REGULAR MEETING NOVEMBER 9, 2022

The Regular Meeting of the State Mineral and Energy Board was held on **Wednesday, November 9, 2022**, beginning at 9:45 a.m. in the LaBelle Room of the LaSalle Building, 617 N. 3rd Street, First Floor, Baton Rouge, Louisiana.

I. CALL TO ORDER

Due to the absence of the Chairman and Vice-Chair, a vote was held to elect a Chairman Pro Tempore. Mr. Harvey "Ned" White volunteered to serve as Chairman Pro Tempore.

A motion was made by Mr. Watkins to elect Mr. White as the Chairman Pro Tempore. His motion was seconded by Mr. Harris and unanimously adopted by the Board. (No public comments were made at this time.)

Chairman Pro Tempore White called the meeting to order.

II. ROLL CALL

OMR Assistant Secretary Jamie Manuel then called the roll for the purpose of establishing a quorum.

Harvey "Ned" White, Chairman Pro Tempore
J. Todd Hollenshead
Robert D. Watkins
Rochelle A. Michaud-Dugas
Willie J. Young, Sr.
Harry J. Vorhoff, Governor John Bel Edwards Designee
Thomas F. Harris, DNR Secretary

The following members were recorded as absent:

Mr. W. Paul Segura, Jr., Chairman Carol R. LeBlanc, Vice-Chair Thomas L. Arnold, Jr. Darryl D. Smith

Chairman Pro Tempore White announced that a quorum of seven (7) members was established.

III. PLEDGE OF ALLEGIANCE

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

IV. APPROVAL OF THE OCTOBER 12, 2022 MINUTES

The Chairman Pro Tempore stated that the first order of business was the approval of the Minutes.

A motion was made by Ms. Michaud-Dugas to adopt the October 12, 2022 Minutes as submitted and to waive reading of the same. Her motion was seconded by Mr. Vorhoff and unanimously adopted by the Board. (No public comments were made at this time.)

The Chairman Pro Tempore stated the next order of business was the presentation of the following Staff Reports:

V. STAFF REPORTS

- a) **Lease Review Report** Presented by Jason Talbot, Petroleum Scientist Manager, and Charles Bradbury, P.E., Petroleum Scientist Manager, Geology, Engineering and Land Division
- b) **Nomination and Tract Report** Presented by Greg Roberts, Petroleum Lands Director, Geology, Engineering and Land Division
- c) **Audit Report** Presented by Rachel Newman, Audit Director, Mineral Income Division
- d) **Legal and Title Controversy Report** Presented by Greg Roberts, Petroleum Lands Director, Geology, Engineering and Land Division
- e) **Docket Review Report** Presented by Greg Roberts, Petroleum Lands Director, Geology, Engineering and Land Division

^{*} Resolutions are in chronological order at the end of the minutes.

a) LEASE REVIEW REPORT NOVEMBER 9, 2022

(Resolution Nos. 22-11-001 through 22-11-002)

I. GEOLOGICAL AND ENGINEERING STAFF REVIEW

According to the SONRIS database, there are 1002 active State Leases containing approximately 424,828 acres. Since the last Lease Review Report, the Geological and Engineering Division reviewed 103 leases covering approximately 20,384 acres for lease maintenance and development.

II. BOARD REVIEW

There were no State Lease items to bring before the Board.

III. FORCE MAJEURE

1. Mr. Charles Bradbury of the Office of Mineral Resources reported that Talos Third Coast LLC (Talos) requested recognition of a force majeure event after-the-fact affecting State Lease No. 5683 and a portion of State Lease No. 14108 located in Deer Island West Field, Terrebonne Parish, Louisiana.

Mr. Bradbury reported that the unit well for these leases was originally shutin due to Hurricane Ida and that production was quickly restored briefly in September but was shut-in due to equipment failure.

Mr. Bradbury further reported that the well was turned on again December 4, 2021 and then shut-in for a period of greater than ninety (90) days and that Talos finally restored production on April 6, 2022.

Mr. Bradbury continued that the reason the well remained shut-in was due to the inability to get the necessary materials and equipment to conduct the tank repairs and, that the unitized state acreage will otherwise expire unless the Board recognizes the suspending event.

Staff requested that the Board recognize the suspending event after-the-fact and request that Talos proceed with amending the leases to update force majeure and shut-in payment language.

Upon motion of Mr. Harris, seconded by Ms. Michaud-Dugas, and by unanimous vote of the Board, the Board confirmed the recognition of a suspending event after-the-fact and request that Talos Third Coast LLC proceed with amending State Lease No. 5683 and State Lease No. 14108 to

update force majeure and shut-in payment language. There were no comments from the public on this matter. (Resolution No. 22-11-001)

2. Mr. Charles Bradbury of the Office of Mineral Resources reported that Southern Oil of Louisiana (Southern Oil) requested recognition of a force majeure affecting a portion of State Lease No. 21380 in East Cox Bay Field, Plaquemines Parish, Louisiana.

Mr. Bradbury reported this recognition is requested due to supply chain issues surrounding the coordination of multiple contractors' equipment and manpower to perform downhole reworking operations to restore this portion of the lease and, that otherwise, this lease would expire on November 8, 2022 without this recognition.

Mr. Bradbury further reported that the force majeure request was timely and the current language within the lease provides for a recognition of this type.

Mr. Bradbury continued that the staff recognized this force majeure event and granted Southern Oil the period of November 8, 2022 through December 8, 2022 to initiate downhole reworking operation to maintain this portion of State Lease No. 21380.

Staff requested that the Board confirm the recognition of the force majeure condition on this lease.

Upon motion of Mr. Watkins, seconded by Ms. Michaud-Dugas, and by unanimous vote of the Board, the Board confirmed the request by Southern Oil of Louisiana for recognition of force majeure condition for the period of November 8, 2022 through December 8, 2022 to initiate downhole reworking operation to maintain this portion of State Lease No. 21380. There were no comments from the public on this matter. (Resolution No. 22-11-002)

b) NOMINATION AND TRACT REPORT NOVEMBER 9, 2022

(Resolution No. 22-11-003)

The Board heard the report of Mr. Greg Roberts on Wednesday, November 9, 2022 relative to nominations received in the Office of Mineral Resources for the November 9, 2022 Mineral Lease Sale and other matters.

Based upon Staff's recommendation, and on motion of Ms. Michaud-Dugas, duly seconded by Mr. Hollenshead, the Board granted authority to Staff to advertise all such

tracts that have been received 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. (Resolution No. 22-11-003)

c) AUDIT REPORT NOVEMBER 9, 2022

(Resolution Nos. 22-11-004 through 22-11-006)

The first matter on the audit report was a recoupment request from Talos Third Coast, LLC for an overpayment in the amount of \$40,437.85.

Upon recommendation of Staff and upon motion of Mr. Harris, seconded by Mr. Young, the Board voted unanimously to approve the recoupment request of Talos Third Coast, LLC for the overpayment of \$40,437.85. (Resolution No. 22-11-004)

The second matter on the audit report was a recoupment request from Talos Third Coast, LLC for an overpayment in the amount of \$186,180.78.

Upon recommendation of Staff and upon motion of Mr. Young, seconded by Ms. Michaud-Dugas, the Board voted unanimously to approve the recoupment request of Talos Third Coast, LLC for the overpayment of \$186,180.78. (Resolution No. 22-11-005)

The third matter on the audit report was a penalty waiver request from Talos Third Coast, LLC.

Upon recommendation of the staff and upon the motion of Mr. Watkins, seconded by Ms. Michaud-Dugas, the Board voted unanimously to waive seventy-five percent (75%) of the penalty waiver request of \$29,146.24, which amounts to \$7,286.56 due to the state. (Resolution No. 22-11-006)

The fourth matter on the audit report was the election of the November 2022 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 CONTROVERSY REPORT NOVEMBER 9, 2022

There were no items to be presented to the State Mineral and Energy Board for consideration.

e) DOCKET REVIEW REPORT NOVEMBER 9, 2022

(Resolution Nos. 22-11-007 through 22-11-014)

The Board heard the report from Greg Roberts on Wednesday, November 9, 2022, 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 4

Category C: Department of Wildlife & Fisheries State Agency Lease

There were no items for this category

Category D: Advertised Proposals

Docket Item Nos. 1 through 4

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

Category B: State Lease Transfers

Docket Item Nos. 1 through 4

(Resolution Nos. 22-11-007 through 22-11-010)

Category D: Advertised Proposals

Docket Item Nos. 1 through 4

(Resolution Nos. 22-11-011 through 22-11-014)

VI. EXECUTIVE SESSION

The Chairman Pro Tempore 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. Vorhoff, seconded by Mr. Young, the Board Members went into Executive Session at 10:01 a.m.

Upon motion of Ms. Michaud-Dugas, seconded by Mr. Young, the Board reconvened in open session at 10:59 a.m.

OMR Assistant Secretary Jamie Manuel then called the roll confirm a quorum of the following Board Members:

Harvey "Ned" White, Chairman Pro Tempore
J. Todd Hollenshead
Robert D. Watkins
Rochelle A. Michaud-Dugas
Willie J. Young, Sr.
Harry J. Vorhoff, Governor John Bel Edwards Designee
Thomas F. Harris, DNR Secretary

The following items were presented and discussed in Executive Session for consideration:

a. A request for authority to pursue a claim for reasonable development of State Lease No. 1794.

Upon motion of Ms. Michaud-Dugas, seconded by Mr. Hollenshead, and by unanimous vote of the Board, the State Mineral and Energy Board granted authority to Staff to pursue a claim for reasonable development of State Lease No. 1794 and to pursue validation of an assignment in relation to State Lease No. 1794. There were no comments from the public on this matter. (Resolution No. 22-11-015)

b. An update and discussion regarding potential projects and negotiations involving Wind Energy leasing on State owned lands and water-bottoms.

This matter was a discussion only and no action was taken by the Board.

c. A discussion of proposed terms for an Operating Agreement with Southwestern Energy on acreage in the Bayou San Miguel Field in Sabine Parish, Louisiana.

Upon motion of Mr. Watkins, seconded by Mr. Young, and by unanimous vote of the Board, the State Mineral and Energy Board granted authority to Staff to proceed as discussed in Executive Session on this matter. There were no comments from the public on this matter. (Resolution No. 22-11-016)

d. An update and discussion of ongoing negotiations of operating agreements for carbon capture and sequestration on State owned lands and water-bottoms and for property owned by the Louisiana Department of Wildlife and Fisheries.

This matter was a discussion only and no action was taken by the Board.

e. Technical Briefing on Bids

VII. AWARDING OF LEASES

The Chairman Pro Tempore 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.

The Staff reported that there were five (5) tracts up for bid. The Staff stated that there were two (2) single bids received on two (2) of the five (5) tracts.

The Staff recommended that the Board accept the two (2) single bids.

Upon motion of Ms. Michaud-Dugas, and seconded by Mr. Harris, the Board voted unanimously to accept Staff's recommendations and to accept the following bids and award leases on the following Tracts:

Tract 45596

(Entire: 437.0 acres)

Bidder : Cypress Energy Corporation

: Three (3) years **Primary Term** : \$1,356,885.00 Cash Payment **Annual Rental** : \$678,442.50

: 27.6 % on oil and gas Royalties

: 27.6% on other minerals

Additional Consideration: As additional consideration for the granting of this lease,

Lessee agrees that within 24 months from the date of this lease, Lessee will commence or cause to be commenced the drilling of a bona fide test well to the Haynesville formation on or bottomed under the lease premises, or acreage pooled or unitized therewith, and drill such a test well as a reasonably prudent operator in an effort to establish the production of oil and or gas in commercial quantities. In the event Lessee does not drill such well, then Lessee will pay to the State of Louisiana as liquidated damages the sum of \$500 per acre within 30 days after said 24 month period. It is understood said liquidated damage payment shall not be considered a rental payment. This drilling obligation is subject to Lessee being able to timely secure all required permits, and subject to the Lessee not being prohibited from conducting drilling

operations by reason of force majeure.

Tract 45598

(Portion: 40.0 acres)

Bidder : Perrin Petroleum Products, L.L.C.

Primary Term : Three (3) years Cash Payment : \$10,000.00 Annual Rental : \$5,000.00

Royalties : 22.0 % on oil and gas

: 22.0% on other minerals

Additional Consideration: None

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.

This concluded the awarding of the leases.

VII. NEW BUSINESS

There was no new business.

IX. ANNOUNCEMENTS

Mr. Manuel stated that the leases awarded totaled \$1,366,885.00 for the November 9, 2022 Lease Sale bringing the fiscal year total to \$6,413,556.07.

X. ADJOURNMENT

The Chairman Pro Tempore then stated that there being no further business to come before the Board, upon motion of Mr. Harris, seconded by Ms. Michaud-Dugas, the meeting was adjourned at 11:02 a.m.

Respectfully Submitted,

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #22-11-001

(LEASE REVIEW REPORT)

WHEREAS, on motion of Mr. Harris, seconded by Ms. Michaud-Dugas, the following resolution was offered and adopted:

WHEREAS, Mr. Charles Bradbury of the Office of Mineral Resources made a report on a request by Talos Third Coast LLC (Talos) for recognition of an after-the-fact force majeure condition affecting State Lease No. 5683 and a portion of State Lease No. 14108 located in Deer Island West field, Terrebonne Parish, Louisiana; and,

WHEREAS, the Staff reported that the unit well for these leases was originally shut-in due to Hurricane Ida and that production was quickly restored briefly in September but was shut-in due to equipment failure; and

WHEREAS, the Staff further reported that the well was turned on again on December 4, 2021 and then shut-in for a period of greater than ninety (90) days and that Talos finally restored production on April 6, 2022; and

WHEREAS, the Staff also reported that the reason the well remained shut-in was due to the inability to get the necessary materials and equipment to conduct the tank repairs and, that the unitized state acreage would otherwise expire unless the Board recognized the suspending event; and

WHEREAS, the Staff recommended that the State Mineral and Energy Board recognize the suspending event after-the-fact and request that Talos proceed with amending the leases to update force majeure and shut-in payment language; and

NOW THEREFORE BE IT RESOLVED, that the State Mineral and Energy Board approves the after-the-fact force majeure condition by Talos Third Coast LLC affecting State Lease No. 5683 and a portion of State Lease No. 14108 in Terrebonne Parish, Louisiana, and requests that Talos Third Coast LLC amend the leases to update force majeure and shut-in payment language.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 9th day of November, 2022, of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and in compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Board and is now in full force and effect.

JAMIE S. MANUEL, SECRETARY
LOUISIANA STATE MINERAL AND ENERGY BOARD

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #22-11-002

(LEASE REVIEW REPORT)

WHEREAS, on motion of Mr. Watkins, seconded by Ms. Michaud-Dugas, the following resolution was offered and adopted:

WHEREAS, Mr. Charles Bradbury of the Office of Mineral Resources made a report on a request by Southern Oil of Louisiana (Southern Oil) for recognition of a force majeure condition affecting a portion of State Lease No. 21380 in East Cox Bay Field, Plaquemines Parish, Louisiana; and

WHEREAS, the Staff reported that the request is due to supply chain issues surrounding the coordination of multiple contractors' equipment and manpower to perform downhole reworking operations to restore this portion of the lease and, that otherwise, this lease would expire on November 8, 2022 without this recognition; and

WHEREAS, the Staff reported that the force majeure request was timely and the current language within the lease provides for a recognition of this type; and

WHEREAS, the Staff recognized this force majeure event and granted Southern Oil the period of November 8, 2022 through December 8, 2022 to initiate downhole reworking operation to maintain this portion of State Lease No. 21380; and

WHEREAS, the Staff recommends that the Board confirm the Staff's recognition of force majeure of a portion of State Lease No. 21380.

NOW THEREFORE BE IT RESOLVED, that the State Mineral and Energy Board confirms the recognition of a force majeure event requested by Southern Oil of Louisiana affecting State Lease No. 21380 for the period of November 8, 2022 through December 8, 2022 to initiate downhole reworking operation to maintain this portion of State Lease No. 21380

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 9th day of November 2022, of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice and in compliance with law, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Board and is now in full force and effect.

JAMIÉ S. MANUEL, SECRETARY LOUISIANA STATE MINERAL AND ENERGY BOARD

LOUISIANA STATE MINERAL AND ENERGY BOARD

Authority to Advertise Tracts for the January 11, 2023 Lease Sale

RESOLUTION #22-11-003

(NOMINATION AND TRACT REPORT)

WHEREAS, Mr. Greg Roberts reported that eight (8) tract(s) were nominated for the January 11, 2023 Mineral Lease Sale, and requested that same be advertised pending staff review;

ON MOTION of **Ms. Michaud-Dugas**, seconded by **Mr. Hollenshead**, the following recommendation was offered and unanimously adopted by the Board after discussion and careful consideration:

That the State Mineral and Energy Board grant approval to advertise all such tract(s) for the January 11, 2023 Mineral Lease Sale;

NOW, BE IT THEREFORE RESOLVED, that the State Mineral and Energy Board does hereby approve and authorize the advertising of all such tracts received by the staff of the Office of Mineral Resources, as well as any tracts that were previously advertised and rolled over, and to otherwise approve the Nomination and Tract Report.

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 9th day of November 2022, 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 #22-11-004 (AUDIT REPORT)

Talos Third Coast, LLC Recoupment

WHEREAS, Talos Third Coast, LLC has made a letter of application for an adjustment of \$40,437.85 for the Atchafalaya Bay Field, State Leases 20035, 20219, 20220, 20222, 20526, 20527; and

WHEREAS, this amount was based on Talos Third Coast, LLC submitting an overpayment of plant products royalties based on incorrect volume and price for the period March 2021 in the Atchafalaya Bay Field; and

WHEREAS, the Mineral Income Division has verified that an overpayment in the amount of \$40,437.85 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 Talos Third Coast, LLC to recoup the \$40,437.85 overpayment.

ON MOTION of Secretary Harris, seconded by Mr. Young, after discussion and careful consideration the following recommendation was offered and adopted by the Board;

NOW, BE IT THEREFORE RESOLVED, that the Board does authorize and direct the Mineral Income Director to effectuate the credit adjustment of \$40,437.85 to Talos Third Coast, LLC 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 9th day of November, 2022, 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 #22-11-005 (AUDIT REPORT)

Talos Third Coast, LLC Recoupment

WHEREAS, Talos Third Coast, LLC has made a letter of application for an adjustment of \$186,180.78 for the Atchafalaya Bay Field, State Lease 20035, 20221, 20369; and

WHEREAS, this amount was based on Talos Third Coast, LLC submitting an overpayment of gas royalties based on incorrect volume and price for the period March 2021 in the Atchafalaya Bay Field; and

WHEREAS, the Mineral Income Division has verified that an overpayment in the amount of \$186,180.78 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 Talos Third Coast, LLC to recoup the \$186,180.78 overpayment.

ON MOTION of Mr. Young, seconded by Ms. Michaud-Dugas, after discussion and careful consideration the following recommendation was offered and adopted by the Board;

NOW, BE IT THEREFORE RESOLVED, that the Board does authorize and direct the Mineral Income Director to effectuate the credit adjustment of \$186,180.78 to Talos Third Coast, LLC 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 9th day of November, 2022, 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 #22-11-006 (AUDIT REPORT)

Penalty Waiver
Talos Third Coast, LLC

WHEREAS, a request was made by Talos Third Coast, LLC for a penalty waiver request in the amount of \$29,146.24 due to late royalty payments in Atchafalaya Bay (0141); State Leases 20035 & 20221.

WHEREAS, the Staff of the Office of Mineral Resources, upon thorough review and consideration, recommended seventy-five percent (75%) of the penalty be waived;

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

ON MOTION of Mr. Watkins, seconded by Ms. Michaud-Dugas, the following recommendation was offered and unanimously adopted by the State Mineral and Energy Board after discussion and careful consideration;

NOW, BE IT THEREFORE RESOLVED that the State Mineral and Energy Board does hereby grant in accordance with the Penalty Waiver Protocol, a 75% penalty waiver of \$21,859.68 with a balance of \$7,286.56 due to 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 9th day of November, 2022, 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 #22-11-007 (DOCKET)

On motion of Ms. Michaud-Dugas, seconded by Mr. Watkins, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 1 from the November 9, 2022 meeting be approved, said being an Assignment from Cypress Energy Corporation to SWN Production (Louisiana), LLC, of all of Assignor's right, title and interest in and to State Lease No. 22083, Red River Parish, Louisiana, with further particulars being stipulated in the instrument.

<u>SWN Production (Louisiana), LLC</u> is designated as the joint account Lessee (contact company) 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 or Secretary 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 <u>9th</u> day of <u>November</u>, 2022, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is <u>duly entered</u> in the Minute Book of said Board and is now in full force and effect.

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #22-11-008 (DOCKET)

On motion of Ms. Michaud-Dugas, seconded by Mr. Watkins, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 2 from the November 9, 2022 meeting be approved, said being an Assignment from An Assignment from Cypress Energy Corporation to Paloma Natural Gas, LLC, of all of Assignor's right, title and interest in and to State Lease No. 22091, Caddo Parish, Louisiana, with further particulars being stipulated in the instrument.

<u>Paloma Natural Gas, LLC</u> is designated as the joint account Lessee (contact company) 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 thind:
- 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 or Secretary 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 <u>9th</u> day of <u>November</u>, 2022, 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.

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #22-11-009 (DOCKET)

On motion of Ms. Michaud-Dugas, seconded by Mr. Watkins, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 3 from the November 9, 2022 meeting be approved, said being an Assignment from Cypress Energy Corporation to Paloma Natural Gas, LLC, of all of Assignor's right, title and interest in and to State Lease No. 22093, Bossier and Caddo Parishes, Louisiana, with further particulars being stipulated in the instrument.

<u>Paloma Natural Gas, LLC</u> is designated as the joint account Lessee (contact company) 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 or Secretary 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 9th day of November, 2022, 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.



LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #22-11-010 (DOCKET)

On motion of Ms. Michaud-Dugas, seconded by Mr. Watkins, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 4 from the November 9, 2022 meeting be approved, said being an Assignment, Restated Assignment and Amendment of Assignment from CEL Properties, LLC and RLI Properties, LLC to the following in the proportions set out below:

C4K Investments, LP 90.00%
Cazar Energy, Inc. 6.67%
Cain Interest and Royalty, LLC 3.33%

in and to State Lease Nos. 20499 and 20512, Jefferson Parish, Louisiana, with further particulars being stipulated in the instrument

<u>C4K Investments, LP</u> is designated as the joint account Lessee (contact company) 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 or Secretary 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 9th day of November, 2022, 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.

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #22-11-011 (DOCKET)

On motion of Ms. Michaud-Dugas, seconded by Mr. Watkins, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 22-12 from the November 9, 2022 meeting be approved, said instrument being a Unitization Agreement by and between the State Mineral and Energy Board, for and on behalf of the State of Louisiana and LLOLA, L.L.C., to create a 995.22 acre unit, more or less, identified as the "Voluntary Unit "A", with 821.40 acres being attributable to State Lease No. 22079 and 173.82 acres being attributable to State Lease No. 22085, Breton Sound Block 23 Field, Plaquemines Parish, Louisiana, with further particulars being stipulated 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 9th day of November, 2022 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.

Jamie'S. Manuel, Secretary

State Mineral and Energy Board

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #22-11-012 (DOCKET)

On motion of $\underline{\mathsf{Ms. Michaud\text{-}Dugas}}$, seconded by $\underline{\mathsf{Mr. Watkins}}$, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 22-13 from the November 9, 2022 meeting be approved, said instrument being a Unitization Agreement by and between the State Mineral and Energy Board, for and on behalf of the State of Louisiana and Hilcorp Energy Company, to create a 448.918 acre unit, more or less, identified as the "10500' RD SUA", with 359.141 acres being attributable to State Lease No. 1922 and the remaining attributable to private to private ownership, West Delta Block 83 Field, Plaquemines Parish, Louisiana, with further particulars being stipulated 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 <u>9th</u> day of <u>November</u>, 2022 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.

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #22-11-013 (DOCKET)

On motion of <u>Ms. Michaud-Dugas</u>, seconded by <u>Mr. Watkins</u>, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 22-14 from the November 9, 2022 meeting be approved, said instrument being a Lease Amendment by and between the State of Louisiana, acting through its agency, the Louisiana State Mineral and Energy Board and Southern Oil of Louisiana LLC, whereas said parties desire to extend the primary term for six (6) months through May 14, 2023 and an option for an additional six (6) month period beyond May 14, 2023 and through November 14, 2023, affecting State Lease No. 21964, Plaquemines Parish, Louisiana, with further particulars being stipulated 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 <u>9th</u> day of <u>November</u>, 2022 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.

LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #22-11-014 (DOCKET)

On motion of <u>Ms. Michaud-Dugas</u>, seconded by <u>Mr. Watkins</u>, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 22-15 from the November 9, 2022 meeting be approved, said instrument being a Communitization Agreement presented by Hilcorp Energy, I, L.P., Entech Enterprises, LLC, Plaquemines Oil & Development Company and the State Mineral and Energy Board for and on behalf of the State of Louisiana and the United States Bureau of Land Management, to create a 300.897 acre unit, more or less, identified as the MF RA SUA Unit, being attributable to State Lease No. 2227 and the remaining acreage being attributable to private ownership and Federal Leases, Plaquemines Parish, Louisiana, with further particulars being stipulated 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 <u>9th</u> day of <u>November</u>, 2022 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.

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #22-11-015

(EXECUTIVE SESSION)

Executive Session Discussion Re: Claim for Reasonable Development of SL No. 1794

WHEREAS, a discussion regarding a request by Staff for authority to pursue a claim for reasonable development of State Lease No. 1794 was held in Executive Session; and

WHEREAS, on May 25, 2022, the Office of Mineral Resources Geological and Engineering Section (G&E) notified Cox Bay LLC of Delaware (Cox Bay), a lessee having rights under State Lease No. 1794, by letter requesting a plan of development on State Lease No. 1794 or to release acreage; and

WHEREAS, on July 29, 2022, Cox Bay notified G&E by letter that they had assigned State Lease No. 1794 to SeaBass Oil & Gas LLC (SeaBass) and any plan of development should be requested from SeaBass, with a copy of the executed assignment attached to Cox Bay's letter; and

WHEREAS, the SMEB determined that the assignment from Cox Bay to SeaBass will not be approved by the SMEB and that Cox Bay will remain a lessee under State Lease No. 1794; and

WHEREAS, the State Mineral and Energy Board (SMEB) determined that Staff should continue to pursue a plan of development from Cox Bay; and

ON MOTION of Ms. Michaud-Dugas, seconded by Mr. Hollenshead, the following Resolution was offered and unanimously adopted by the State Mineral and Energy Board:

NOW THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board grants authority to Staff to pursue a claim for reasonable development of State Lease No. 1794. Further the State Mineral and Energy Board does not consent to or approve the assignment of State Lease 1794 from Cox Bay LLC of Delaware to SeaBass Oil & Gas LLC.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 9th day of November, 2022 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of the State Mineral and Energy Board and is now in full force and effect.

JAMIE S. MANUEL, SECRETARY State Mineral and Energy Board

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #22-11-016

(EXECUTIVE SESSION)

Discussion of Proposed Terms for Operating Agreement with Southwestern Energy on acreage in Bayou San Miguel Field. Sabine Parish.

WHEREAS, a discussion regarding the proposed terms for an Operating Agreement with Southwestern Energy on acreage in the Bayou San Miguel Field in Sabine Parish, Louisiana, was held in Executive Session.

ON MOTION of Mr. Watkins, seconded by Mr. Young, the following Resolution was offered and unanimously adopted by the State Mineral and Energy Board:

NOW THEREFORE, BE IT RESOLVED that the State Mineral and Energy Board grants authority to the Staff to proceed with the proposed terms for an Operating Agreement with Southwestern Energy on acreage in the Bayou San Miguel Field in Sabine Parish, Louisiana, was held in Executive Session, as discussed in Executive Session.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 11th day of November, 2022 of the State Mineral and Energy Board in the City of Baton Rouge, State of Louisiana, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of the State Mineral and Energy Board and is now in full force and effect.

JAMTE S. MANUEL, SECRETARY State Mineral and Energy Board