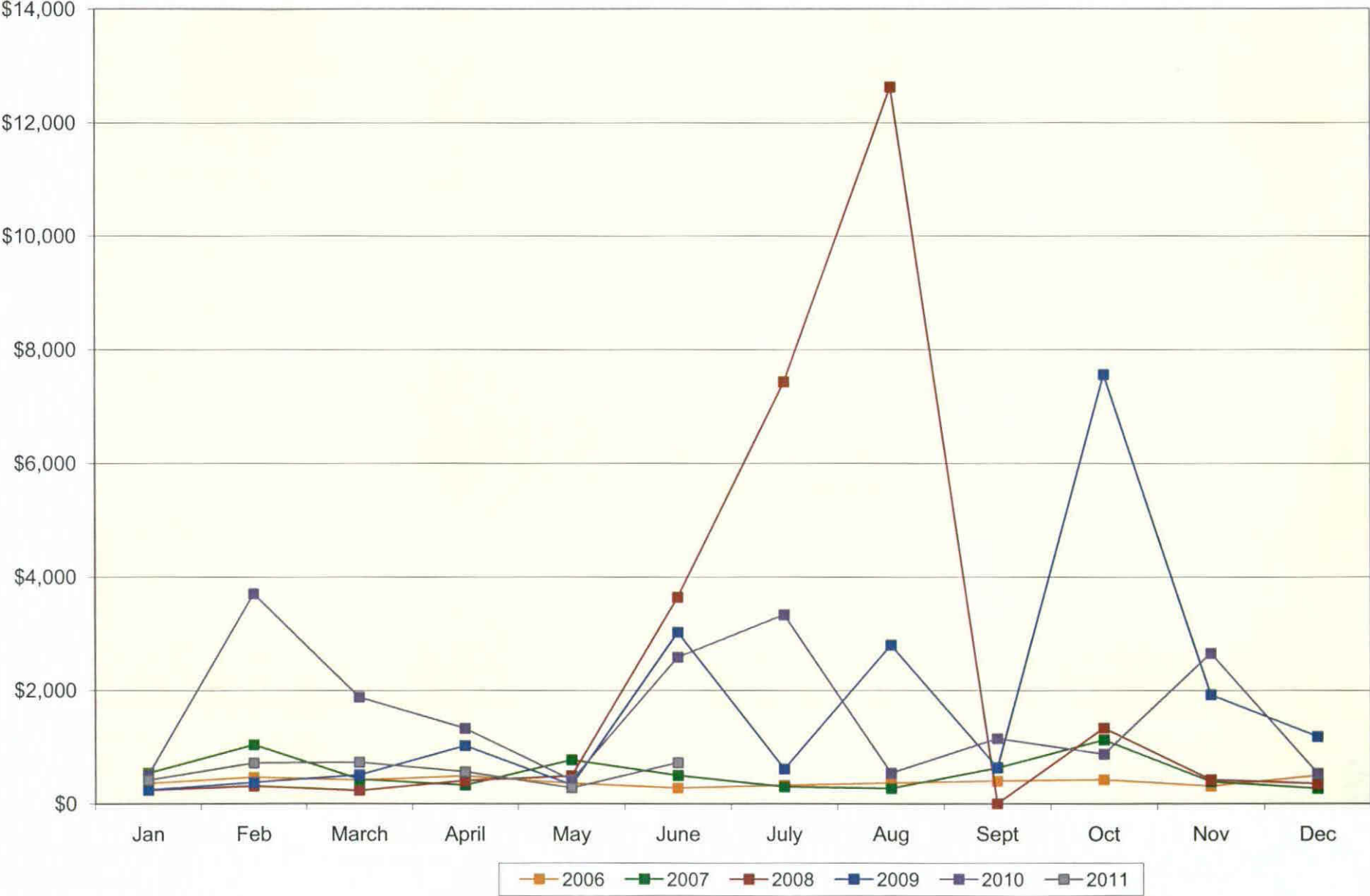


Monthly Average Gas Prices

Jan-04	\$6 1581
Feb-04	\$5 3982
Mar-04	\$5 3784
Apr-04	\$5.7004
May-04	\$6 3000
Jun-04	\$6 2916
Jul-04	\$5 9325
Aug-04	\$5.4506
Sep-04	\$5 0832
Oct-04	\$6.3392
Nov-04	\$6.1481
Dec-04	\$6.6166
Jan-05	\$6 1431
Feb-05	\$6 1124
Mar-05	\$6 9229
Apr-05	\$7 2004
May-05	\$6.4880
Jun-05	\$7 1507
Jul-05	\$7.5910
Aug-05	\$9.2947
Sep-05	\$11 9823
Oct-05	\$13 5015
Nov-05	\$10 3271
Dec-05	\$13 0519
Jan-06	\$8 6780
Feb-06	\$7 5332
Mar-06	\$6 8700
Apr-06	\$7.1500
May-06	\$6 2400
Jun-06	\$6 2000
Jul-06	\$6 1700
Aug-06	\$7.1100
Sep-06	\$4 9000
Oct-06	\$5 8700
Nov-06	\$7.4000
Dec-06	\$6 7300
Jan-07	\$6 6000
Feb-07	\$8 0100
Mar-07	\$7 1100
Apr-07	\$7 6100
May-07	\$7 6400
Jun-07	\$7 3500
Jul-07	\$6 2200
Aug-07	\$6 2300
Sep-07	\$6 0200
Oct-07	\$6 7400
Nov-07	\$7.1300
Dec-07	\$7.1100
Jan-08	\$7.9900
Feb-08	\$8.5500
Mar-08	\$9 4500
Apr-08	\$10 1800
May-08	\$11 2700
Jun-08	\$12.700
Jul-08	\$11.110
Aug-08	\$8.260
Sep-08	\$7.640
Oct-08	\$6 740
Nov-08	\$6 690
Dec-08	\$5 840
Jan-09	\$5 240
Feb-09	\$4 530
Mar-09	\$3 960
Apr-09	\$3 500
May-09	\$3 830
Jun-09	\$3.800
Jul-09	\$3 380
Aug-09	\$3 140
Sep-09	\$2 960
Oct-09	\$4 000
Nov-09	\$3 700
Dec-09	\$5 340
Jan-10	\$5 820
Feb-10	\$5 320
Mar-10	\$4 290
Apr-10	\$4 040
May-10	\$4 110
Jun-10	\$4 810
Jul-10	\$4 630
Aug-10	\$4 320
Sep-10	\$3 890
Oct-10	\$3 430
Nov-10	\$3 710
Dec-10	\$4 260
Jan-11	\$4 500
Feb-11	\$4 090
Mar-11	\$3 970
Apr-11	\$4 240
May-11	\$4.310
Jun-11	\$4 530

Source Daily Cash Gas Prices @ Henry Hub \$/mmbtu

Price Per Acre



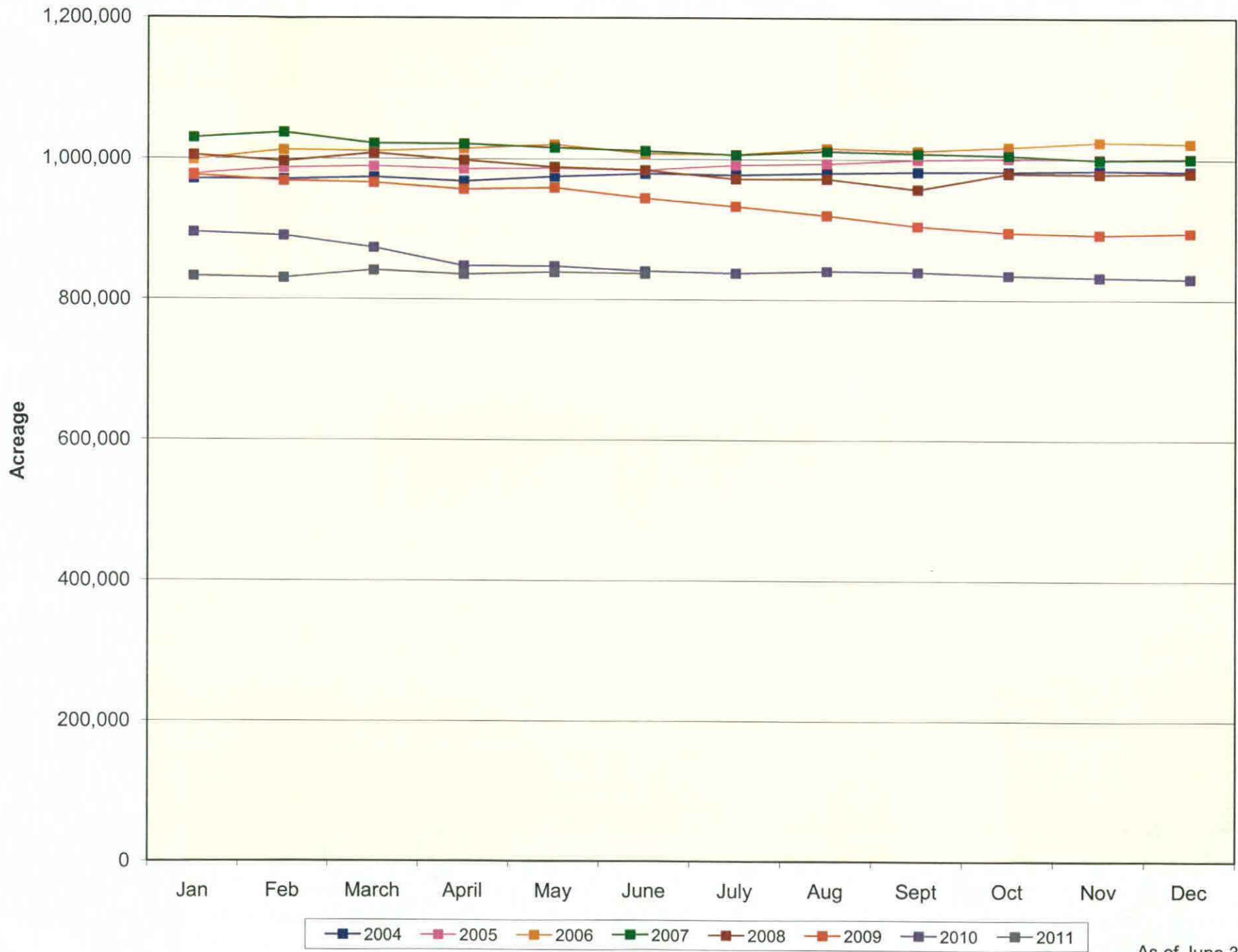
As of June 8, 2011 Lease Sale

Department of Natural Resources
Office of Mineral Resources
Lease Sale Statistics
For Calendar Years 2006, 2007, 2008, 2009, 2010 and 2011

Month	No. of Tracts	No. of Acres	No. of Tracts	% of Nominated	No. of Leases	No. of Acres	Total Bonuses	Price Per
	Nominated	Nominated	with Bids	Tracts with Bids		Leased		Acres
January 2006	47	47,043.313	23	48.9%	26	4,329.743	\$1,537,320.39	\$355.06
February 2006	30	27,775.390	22	73.3%	21	4,893.650	\$2,259,041.24	\$461.63
March 2006	90	102,468.214	33	36.7%	35	11,677.774	\$4,813,881.28	\$412.23
April 2006	68	71,781.410	28	41.2%	30	6,467.852	\$3,141,523.23	\$485.71
May 2006	97	120,198.400	30	30.9%	31	16,817.780	\$6,025,369.95	\$358.27
June 2006	38	31,183.565	23	60.5%	21	3,267.685	\$890,923.62	\$272.65
July 2006	46	61,199.576	17	37.0%	19	4,912.022	\$1,590,293.21	\$323.76
August 2006	98	144,142.110	37	37.8%	47	11,769.250	\$4,274,006.81	\$363.15
September 2006	48	44,760.880	26	54.2%	23	5,029.740	\$2,004,961.50	\$398.62
October 2006	53	36,007.870	28	52.8%	28	4,383.700	\$1,846,724.83	\$421.27
November 2006	93	84,329.325	43	46.2%	38	16,457.630	\$5,058,312.37	\$307.35
December 2006	72	58,722.376	37	51.4%	42	4,490.056	\$2,214,236.41	\$493.14
January 2007	44	43,615.048	23	52.3%	22	8,504.439	\$4,569,069.37	\$537.26
February 2007	61	68,927.865	36	59.0%	39	10,701.885	\$11,078,923.37	\$1,035.23
March 2007	37	55,261.795	19	51.4%	23	5,996.295	\$2,567,201.33	\$428.13
April 2007	58	60,473.270	22	37.9%	24	10,087.120	\$3,250,525.86	\$322.25
May 2007	77	67,181.820	40	51.9%	44	6,303.810	\$4,844,311.64	\$768.47
June 2007	99	159,363.198	31	31.3%	31	8,098.128	\$4,008,594.40	\$495.00
July 2007	90	87,101.800	25	27.8%	27	8,524.270	\$2,529,957.38	\$296.79
August 2007	83	112,945.771	29	34.9%	28	10,786.901	\$2,892,575.29	\$268.16
September 2007	45	34,768.700	14	31.1%	14	3,083.300	1,936,243.01	\$627.98
October 2007	47	41,694.079	16	34.0%	18	5,381.189	\$6,035,465.69	\$1,121.59
November 2007	43	38,583.240	22	51.2%	19	3,024.469	\$1,171,854.94	\$387.46
December 2007	51	50,406.500	26	51.0%	24	9,097.200	\$2,413,328.16	\$265.28
January 2008	59	58,403.266	24	40.7%	19	5,503.936	\$1,304,223.48	\$236.96
February 2008	28	11,245.630	13	46.4%	13	1,407.700	\$433,826.75	\$308.18
March 2008	115	155,146.880	49	42.6%	42	17,154.460	\$3,959,010.21	\$230.79
April 2008	59	57,118.060	29	49.2%	24	3,471.292	\$1,409,967.24	\$406.18
May 2008	46	40,455.817	27	58.7%	20	4,675.363	\$2,287,897.78	\$489.35
June 2008	81	52,441.540	61	75.3%	38	9,852.020	\$35,829,909.81	\$3,636.81
July 2008	67	75,779.603	38	56.7%	29	6,568.763	\$48,806,966.78	\$7,430.16
August 2008	72	31,893.030	72	100.0%	51	7,432.760	\$93,831,700.03	\$12,624.07
September 2008	-	-	-	0.0%	-	-	\$0.00	
October 2008	367	245,850.305	142	38.7%	128	32,685.321	\$43,559,940.38	\$1,332.71
November 2008	155	105,638.110	53	34.2%	41	8,925.374	\$3,757,649.92	\$421.01
December 2008	142	112,087.562	50	35.2%	29	4,268.826	\$1,501,254.23	\$351.68
January 2009	77	105,817.220	24	31.2%	18	3,594.670	\$880,837.75	\$245.04
February 2009	28	34,140.230	24	85.7%	16	1,612.750	\$604,287.82	\$374.69
March 2009	45	41,747.130	6	13.3%	6	2,681.870	\$1,356,772.99	\$505.91
April 2009	64	69,340.560	20	31.3%	9	760.070	\$773,943.34	\$1,018.25
May 2009	62	47,678.369	28	45.2%	30	11,306.490	\$3,758,375.82	\$332.41
June 2009	11	6,524.502	11	100.0%	11	477.502	\$1,441,487.29	\$3,018.81
July 2009	49	49,772.731	25	51.0%	25	5,308.001	\$3,236,428.98	\$609.73
August 2009	43	12,610.401	45	104.7%	31	2,621.833	\$7,324,454.38	\$2,793.64
September 2009	5	1,339.892	3	60.0%	3	47.092	\$29,932.00	\$635.61
October 2009	46	17,609.762	57	123.9%	29	1,604.742	\$12,131,040.07	\$7,559.50
November 2009	25	19,754.790	17	68.0%	13	1,382.026	\$2,654,065.89	\$1,920.42
December 2009	67	70,732.918	51	76.1%	40	8,016.328	\$9,445,466.55	\$1,178.28
January 2010	53	38,771.489	39	73.6%	31	8,109.459	\$4,099,665.49	\$505.54
February 2010	20	6,217.261	27	135.0%	13	1,704.241	\$6,303,884.98	\$3,698.94
March 2010	23	18,752.018	24	104.3%	16	2,570.538	\$4,826,740.56	\$1,877.72
April 2010	63	19,388.408	64	101.6%	48	2,614.421	\$3,471,860.47	\$1,327.97
May 2010	63	61,447.218	18	28.6%	17	4,380.874	\$1,820,157.40	\$415.48
June 2010	48	39,124.130	18	37.5%	20	2,353.460	\$6,072,056.39	\$2,580.06
July 2010	29	2,924.129	26	89.7%	25	1,380.710	\$4,596,455.32	\$3,329.05
August 2010	39	25,806.820	25	64.1%	26	6,898.420	\$3,716,759.96	\$538.78
September 2010	43	46,609.856	22	51.2%	21	977.875	1,121,923.86	\$1,147.31
October 2010	46	26,701.987	28	60.9%	29	3,103.947	2,705,881.52	\$871.76
November 2010	39	32,525.955	20	51.3%	19	2,485.560	6,592,803.57	\$2,652.44
December 2010	51	14,392.033	23	45.1%	23	5,399.484	2,864,918.74	\$530.59
January 2011	58	79,128.832	20	34.5%	23	5,334.780	2,216,371.68	\$415.46
February 2011	17	7,385.028	10	58.8%	11	844.000	604,518.90	\$716.25
March 2011	159	232,779.075	35	22.0%	32	15,882.487	11,572,567.17	\$728.64
April 2011	42	20,698.055	20	47.6%	21	4,149.700	2,332,301.70	\$562.04
May 2011	25	16,015.022	17	68.0%	17	9,996.870	2,774,369.98	\$277.52
June 2011	49	40,887.477	22	44.9%	27	3,392.785	2,446,928.15	\$721.22

SONRIS Source Reports
Lease Sale Summary
Lease Sale Fiscal Year
YTD Tracts and Acreage Report
Lease Sale Statistics

State Acreage Under Lease

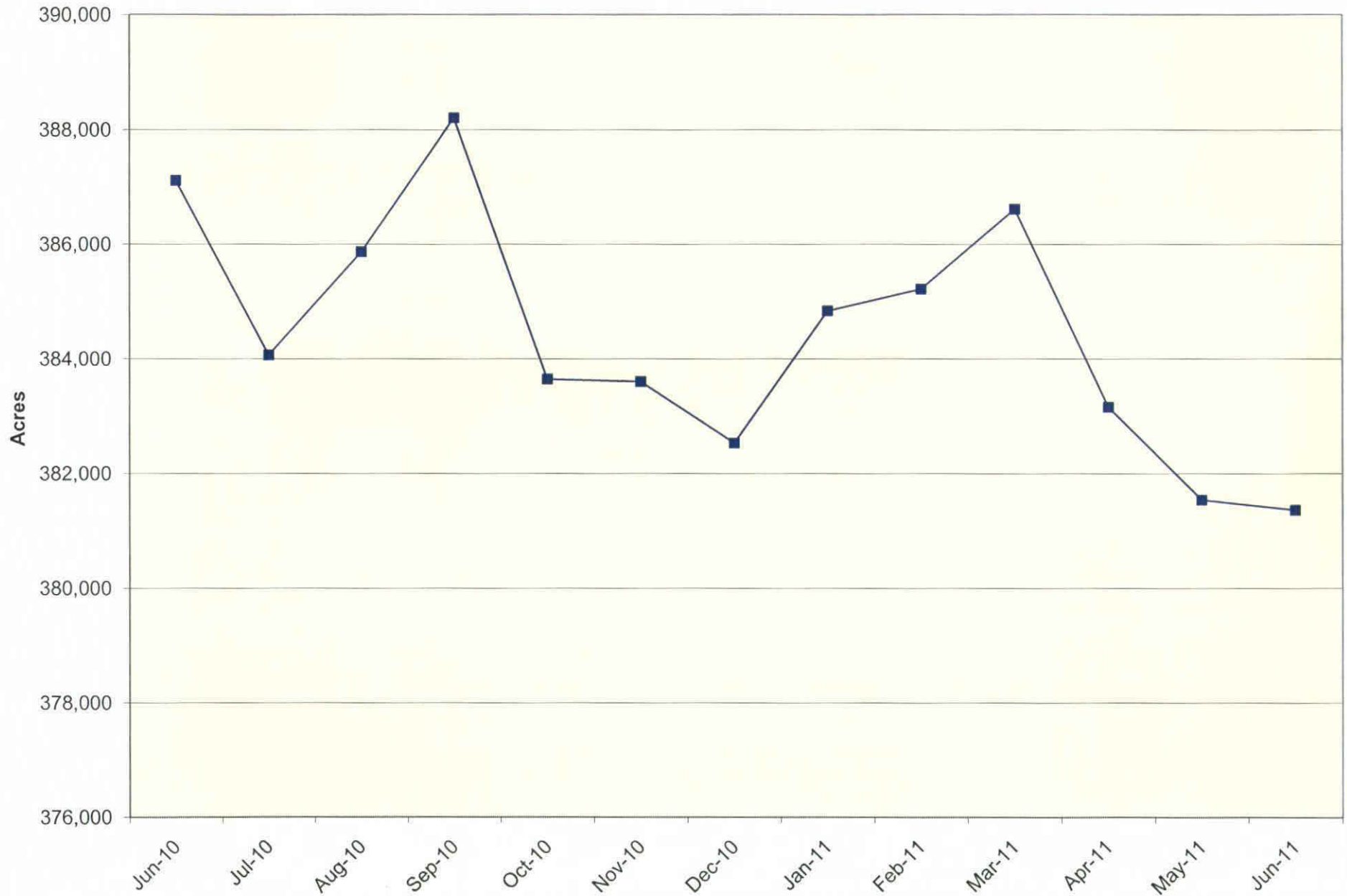


As of June 30, 2011

State Acreage Under Lease

<u>Month/Year</u>	<u>Acreage</u>
January 2004	970,647
February 2004	970,566
March 2004	973,551
April 2004	967,958
May 2004	974,311
June 2004	978,972
July 2004	977,175
August 2004	979,727
September 2004	981,595
October 2004	981,936
November 2004	983,547
December 2004	982,793
January 2005	977,687
February 2005	987,060
March 2005	989,296
April 2005	985,526
May 2005	986,287
June 2005	984,084
July 2005	991,395
August 2005	993,569
September 2005	999,285
October 2005	1,001,031
November 2005	999,714
December 2005	1,000,881
January 2006	997,605
February 2006	1,012,059
March 2006	1,010,201
April 2006	1,014,111
May 2006	1,019,784
June 2006	1,007,301
July 2006	1,005,887
August 2006	1,015,199
September 2006	1,011,473
October 2006	1,016,921
November 2006	1,023,932
December 2006	1,022,243
January 2007	1,028,925
February 2007	1,036,953
March 2007	1,021,053
April 2007	1,020,861
May 2007	1,015,199
June 2007	1,011,179
July 2007	1,005,474
August 2007	1,010,699
September 2007	1,007,599
October 2007	1,004,799
November 2007	998,681
December 2007	1,000,171
January 2008	1,004,555
February 2008	996,060
March 2008	1,007,716
April 2008	997,694
May 2008	987,990
June 2008	983,981
July 2008	971,662
August 2008	971,764
September 2008	956,861
October 2008	979,642
November 2008	978,571
December 2008	980,177
January 2009	975,858
February 2009	968,268
March 2009	965,586
April 2009	956,319
May 2009	958,778
June 2009	944,169
July 2009	932,690
August 2009	920,007
September 2009	904,586
October 2009	895,792
November 2009	892,551
December 2009	895,270
January 2010	895,294
February 2010	890,479
March 2010	873,504
April 2010	847,680
May 2010	847,259
June 2010	840,614
July 2010	837,713
August 2010	840,585
September 2010	839,384
October 2010	834,736
November 2010	831,990
December 2010	830,109
January 2011	832,686
February 2011	830,312
March 2011	841,244
April 2011	835,606
May 2011	838,805
June 2011	837,030

Productive Acres



Productive Acres

<u>Month/Year</u>	<u>Acres</u>
June 2010	387,111
July 2010	384,067
August 2010	385,867
September 2010	388,202
October 2010	383,647
November 2010	383,605
December 2010	382,530
January 2011	384,839
February 2011	385,221
March 2011	386,613
April 2011	383,160
May 2011	381,538
June 2011	381,360