REGULAR MEETING MARCH 8, 2023

The Regular Meeting of the State Mineral and Energy Board was held on **Wednesday, March 8, 2023**, beginning at 9:40 a.m. in the LaBelle Room of the LaSalle Building, 617 N. 3rd Street, First Floor, Baton Rouge, Louisiana.

I. CALL TO ORDER

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

II. ROLL CALL

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

W. Paul Segura, Jr., Chairman
Carol R. LeBlanc, Vice-Chair
J. Todd Hollenshead
Robert D. Watkins
Willie J. Young, Sr.
Harvey "Ned" White
Mark Brady for Thomas F. Harris, DNR Secretary
Harry J. Vorhoff, Governor John Bel Edwards Designee

The following members were recorded as absent:

Thomas L. Arnold, Jr. Rochelle A. Michaud-Dugas Darryl D. Smith

Chairman Segura announced that a quorum of eight (8) members was established.

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 FEBRUARY 8, 2023 MINUTES

The Chairman stated that the second order of business was the approval of the Minutes.

A motion was made by Mr. Watkins to adopt the February 8, 2023 Minutes as submitted and to waive reading of the same. His motion was seconded by Mr. White and unanimously adopted by the Board. (No public comments were made at this time.)

The Chairman 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 MARCH 8, 2023

(Resolution No. 23-03-001 through 23-03-002)

I. GEOLOGICAL AND ENGINEERING STAFF REVIEW

According to the SONRIS database, there are 1,009 active State Leases containing approximately 425,678 acres. Since the last Lease Review Report, the Geological and Engineering Division reviewed 141 leases covering approximately 58,485 acres for lease maintenance and development.

II. BOARD REVIEW

1. A Staff report was given by Mr. Jason Talbot on State Lease No. 2038 in Deep Lake Field, Cameron Parish, Louisiana. Mr. Talbot reported that Hilcorp Energy Company (Hilcorp) is both the lessee and the field operator.

Mr. Talbot further reported that the State Mineral and Energy Board (Board) last reviewed this lease on October 10, 2018 and the Board adopted the Staff recommendation that Hilcorp be placed on demand to drill their deep wildcat prospect on or affecting State Lease No. 2038 by the 2nd quarter of 2019 or release 20% of the non-productive acreage over the lease.

Staff recommended that the Board place Hilcorp on demand to release 20% of the acreage on State Lease No. 2038 by May 31, 2023. The Board purposed an alternative recommendation to grant a three (3) month extension to the June 14, 2023 Board Meeting for Hilcorp to present a plan of development (POD) to the Staff. From that meeting, the Staff will evaluate the POD and decide on a timeline of when and what acreage should be released.

Upon motion of Mr. Watkins, seconded by Mr. White and by unanimous vote of the Board, the Board granted Hilcorp a three (3) month extension to the June 14, 2023 Board Meeting to allow Hilcorp to present a plan of development to the Staff by June 23, 2023. Comment was heard from Mr. Joey Landry on behalf of Hilcorp. (Resolution No. 23-03-003)

2. A Staff report was given by Mr. Jason Talbot on State Lease Nos. 214 and 1392 in Garden Island Bay. Mr. Talbot reported that the Lessee is Trimont Energy (GIB) and the field operator is Whitney Oil & Gas, LLC (Trimont/Whitney).

Mr. Talbot further reported that the State Mineral and Energy Board last reviewed this lease on January 8, 2020 and the Board adopted the Staff recommendation to grant a six (6) month extension to Trimont/Whitney to meet with the Staff to present a plan of development for the designated areas or to release 20% of the same areas of State Lease Nos. 214 and 1393.

Staff recommended that the Board place Trimont/Whitney on demand to release 20% of the designated areas (DAs) of State Lease No. 2038 by May 31, 2023. The Board purposed an alternative recommendation to grant an extension to Trimont/Whitney to submit a plan of development (POD) on the DAs to the Staff on or prior to May 31, 2023. Upon receipt of the POD, the Staff will evaluate and decide on a timeline of when and what acreage should be released.

Upon motion of Ms. LeBlanc, seconded by Mr. Smith and by unanimous vote of the Board, the Board granted an extension to Trimont/Whitney to present a plan of development to the Staff on or prior to May 31, 2023. Comment was heard from Mr. Joey Landry on behalf of Trimont/Whitney. (Resolution No. 23-03-004)

III. FORCE MAJEURE

1. Mr. Charles Bradbury of the Office of Mineral Resources reported that Lobo Operating Inc. (Lobo) requested an extension of the force majeure recognition affecting State Lease No. 1268 in Main Pass Block 47 Field, Plaquemines Parish.

Mr. Bradbury reported that Lobo experienced a blowout caused by a wellhead valve failure on the last producing well on the lease and preliminary indications

are that Lobo will need to drill a new well to re-establish production on the lease.

Mr. Bradbury further reported that the Board confirmed the Staff's recognition of the force majeure event at the June 8, 2022 Meeting. At the February 8, 2023 Meeting, the Board granted an additional extension to the March 8, 2023 Meeting under the condition that Lobo submit a plan of development and plans for a partial release of acreage.

Mr. Bradbury continued that Lobo met with the Staff and has provided a plan for restoring production and partial release of State Lease No. 1268.

Staff recommended that the Board extend the force majeure recognition until the June 14, 2023 Meeting and require monthly updates from Lobo on the restoration of production.

Upon motion of Mr. White, seconded by Mr. Watkins and by unanimous vote of the Board, the Board extended the force majeure recognition until the June 14, 2023 Meeting and requires monthly updates from Lobo on the restoration of production. There were no comments from the public on this matter. (Resolution No. 23-03-001)

2. Mr. Charles Bradbury of the Office of Mineral Resources reported that Krewe Energy LLC (Krewe) and S2 Energy Operating LLC requested to appeal the Board's January 11, 2023 resolution on a force majeure extension until the March 8, 2023 Meeting.

Mr. Bradbury reported that this resolution affected State Lease Nos. 1972, 2383, 18010(P), 19908, and 20102 in Little Lake Field, Jefferson and Lafourche Parishes.

Mr. Bradbury continued that the resolution required any leases not back on production by the March 8, 2023 Meeting be required to be amended for oil shut-in payments and the initial payment be submitted.

Mr. Bradbury further reported that Krewe did not amend these leases.

Upon motion of Mr. Hollenshead, seconded by Mr. Watkins and by unanimous vote of the Board, the Board granted a three (3) month force majeure extension to Krewe Energy LLC and S2 Energy Operating LLC on State Lease Nos. 1972, 2383, 18010(p), 19908, and 20102 in Little Lake Field, Jefferson and Lafourche Parishes, Louisiana, until the June 14, 2023 State Mineral and Energy Board Meeting. Comments were heard from David Vanicor representing Krewe Energy LLC and S2 Energy Operating LLC. (Resolution No. 23-03-002)

b) NOMINATION AND TRACT REPORT MARCH 8, 2023

(Resolution No. 23-03-005)

The Board heard the report of Mr. Greg Roberts on Wednesday, March 8, 2023, relative to nominations received in the Office of Mineral Resources for the March 8, 2023 Mineral Lease Sale and other matters.

Based upon Staff's recommendation, and on motion of Mr. Hollenshead, duly seconded by Mr. White, 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. 23-03-005)

c) AUDIT REPORT MARCH 8, 2023

(Resolution No. 23-03-006)

The first matter on the audit report was a penalty waiver request from BPX (WSF Operating), Inc.

Upon recommendation of the staff and upon the motion of Mr. Watkins, seconded by Mr. White, the Board voted unanimously to waive fifty percent (50%) of the penalty waiver request of \$177,075.03, which amounts to \$88,537.52 due to the state. (Resolution No. 23-03-006)

The second matter on the audit report was the election of the March 2023 gas royalty to be paid on an unprocessed 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 MARCH 8, 2023

(Resolution Nos. 23-03-007 through 23-03-008)

The first matter considered by the State Mineral and Energy Board (Board) was consideration of advertisement and execution of a Settlement Agreement with Silverbow Resources Operating, et al, resolving a Concursus case entitled Hunt Petroleum Corporation and Rosewood Resources, Inc. vs. Texaco Inc., et al., Docket No. 34-592 in the 25th Judicial District Court ("Court"), Plaquemines Parish with regard to State Lease No. 10854.

After unanimous vote of the Board and upon motion of Ms. LeBlanc, seconded by Mr. Watkins, the State Mineral and Energy Board deferred action on this matter until the

April 12, 2023 Board Meeting. There were no comments from the public on this matter. (Resolution No. 23-03-007)

The second matter considered by the Board was a request by Fort Apache Energy, LLC to extend the primary term for one (1) year for State Lease Nos. 21908, 21909, and 21910 located in Lafourche and Terrebonne Parishes, in exchange for an additional rental payment on each lease.

Upon motion of Mr. Smith, seconded by Mr. Hollenshead, and by unanimous vote of the Board, the State Mineral and Energy Board approved the request by Fort Apache Energy, LLC to extend the primary term for one (1) year for State Lease Nos. 21908, 21909, and 21910 located in Lafourche and Terrebonne Parishes, in exchange for an additional rental payment on each lease. There were no comments from the public on this matter. (Resolution No. 23-03-008)

e) DOCKET REVIEW REPORT MARCH 8, 2023

(Resolution Nos. 23-03-008 through 23-03-014)

The Board heard the report from Greg Roberts on Wednesday, March 8, 2023, 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 3

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 Mr. Watkins, duly seconded by Mr. White, the Board voted to accept the following recommendations:

Category B: State Lease Transfers

Docket Item Nos. 1 through 3

(Resolution Nos. 23-03-008 through 23-03-010)

Category D: Advertised Proposals

Docket Item No. 1 through 4

(Resolution Nos. 23-03-011 through 23-03-14)

VI. EXECUTIVE SESSION

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. Watkins, seconded by Mr. White, the Board Members went into Executive Session at 11:04 a.m.

Upon motion of Mr. Watkins, seconded by Mr. Young, the Board reconvened in open session at 12:06 p.m. for consideration of the following matters discussed in Executive Session:

- a. A discussion of settlement proposal by Hamel's Farm LLC, et al, regarding a title dispute in Cedar Grove Field, Caddo and Bossier Parishes, Units HA RA SUE and HA RA SUX.
 - Upon motion of Mr. White, seconded by Mr. Smith, 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. 23-03-015)
- b. An update on negotiations and settlement discussions regarding an ownership dispute between the State of Louisiana and Apache Louisiana Minerals LLC to certain water bottoms in the Lapeyrouse Field within the boundaries of the BOURG B SUI and FF-GG RA SUA Units in Terrebonne Parish, Louisiana.
 - Upon motion of Mr. Hollenshead, seconded by Mr. Smith, 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. 23-03-016)
- c. A discussion of proposed terms for an Operating Agreement with EnSight IV Energy Partners, LLC on acreage in Section 8, Township 13 North, Range 11 West, DeSoto and Red River Parishes, Louisiana.
 - Upon motion of Mr. Young, seconded by Mr. Hollenshead, 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. 23-03-017)
- d. An update and discussion of ongoing negotiations of Operating Agreements for carbon capture and sequestration and wind energy projects 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 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 there were two (2) tracts up for bid and single bids were received on each tract. Staff recommended that the bid on tract 45632 by SWN Production (Louisiana), LLC be rejected due to insufficient bid and the tract be re-advertised with minimums.

Staff further reported that the bid received on tract 45633 was acceptable to Staff.

Upon motion of Mr. White, and seconded by Mr. Smith, the Board voted unanimously to accept the following bid and award a lease on the following Tract:

Tract 45633

(Portion: 8.27 acres)

Bidder : Shelf Oil & Gas LLC Primary Term : Three (3) years

Cash Payment : \$1,819.40 Annual Rental : \$909.70

Royalties : 21.00% on oil and gas

: 21.00% on other minerals

Additional Consideration: None

The lease awarded was conditioned on the tract description 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 tract.

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 \$1,819.40 for the March 8, 2023 Lease Sale bringing the fiscal year total to \$7,566,661.55.

X. ADJOURNMENT

The Chairman then stated that there being no further business to come before the Board, upon motion of Mr. Watkins, seconded by Mr. Young, the meeting was adjourned at 12:10 p.m.

Respectfully Submitted,

Jamie S. Manuel, Secretary

State Mineral and Energy Board

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #23-03-001

(LEASE REVIEW REPORT)

WHEREAS, on motion of Mr. White, seconded by Mr. Watkins, the following resolution was offered and adopted:

WHEREAS, Mr. Charles Bradbury of the Office of Mineral Resources reported that Lobo Operating Inc. (Lobo) requested an extension of the force majeure recognition affecting State Lease No. 1268 in Main Pass Block 47 Field, Plaquemines Parish; and

WHEREAS, Mr. Bradbury reported that the Board confirmed the Staff's recognition of the force majeure event at the June 8, 2022 Meeting; and

WHEREAS, Mr. Bradbury continued that at the February 8, 2023 Meeting, the Board granted an additional extension to the March 8, 2023 Meeting under the condition that Lobo submit a plan of development and plans for a partial release of acreage; and

WHEREAS, Mr. Bradbury reported that that Lobo met with the Staff and has provided a plan for restoring production and partial release of State Lease No. 1268.

WHEREAS, the Staff recommended that the Board extend the force majeure recognition until the June 14, 2023 Meeting and require monthly updates from Lobo on the restoration of production.

NOW THEREFORE BE IT RESOLVED, that the State Mineral and Energy Board granted an extension of force majeure recognition until the June 14, 2023 Meeting and requires monthly updates from Lobo Operating Inc. on the restoration of production.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 8th day of March, 2023, 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.

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #23-03-002 (LEASE REVIEW REPORT)

WHEREAS, on motion of Mr. Hollenshead, seconded by Mr. Watkins, the following resolution was offered and adopted:

WHEREAS, Mr. Charles Bradbury of the Office of Mineral Resources (OMR) reported that Krewe Energy LLC (Krewe) and S2 Energy Operating LLC (S2 Energy) requested to appeal the State Mineral and Energy Board's (Board) January 11, 2023 resolution on a force majeure extension until the March 8, 2023 Meeting on State Lease Nos. 1972, 2383, 18010(p), 19908, and 20102 in Little Lake Field, Jefferson and Lafourche Parishes, Louisiana; and

WHEREAS, the Staff reported that the resolution required any leases not back on production by March 8, 2023 be amended for oil shut-in payments and the initial payment be submitted to OMR; and

WHEREAS, the Staff reported that Krewe and S2 Energy did not amend these leases as requested by the Board.

NOW THEREFORE BE IT RESOLVED, that the State Mineral and Energy Board hereby grants a three (3) month force majeure extension to Krewe Energy LLC and S2 Energy Operating LLC on State Lease Nos. 1972, 2383, 18010(p), 19908, and 20102 in Little Lake Field, Jefferson and Lafourche Parishes, Louisiana, until the June 14, 2023 State Mineral and Energy Board Meeting.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 8th day of March, 2023, 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.

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #23-03-003

(LEASE REVIEW REPORT)

WHEREAS, on motion of Mr. Watkins seconded by Mr. White, the following resolution was offered and adopted:

WHEREAS, Mr. Jason Talbot of the Office of Mineral Resources made a report on State Lease No. 2038, Deep Lake Field, Cameron Parish, Louisiana, and Hilcorp Energy Company (Hilcorp) is both the lessee and the field operator; and

WHEREAS, the State Mineral and Energy Board ("Board") last reviewed this lease on October 10, 2018 and the Board adopted the Staff recommendation that Hilcorp be placed on demand to drill their deep wildcat prospect on or affecting State Lease No. 2038 by the 2nd quarter of 2019 or release 20% of the non-productive acreage over the lease; and

WHEREAS, the Staff recommended that the Board place Hilcorp on demand to release 20% of the acreage on State Lease No. 2038 by May 31, 2023; and

WHEREAS, the Board purposed an alternative recommendation to grant a three (3) month extension and directed Hilcorp to meet with Staff prior to the June 14, 2023 Board Meeting to present a plan of development (POD), so that Staff can evaluate the POD and decide on a timeline of when and what acreage should be released and present said recommendation to the Board at the June 14, 2023 Board Meeting.

NOW THEREFORE BE IT RESOLVED, that the State Mineral and Energy Board granted Hilcorp Energy Company a three (3) month extension and directed Hilcorp to meet with Staff prior to the June 14, 2023 Board Meeting to present a POD so that Staff can evaluate the POD and decide on a timeline of when and what acreage should be released and present said recommendation to the Board at the June 14, 2023 Board Meeting.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 8th day of March, 2023, 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.

LOUISIANA STATE MINERAL AND ENERGY BOARD

RESOLUTION #23-03-004

(LEASE REVIEW REPORT)

WHEREAS, on motion of Ms. LeBlanc seconded by Mr. Smith, the following resolution was offered and adopted:

WHEREAS, Mr. Jason Talbot of the Office of Mineral Resources made a report on State Lease Nos. 214 and 1393 located in Garden Island Bay Field, Plaquemines Parish, Louisiana, and the Lessee is Trimont Energy (GIB) and the field operator is Whitney Oil & Gas, LLC; and

WHEREAS, the Staff reported the State Mineral and Energy Board last reviewed this lease on January 8, 2020 and the Board adopted the Staff recommendation to grant a six (6) month extension to Trimont Energy (GIB) and Whitney Oil & Gas, LLC to meet with the Staff to present a plan of development for the designated areas or to release 20% of the same areas of State Lease Nos. 214 and 1393; and

WHEREAS, the Staff recommended that the Board place Trimont Energy (GIB) and Whitney Oil & Gas, LLC on demand to release 20% of the designated areas (DAs) of State Lease No. 2038 by May 31, 2023; and

WHEREAS, the Board purposed an alternative recommendation to grant an extension to Trimont Energy (GIB) and Whitney Oil & Gas, LLC to submit a plan of development (POD) on the DAs to the Staff on or prior to May 31, 2023 and, upon receipt of the POD, the Staff will evaluate and decide on a timeline of when and what acreage should be released.

NOW THEREFORE BE IT RESOLVED, that the State Mineral and Energy Board hereby grants an extension to Trimont Energy (GIB) and Whitney Oil & Gas, LLC to present a plan of development to the Staff on or prior to May 31, 2023.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 8th day of March, 2023, 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.

LOUISIANA STATE MINERAL AND ENERGY BOARD

Authority to Advertise Tracts for the May 10, 2023 Lease Sale

RESOLUTION #23-03-005

(NOMINATION AND TRACT REPORT)

WHEREAS, Mr. Greg Roberts reported that four (4) tracts were nominated for the May 10, 2023 Mineral Lease Sale, and requested that same be advertised pending staff review;

ON MOTION of **Mr. Hollenshead**, seconded by **Mr. White**, 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 May 10, 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 8th day of March, 2023, 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

Penalty Waiver BPX (WSF Operating), Inc.

Resolution #23-03-006 (AUDIT REPORT)

WHEREAS, pursuant to La. R.S. 30:136.A (1) (c), the Office of Mineral Resources (OMR) staff is authorized to audit information relevant to the computation of royalties including appropriate records, report or other information; and

WHEREAS, The State Mineral and Energy Board caused an audit to be performed of state royalty payments made by BPX (WSF Operating), Inc. in the Elm Grove field; State Lease Nos. 05849, 05933, 05978, 06856, 06932, 16531, 18244, 18370, which audit revealed that BPX (WSF Operating), Inc. owed the state \$478,052.71 in underpayment of royalty and \$441,745.94 in interest and penalty for a total of \$919,798.65; and

WHEREAS, BPX (WSF Operating), Inc. has remitted payment of \$478,052.71 for the outstanding principal and interest and made letter of application for reduction of penalties assessed in the amount of \$177,075.03 that were the result of field audit exceptions; and

WHEREAS, the Staff of the Office of Mineral Resources, upon thorough review and consideration and in accordance with State Mineral and Energy Board established protocol, recommended that the foregoing request for a reduction of penalties be approved and that fifty percent (50%) of the penalty be waived;

ON MOTION of Mr. Watkins, seconded by Mr. White, after discussion and careful consideration the following Resolution was offered and unanimously adopted by the State Mineral and Energy Board;

THEREFORE, **BE IT RESOLVED** that the Board does waive fifty percent (50%), which amounts to \$88,537.51 of the total penalty assessed to BPX (WSF Operating), 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 8th day of March, 2023, 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 #23-03-007

(LEGAL & TITLE CONTROVERSY REPORT)

State Lease Nos. 21908, 21909, and 21910 - Fort Apache Energy, LLC request to extend primary term for one (1) year.

WHEREAS, a request was received by the State Mineral and Energy Board from Fort Apache Energy, LLC to extend the primary term for one (1) year for State Lease Nos. 21908, 21909, and 21910 located in Lafourche and Terrebonne Parishes, Louisiana, in exchange for an additional rental payment on each lease; and

ON MOTION of Mr. Smith, 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 does hereby approve the request by Fort Apache Energy, LLC to extend the primary term for one (1) year for State Lease Nos. 21908, 21909, and 21910 located in Lafourche and Terrebonne Parishes, Louisiana, in exchange for an additional rental payment on each lease.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 8th day of March, 2023 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.



LOUISIANA STATE MINERAL AND ENERGY BOARD

Resolution #23-03-008 (DOCKET)

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 1 from the March 8, 2023 meeting be approved, said being an Assignment from Martin Energy LLC to Patriot Production Group L.L.C, an undivided 1% of 8/8ths interest in and to Operating Agreement "A0392", Plaquemines Parish, Louisiana, with further particulars being stipulated in the instrument.

Martin Energy LLC 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

Thereby 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>8th</u> day of <u>March</u>, 2023, 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 #23-03-009 (DOCKET)

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 2 from the March 8, 2023 meeting be approved, said being an Assignment and Correction of Assignment from Boyll Oil and Gas LLC to Billy R. Powell, a 1% working interest in and to State Lease No. 21339, Concordia Parish, Louisiana, with further particulars being stipulated in the instrument.

<u>3D Exploration, 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
- 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>8th</u> day of <u>March</u>, 2023, 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 #23-01-010 (DOCKET)

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 3 from the March 8, 2023 meeting be approved, said being sn Assignment from the Estate of Edna Mae Carden, Martin L. Morgan, as executor to Carden Oil & Gas, LLC, of all of Assignor's interest in and to the wellbore, affecting State Lease No. 18748, Jefferson and Lafourche Parishes, Louisiana, with further particulars being stipulated in the instrument.

Carden Oil & Gas, LLC 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>8th</u> day of <u>March</u>, 2023, 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 #23-03-011 (DOCKET)

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 23-04 from the March 8, 2023 meeting be approved, said instrument being a Lease Extension and Amendment by and between the State Mineral and Energy Board of the State of Louisiana, acting for and on behalf of the State of Louisiana, Sun Louisiana, LLC and Pinnacle Energy International (USA) I LLC, whereas said parties desire to extend the primary term of State Lease No. 21754, located in St. Bernard Parish, from March 14, 2023 to March 14, 2024, 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>8th</u> day of <u>March</u>, 2023 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 #23-03-012 (DOCKET)

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 23-05 from the March 8, 2023 meeting be approved, said instrument being a Lease Amendment by and between the State Mineral and Energy Board of the State of Louisiana, acting through its agency, the State Mineral and Energy and Cantium, LLC, whereas said parties agree to extend the primary term of said lease from five (5) years to seven (7) years, affecting State Lease No. 21881, covering lands situated in Blocks 1 and 2 in Bay Marchand Area and Blocks 25 and 26 in Grand Isle Area, Jefferson and Lafourche Parishes, 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>8th day of March</u>, 2023 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 #23-03-013 (DOCKET)

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 23-06 from the March 8, 2023 meeting be approved, said instrument being a Lease Amendment by and between the State Mineral and Energy Board of the State of Louisiana, acting through its agency, the State Mineral and Energy and Cantium, LLC, whereas said parties agree to extend the primary term of said lease from five (5) years to seven (7) years, affecting State Lease No. 21882, covering lands situated in Blocks 4 and 5 in Bay Marchand Area, Lafourche 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>8th</u> day of <u>March</u>, 2023 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 #23-03-014 (DOCKET)

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 23-07 from the March 8, 2023 meeting be approved, said instrument being a Lease Amendment by and between the State Mineral and Energy Board of the State of Louisiana, acting through its agency, the State Mineral and Energy and Cantium, LLC, whereas said parties agree to extend the primary term of said lease from five (5) years to seven (7) years, affecting State Lease No. 21883, covering lands situated in Blocks 4 and 5 in Bay Marchand Area, Lafourche 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>8th</u> day of <u>March</u>, 2023 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 #23-03-015

(EXECUTIVE SESSION)

Discussion of settlement proposal by Hamel's Farm LLC, et al, regarding a title dispute in Cedar Grove Field, Caddo and Bossier Parishes, Units HA RA SUE and HA RA SUX

WHEREAS, a discussion of settlement proposal by Hamel's Farm LLC, et al, regarding a title dispute in Cedar Grove Field, Caddo and Bossier Parishes, Units HA RA SUE and HA RA SUX.

ON MOTION of Mr. White, seconded by Mr. Smith, 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 hereby grants authority to the Staff to proceed as discussed in Executive Session on this matter.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 8th day of March, 2023 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 #23-03-016

(EXECUTIVE SESSION)

Update - Negotiations & settlement discussions regarding ownership dispute between State of Louisiana & Apache Louisiana Minerals LLC to water bottoms in Lapeyrouse Field, BOURG B SUI & FF-GG RA SUA Units. Terrebonne Parish

WHEREAS, an update on negotiations and settlement discussions regarding an ownership dispute between the State of Louisiana and Apache Louisiana Minerals LLC to certain water bottoms in the Lapeyrouse Field within the boundaries of the BOURG B SUI and FF-GG RA SUA Units in Terrebonne Parish, Louisiana.

ON MOTION of Mr. Hollenshead, seconded by Mr. Smith, 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 hereby grants authority to the Staff to proceed as discussed in Executive Session on this matter.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 8th day of March, 2023 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 #23-03-017

(EXECUTIVE SESSION)

Discussion of proposed terms for an Operating Agreement with EnSight IV Energy Partners, LLC on acreage in Section 8, Township 13 North, Range 11 West, DeSoto and Red River Parishes. Louisiana

WHEREAS, a discussion of proposed terms for an Operating Agreement with EnSight IV Energy Partners, LLC on acreage in Section 8, Township 13 North, Range 11 West, DeSoto and Red River Parishes, Louisiana.

ON MOTION of Mr. Young, 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 hereby grants authority to the Staff to proceed as discussed in Executive Session on this matter.

CERTIFICATE

I HEREBY CERTIFY that the above is a true and correct copy of a Resolution adopted at a meeting on the 8th day of March, 2023 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