

MINUTES

STATE MINERAL AND ENERGY BOARD

BOARD MEETING

November 8, 2017

JOHN BEL EDWARDS
GOVERNOR



THOMAS F. HARRIS
SECRETARY

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

Opening of Bids

November 8, 2017

A public meeting for the purpose of opening sealed bids was held on Wednesday, November 8, 2017, beginning at 8:30 a.m. in the LaBelle Room, First Floor, LaSalle Office Building, Baton Rouge, Louisiana.

Recorded as present were:

Jamie Manuel – Assistant Secretary of the Office of Mineral Resources
Stacey Talley - Business Analytics Specialist of the Office of Mineral Resources
Rachel Newman – Director, Mineral Income Division
Boyd Handley – Administrator, Geology, Engineering & Lands Division
Emile Fontenot – Director, Petroleum Lands

Mr. Manuel presided over the meeting. He then read the letter of notification certifying the legal sufficiency of the advertisement of Tract Nos. 44791 through 44801 which were published for lease by the Board at today's sale.

Mr. Manuel stated that there were no letters of protest received for today's Lease Sale.

Mr. Manuel stated that there were no tracts to be withdrawn from today's Lease Sale.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.

INLAND TRACTS

Tract 44796

Bidder	:	Hilcorp Energy 1, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$121,220.00
Annual Rental	:	\$60,610.00
Royalties	:	21.00000% on oil and gas
	:	21.00000% on other minerals
Additional Consideration	:	None

Tract 44798

Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$11,625.00
Annual Rental	:	\$5,812.50
Royalties	:	21.00000% on oil and gas
	:	21.00000% on other minerals
Additional Consideration	:	None

Tract 44799

Bidder	:	Rovig Minerals, Inc.
Primary Term	:	Three (3) years
Cash Payment	:	\$8,032.00
Annual Rental	:	\$4,016.00
Royalties	:	20.00000% on oil and gas
	:	20.00000% on other minerals
Additional Consideration	:	None

Tract 44800

Bidder	:	Wapiti Operating, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$140,280.00
Annual Rental	:	\$70,140.00
Royalties	:	21.00000% on oil and gas
	:	21.00000% on other minerals
Additional Consideration	:	None

This concluded the reading of the bids.

There being no further business, the meeting was concluded at 8:39 a.m.

Respectfully Submitted,

A handwritten signature in black ink, consisting of a large, sweeping loop followed by a horizontal line that tapers to the right.

Jamie S. Manuel, Secretary
State Mineral and Energy Board

JOHN BEL EDWARDS
GOVERNOR



THOMAS F. HARRIS
SECRETARY

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

REGULAR MEETING
November 8, 2017

The Regular Meeting of the State Mineral and Energy Board was held on **Wednesday, November 8, 2017**, beginning at 9:37 a.m. in the LaBelle Room, First Floor, LaSalle Office Building, Baton Rouge, Louisiana, subject to the call of the Governor and Ex-Officio Chairman.

I. CALL TO ORDER

Mr. Paul Segura, Chairman, called the meeting to order.

II. ROLL CALL

He then requested Mr. Jamie Manuel, Assistant Secretary of the Office of Mineral Resources, call the roll for the purpose of establishing a quorum.

W. Paul Segura, Jr., Chairman
Carol R. LeBlanc, Vice-Chair
Thomas F. Harris, DNR Secretary
Thomas L. Arnold, Jr.
Emile B. Cordaro
Theodore M. "Ted" Haik, Jr.
Robert D. Watkins
J. Todd Hollenshead
Rochelle A. Michaud-Dugas

The following members of the Board were recorded as absent:

Johnny B. Bradberry
Gregory C. Carter

Mr. Manuel announced that eight (8) members of the Board were present and that a quorum was established.

Also recorded as present were:

Stacey Talley – Business Analytics Specialist of the Office of Mineral Resources
Ryan Seidemann - Assistant Attorney General
Christopher Lento - Assistant Attorney General
Rachel Newman - Director, Mineral Income Division
Boyd Handley – Administrator, Geology, Engineering & Land Division
Emile Fontenot - Director, Petroleum Lands
Byron Miller – Supervisor, Geology
Jason Talbot – Supervisor, Geology
Charles Bradbury – Supervisor, Engineering
Blake Canfield – Executive Counsel, Department of Natural Resources
James Devitt - Deputy General Counsel, Department of Natural Resources

III. PLEDGE OF ALLEGIANCE

The Chairman led the Board in reciting the Pledge of Allegiance to the Flag of the United States of America.

IV. APPROVAL OF THE OCTOBER 11, 2017 MINUTES

The Chairman stated that the first order of business was the approval of the October 11, 2017 Minutes. A motion was made by Mr. Harris to adopt the Minutes as submitted and to waive reading of same. His motion was seconded by Ms. Michaud-Dugas and unanimously adopted by the Board. (No public comment was made at this time.)

The Chairman then stated that the next order of business was the presentation of the following Staff Reports:

** Resolutions are in chronological order at the end of the minutes*

V. STAFF REPORTS

- a) Lease Review Report
(Resolution #17-11-001)
- b) Nomination and Tract Report
(Resolution Nos. 17-11-002 thru 17-11-004)
- c) Audit Report
(Resolution No. 17-11-003)
- d) Legal and Title Controversy Report
(Resolution Nos. 17-11-005 thru 17-11-007)

- e) Docket Review Report
(Resolution Nos. 17-11-008 thru 17-11-018)

**a) LEASE REVIEW REPORT
November 8, 2017**

I. Geological and Engineering Staff Review

According to the SONRIS database, there were 1,244 active State Leases containing approximately 541,000 acres. Since the last Lease Review Board meeting, the Geological and Engineering Division reviewed 100 leases covering approximately 14,000 acres for lease maintenance and development issues.

II. Board Review

- 1. A staff report on State Lease 199-A, and Designated Area 1, Bay St. Elaine Field Selection, Terrebonne Parish. Hilcorp Energy I, L.P. is the operator. A motion was made by Mr. Haik, seconded by Mr. Cordaro to defer the staff's analysis of the lessee's development obligations for this lease until the first quarter of 2018.

III. Force Majeure

Force Majeure Report Summary – (Tracking) Update October 31, 2017

Company Name	Lease Numbers (Next Review)
Lobo Operating Inc.	16432, 16692, 16819 (December, 2017)

**b) NOMINATION AND TRACT REPORT
November 8, 2017**

The Board heard the report of Mr. Emile Fontenot on Wednesday November 8, 2017 relative to nominations received in the Office of Mineral Resources for the January 10, 2018 Mineral Lease Sale and other matters. Based upon the staff's recommendation, on motion of Mr. Haik, duly seconded by Mr. Hollenshead, the Board granted authority to the staff to advertise all such tracts as have been reviewed by 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. (Resolution 17-11-004)

On another matter, a request was made at the November 8, 2017 State Mineral and Energy Board meeting for the staff to furnish the Board with quarterly reports reflecting trends in the number of active leases, monthly lease nominations, bids received and awarded. On motion by Mr. Haik, seconded by Mr. Hollenshead, the board unanimously adopted the request. (Resolution 17-11-002)

**c) AUDIT REPORT
November 8, 2017**

The first matter considered by the Committee was a request to exclude Linder Oil Company, A Partnership from the Fiscal Year 2018 audit schedule.

Upon recommendation of the staff and upon motion of Mr. Watkins, seconded by Secretary Harris, the Committee voted unanimously to exclude Linder Oil Company, A Partnership from the Fiscal Year 2018 audit cycle.

The second matter on the audit report was the election of the November 2017 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.

d) LEGAL & TITLE REPORT
November 8, 2017

The first matter considered by the State Mineral and Energy Board (Board) was a request for final approval of a Settlement, Receipt and Release Agreement by and between Hunt Oil Company and the State of Louisiana, acting through its agent, the Louisiana State Mineral and Energy Board.

A settlement has been reached by the parties as to the payment of the proceeds of production from the L TUSC RA SUB, Fisher LBR Corp #2, L TUSC RA SUC, Fisher LBR Corp #2 and the L TUSC RA SUC, Ark-La Resources #2, affecting approximately 7.6 acres of B-Lease No. B1098, Tensas Parish, Louisiana, with further particulars being stipulated in the instrument. This item was duly advertised and appeared on Docket as Item 17-32.

Upon motion of Mr. Watkins, seconded by Mr. Hollenshead, and by unanimous vote of the Board, the State Mineral and Energy Board granted final approval for the above mentioned Settlement, Receipt and Release Agreement. No comments were made by the public. (Resolution No. 17-11-005)

The second matter considered by the Board was a request by the Staff of the Office of Mineral Resources to grant a second extension to the original May 10, 2017 extension to negotiate the terms of an Operating Agreement with BHP Billiton Petroleum (Americas), Inc. (BHP) on unleased State acreage and remove same from commerce.

This unleased State acreage, situated in Sections 29 and 30, Township 16 North, Range 11 West, Bossier Parish, Louisiana, being the same property covered by former State Lease No. 17732 within the HA RA SU 127 and the CV RA SU 45, Elmwood Field, is located in Bossier Parish, Louisiana. It was found that historical production and land issues were far more complicated than originally anticipated, thereby necessitating a request for a second extension. The State and BHP remain mutually interested in resolving this matter. After careful consideration, Staff recommended this second extension be granted by the Board and that the acreage be removed from commerce until February 14, 2018.

Upon motion of Mr. Watkins, seconded by Ms. Michaud-Dugas, and by unanimous vote of the Board, the State Mineral and Energy Board granted a second extension to the original May 10, 2017 extension to negotiate the terms of the Operating Agreement with BHP and to remove same from commerce until February 14, 2018, or until an Operating Agreement is confected and approved by the Board, whichever occurs first. No comments were made by the public. (Resolution No. 17-11-006)

The third matter considered by the Board was a discussion between the Board and Staff regarding Energy XXI's obligation to furnish certain types of information

pursuant to Paragraphs 11 and 12 of the State Mineral Lease Form. This item was a follow-up to Item #1 on the October 11, 2017 Legal and Title Report in reference to a discussion of the continued enforcement of Energy XXI's contractual obligation to plug and abandon wells and facilities located on former State Lease Nos. 14031, 18737 and 18738.

Mr. Boyd Handley addressed the Board in reference to the issue Mr. Hollenshead brought up last month. He stated that Staff is currently looking at the situation of sending out a letter and noting Article 12 of their Lease Agreement in the correspondence. Mr. Handley added that he will have an update at the December meeting.

Mr. Hollenshead stated that his concern with Energy XXI, not being critical of them – they just happened to come up before the Board and he looked at it; the two wells in question appear to be in open water with some serious pressure devices on them – 15,000 plus feet at one time and he is not sure what they are now. Energy XXI acquired these from Exxon – Exxon drilled these in the early 90's. Mr. Hollenshead said the one thing he found interesting when looking at it was that Energy XXI's current 10Q, which was current as of August 14, 2017 – had a letter of \$337 million in performance and payment bonds and a \$200 million line of credit payable to Exxon relating to assets in the Gulf of Mexico.

Mr. Hollenshead continued that his question, when looking at this, Exxon did a great job here covering themselves so he is wondering if anything can be learned from Exxon and....is any of this money available to plug our wells? Mr. Hollenshead stated that his concern is that the wells get plugged – there is half a billion dollars that Exxon acknowledged when these wells were transferred on February 9, 2011.

Mr. Haik asked if this means that Energy XXI is not following Paragraphs 11 and 12 of our State Mineral Lease in terms of P&A.

Mr. Handley answered that they have not. According to Article 12 in the lease, they have one year to P&A these wells. Mr. Haik asked if it has been a year. Mr. Handley answered that it has not. Mr. Haik asked if there are other situations like this. Mr. Handley answered that in all of our leases, there are leases that have been released and that OMR can check on that for Mr. Haik.

Mr. Haik continued that Mr. Handley did not answer his question, and again asked Mr. Handley if there are other wells that have not been plugged and abandoned in accordance with the leases. Mr. Handley answered that as of today, he could not tell that but can check on it for Mr. Haik.

Mr. Haik asked Mr. Handley if he could get the Board a report in regards to that and Mr. Handley confirmed that he will do so.

Mr. Haik asked Mr. Handley to explain exactly what it means if you do not plug and abandon.

Mr. Handley answered that there are two different situations here – one dealing with what the actual contract says; which it says that the Lessee is liable for the wells within one year. A lot of times the Lessee is not the operator who is under Conservation.

Mr. Haik stated that is not what he wanted to know; what he wanted to know is where is the liability. What happens if this does not occur? He continued, stating that is what he wants to know. What happens?

DNR Secretary Tom Harris addressed Mr. Haik's inquiry by stating that Staff has had discussions of this internally. He continued that his suggestions are to take advantage of all of our options as a landowner protecting the State's interest. There are options legally to pursue non-performance of terms of the lease. It is not a year yet so that is not an option. In the meantime, our option is what any landowner can do and be a squeaky wheel and, what he and the Assistant Secretary have discussed, is to just make it a matter of course, in situations like this, that Jamie Manuel sends a memo to the Office of Conservation, to the Commissioner, requesting A, B and C.

Mr. Haik asked if the Lessee can be penalized as a result of this.

Secretary Harris answered if the Office of Conservation issues an order to take certain actions and those actions are not taken, the Office of Conservation can issue penalties. The Office of Mineral Resources does not have the statutory authority to order Lessees to do anything. OMR has the options that any landowner, any Lessor would have....and by pursuing compliance through the Office of Conservation, OMR is not giving up any of those legal rights; in fact, OMR is strengthening its legal position if the Lessee ignores Office of Conservation orders – that our legal position would be stronger to sue for non-performance.

Mr. Haik stated that he thought he understood and asked, what occurs in the body of water or on the land or whatever if the well is not plugged and abandoned; what could occur environmentally or otherwise?

Secretary Harris answered Mr. Haik that, essentially that is why there are regulations in the Office of Conservation's rules that require plugging and abandoning, the proper P&A of a well when its useful life has ended.

Mr. Haik asked, but what if it is not plugged?

Secretary Harris continued that there is the potential for environmental contamination, both potentially at the surface and intermediate fresh water aquifers. It has been in the Office of Conservation rules for decades that wells need to be properly P&A'd in accordance with certain standards at the end of their useful life.

Mr. Haik asked if it would be encumbered upon them to know exactly how many. He stated that is the reason Mr. Hollenshead initially made his request. It would be incumbent upon the Board to know how many of these wells have been plugged and abandoned properly.

Mr. Hollenshead interjected that he has seen a report on that and it is in the thousands but he did not know how the breakout was and that concerns him – he stated that the procedure must go forwards, not backwards. Mr. Hollenshead continued that something he would like to see in the lease report each month, if possible, would be a number of releases when these leases are released, and a number of impacted wells. So the Board would have an idea of the magnitude of this problem. He continued that he does not know if there is a problem, it appeared to be with this one, but he would like to see those numbers.

Secretary Harris stated that what he would like to see, and he and the Assistant Secretary had spoken about this, is to make this part of our standard operating procedure; that when there is a release on a well, it is all part of the process – have a standard form so that the Staff does not have to figure out how to word this – it has already been through management and legal review....send a memo to the Commissioner of Conservation....

Ms. Leblanc asked if this was after a year – that would be what it takes. After a year when all this process would kick in and the Office of Conservation would be what had to be done at that time. Was that correct, she asked.

Secretary Harris answered that his thought was that as soon as reasonably possible, within a few weeks after the release, to send the memo requesting release to the Office of Conservation...and this would not be giving up any of our legal rights as Lessors. OMR can certainly still take legal action for non-performance but the Office of Conservation is the agency with the authority to enforce their rules and OMR should take full advantage of that, and remind them of what needs to be done.

Mr. Hollenshead asked if OMR should also copy the first one that the lease was transferred from since they are still in the chain of title. When Energy XXI is notified that they have not P&A'd the well, should Exxon's contact also be sent a copy of the letter to let them know that they have a potential liability there?

Secretary Harris stated that he would defer to the attorney in reference to this inquiry.

Mr. Haik stated that this concerned him – were there really a thousand wells that had not been properly plugged but had been abandoned that could possibly cause environmental impact?

Ryan Seidemann with the District Attorney's Office answered that was probably a question that only the Office of Conservation could answer since they were the ones that track that data.

Mr. Haik asked if the Board should know this information?

Mr. Seidemann continued that he was sure Conservation would know but sitting there today, he could not answer this question because Conservation was not there.

Mr. Haik asked if he could get a report. Mr. Haik asked how many wells have not been plugged along the coast of Iberia Parish because he would like to know that. He stated that was concerning to him. He asked if it had not been done, what could the Board do?

Assistant Secretary Jamie Manuel answered Mr. Haik that OMR had two issues running alongside each other there. There is the State's contractual rights and the Lessee's obligation under the Mineral Lease. Also, with that, there were regulatory rules that were enforced by the Office of Conservation. OMR could write the former Lessee a letter in the process of obtaining those releases and state in accordance with Articles 11 and 12, this well needs to be P&A'd within one year. OMR can follow up with that. The only teeth that the Office of Mineral Resources has to enforce its contractual provisions would be – just like every other landowner in the state – to bring a lawsuit. That would be a huge undertaking requiring lots of attorneys, lots of staff, and lots of money. What OMR could do, what Secretary Harris said, notify, utilize, and work with Conservation and let them know what wells need to be P&A'd whenever a lease has been released. Follow up with Conservation and be the squeaky wheel, as Tom said, and try to get these things enforced.

Mr. Seidemann added that whether right or wrong, it was a legislative decision to vest this Board with the leasing authority and to task the Office of Conservation with the plugging and abandoning remediation authority. OMR did not have the statutory authority to force the cleanup; that is done strictly under the planning authority of the Office of Conservation.

Mr. Haik stated that he would not argue that issue although he would like to know who the bad players were and he thought the Board had the right to know that.

Mr. Seidemann commented that, in that regard, he would suggest that, if the Board was interested, and he would defer to the Board, that this was a request that needed to go to the Office of Conservation because no one on this staff could answer that request.

Mr. Haik added that it should go to the Governor or it should probably go to the Parish President.....

Mr. Seidemann stated, yes, but they would not be able to answer your question. The Commissioner of Conservation would be able to answer your question.

Mr. Haik continued, no, but the people should know who the bad players are and that was the point. The ones that are not plugging and abandoning pursuant to the lease – would you not agree with that?

Mr. Seidemann answered that he did not have a position on that matter. To which, Mr. Haik responded, he knew he did not.

Mr. Haik continued, the point was, to him, quite simple; if Lessees are not doing what they are supposed to do under the lease, and if the wells are not being plugged properly, it could possibly cause an environmental catastrophe. Somebody should stand up and say “let’s do something about this”...and, he continued that it might not be Board’s authority but it was certainly is the Board’s purview to know about that and to make it public and request whomever has that authority to get off their duff. This is what Mr. Hollenshead was talking about, he stated – that the Board needs to bring that to light.

Mr. Seidemann asked that he be allowed to add one other thing to this matter. He continued that the bulk of abandoned in the traditional sense, orphaned non-plugged and abandoned wells; the entities that are responsible no longer exist – that much he knew just from working with this. He continued that highlighting the bad players, in that regard, would not accomplish anything – they do not exist anymore. But, he stated, going back to Mr. Haik’s statement, making a request to Conservation for the information that you are seeking was the only first step to be taken there.

Mr. Hollenshead added that he would ask that Mr. Seidemann consider, especially in this case, copying Exxon on that letter. Exxon is holding what appears to be half a billion dollars of these people’s money and they have a little bit of a hammer to make them do the right thing – at least allow them the opportunity.

Assistant Secretary Manuel responded that would be a possibility if it reaches beyond a year. He continued that he did not think OMR should have a practice of notifying people up the chain before they have actually violated something.

Mr. Hollenshead responded that he agreed with Assistant Secretary Manuel and would leave the notifying up to OMR.

The fourth matter considered by the Board was an update on the Lease Form Compilation Process.

Assistant Secretary Manuel addressed the Board that he updated the Board last month and along with that, his intentions were to, over the past month, deal with and address through OMR’s internal review process – Articles 3, 4 and 5 which had been completed. OMR Staff will take up Articles 6, 7 and 8 over the next month. He

continued that then, Article 9, the royalty provision – which was very important – OMR staff will finish the internal review of that provision by the end of the year.

Just as a note, going forward, at the request of some Board Members, and he stated that he was in agreement, Assistant Secretary Manuel will update the Board, periodically, as OMR Staff completes their internal review of 3, 4, or 5 Articles, those drafts will be sent to the Board Members to review and for informational purposes. He continued that he encouraged the Board Members, if they have any issues with the drafts as the review process continues, as the drafts are received, to pick up the phone and call or send him an email so that it can be discussed while going through the process. That way, he stated, the Board is not inundated with the entire lease at the end of the entire process.

Mr. Haik responded that he appreciated Assistant Secretary Manuel's position with regard and he would like to make a motion to that effect. For instance, as he understood it, Staff has reviewed Articles 1 through 5 and those are to be sent to the Board for review, for informational purposes and questions, and as Staff goes through each stage, as Assistant Secretary Manuel mentioned – Articles 6, 7 and 8 – they will be sent to the Board for review and comment.

Mr. Haik stated that his motion would be that Staff reviews the Articles of the proposed new lease form and completes the review process of those Articles; that Staff forwards the reviewed Articles to the Board Members for review and informational purposes. Mr. Haik continued with his motion that when all Articles of the new lease form have been reviewed by OMR Staff, before the new lease form is published for public review, that the Board will be sent the entire document for comment and review. Mr. Segura asked if the lease would be in a draft form to which Mr. Haik replied that it would be in a draft form.

Mr. Watkins seconded the motion by Mr. Haik and, by unanimous vote of the Board, the State Mineral and Energy Board approved the motion to allow Staff to review the Articles of the proposed new lease and to complete the review process of those Articles. At the completion of review of the Articles, Staff will forward the reviewed Articles to the Board Members for review and informational purposes. At Staff's conclusion of the review process of all Articles of the new lease form, the Board will be forwarded the new lease form in its entirety for the Board's review and comments prior to publication for public review. (Resolution No. 17-11-007).

At the conclusion of the Docket Review Report, Ryan Seidemann reminded the Board Members that distribution of the new lease form by email would be acceptable; however, discussion through email that is not within the context of an open meeting would not be acceptable. He continued that Board Members were welcome to verbally communicate with Staff individually.

e) DOCKET REPORT
November 8, 2017

The Board heard the report of Emile Fontenot on Wednesday, November 8, 2017, relative to the following:

Category A: State Agency Leases
There were no items for this category

Category B: State Lease Transfers.
Docket Item Nos. 1 through 10

Category C: Department of Wildlife & Fisheries State Agency Lease Transfers
There were no items for this category

Category D: Advertised Proposals
Docket Item No. 17-32

Based upon the staff's recommendation, on motion of Mr. Harris, duly seconded by Ms. Michaud-Dugas, the Board voted unanimously to accept the following recommendations:

Category B: State Lease Transfers
Approve Docket Item Nos. 1 through 10
(Resolutions 17-11-08 through 17-11-017)

Category D: Advertised Proposals
Approve Docket Item No. 17-32, upon recommendation of the Legal and Title Controversy Review
(Resolution 17-11-018)

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

The Chairman stated that the next order of business was discussions in Executive Session to consider matters before the Board which were confidential in nature. Upon motion of Mr. Hollenshead, seconded by Ms. Michaud-Dugas, the Board Members went into Executive Session at 10:37 a.m.

Upon motion of Ms. LeBlanc, seconded by Mr. Hollenshead, the Board reconvened in open session at 11:02 a.m. for consideration of the following matters discussed in Executive Session:

VI. EXECUTIVE SESSION

- a. A status update regarding settlement of outstanding audit issues with ChevronTexaco, Texaco E&P Inc. and Unocal

This item was only a discussion, and no Board action was taken.

- b. A discussion and request for authority regarding termination of State Lease Nos. 16442, 16443, 16543, 16594, 16890, 17303 and 18078 in Plaquemines and Saint Bernard Parishes, Louisiana. All leases are operated by Lobo Operating, Inc. and Lobo Oil & Gas, LLC is the state's lessee for all seven (7) state leases.

Upon motion of Mr. Harris, seconded by Mr. Watkins, the Board voted unanimously to grant Staff the authority to send a letter of termination and demand for release of State Lease Nos. 16442, 16443, 16543, 16594, 16890, 17303 and 18078 as discussed in Executive Session. No comments were made by the public. (Resolution No. 17-11-019)

- c. Technical Briefing on Bids

The Board was briefed on the bids received at today's lease sale.

VII. AWARDING OF LEASES

The Chairman stated that the next order of business was the awarding of the leases and called on Mr. Jason Talbot to present Staff's recommendations to the Board. Mr. Talbot stated that Staff recommends that the bids received on Tract Nos. 44796, 44798, 44799, and 44800 be accepted.

Upon motion by Mr. Cordaro, seconded by Mr. Watkins, the Board unanimously voted to accept the following bids:

1. Award a lease on a Tract 44796 to Hilcorp Energy 1, L.P.
2. Award a lease on a Tract 44798 to Theophilus Oil, Gas & Land Services, LLC
3. Award a lease on a Tract 44799 to Rovig Minerals, Inc.
4. Award a lease on a Tract 44800 to Wapiti Operating, LLC

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.)

This concluded the awarding of the leases.

The Chairman then announced that the next order of business would be the discussion of new business.

VIII. NEW BUSINESS

No new business was discussed by the Board.

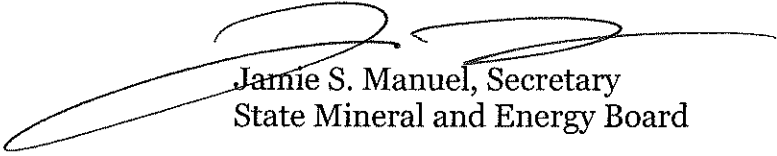
IX. ANNOUNCEMENTS

Mr. Manuel stated that there were four (4) leases awarded totaling \$281,157.00 for the October 8, 2017 Lease Sale bringing the fiscal year-to-date total to \$2,348,265.80.

X. ADJOURNMENT

The Chairman then stated there being no further business to come before the Board, upon motion of Mr. Haik, seconded by Mr. Hollenshead, the meeting was adjourned at 11:05 a.m.

Respectfully Submitted,



Jamie S. Manuel, Secretary
State Mineral and Energy Board