

# **MINUTES**

## **STATE MINERAL AND ENERGY BOARD**

### **REGULAR MEETING AND LEASE SALE**

**MAY 14, 2014**

**STATE MINERAL AND ENERGY BOARD**  
**REGULAR MEETING AND LEASE SALE MINUTES**  
**MAY 14, 2014**

A Regular Meeting and Lease Sale of the State Mineral and Energy Board was held on Wednesday, May 14, 2014, beginning at 11:05 a.m. in the LaBelle Room, First Floor, LaSalle Office Building, Baton Rouge, Louisiana, subject to the call of the Governor and Ex-Officio Chairman.

Mr. W. Paul Segura, Jr., Chairman, called the meeting to order. He then requested Ms. Stacey Talley, Deputy Assistant Secretary, to call the roll for the purpose of establishing a quorum.

W. Paul Segura, Jr., Chairman  
Thomas L. Arnold, Jr., Vice-Chairman  
Emile B. Cordaro  
Stephen Chustz, DNR Secretary  
Dan R. Brouillette  
Theodore M. "Ted" Haik, Jr.  
Louis J. Lambert  
Chip Kline (Governor Jindal's designee to the Board)

The following members of the Board were recorded as absent:

Robert "Michael" Morton  
Thomas W. Sanders  
Darryl D. Smith

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

Also recorded as present were:

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

The Chairman announced that the Board would recess its regular meeting at 11:06 a.m. to continue the Committee Meetings. A motion was made by Mr. Arnold, seconded by Mr. Cordaro, and unanimously adopted by the Board.

Upon motion of Mr. Arnold, seconded by Mr. Haik, and unanimously adopted by the Board, the Board reconvened in open session at 12:40 p.m.

STATE MINERAL AND ENERGY BOARD  
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The Chairman stated that the next order of business was the approval of the April 9, 2014 Minutes. A motion was made by Mr. Arnold to adopt the Minutes as submitted and to waive reading of same. His motion was seconded by Mr. Chustz and unanimously adopted by the Board. (No public comment was made at this time.)

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

Lease Review Committee  
Nomination and Tract Committee  
Audit Committee  
Docket Review Committee

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

At this time, the Chairman announced that the Board would recess its regular meeting at 12:42 p.m. to go into executive session for technical briefing in order to consider matters before the Board which were confidential in nature. A motion was made by Mr. Arnold, seconded by Mr. Cordaro, and unanimously adopted by the Board.

During the technical briefing, the Board conferred with staff personnel concerning the merit of the bids that were submitted and opened earlier today at a public meeting\*, based on geological, engineering and other confidential data and analyses available to the Board and staff, after which, upon motion of Mr. Arnold, seconded by Mr. Chustz, and unanimously adopted by the Board, the Board reconvened in open session at 12:50 p.m.

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

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

Mr. Vaughn stated that the staff recommends the bids submitted on Tracts 43886 through 43891, 43893, 43894, and 43897, be rejected due to insufficient consideration, and that these tracts be re-advertised with minimums.

Mr. Vaughn further recommended that the bid on Tract 43921 by Riceland Petroleum contained a description that was incomplete that the bid be rejected for improper bid. Mr. Vaughn also stated that the Board may consider accepting oral bids from the floor on Tract 43921.

Mr. Vaughn further recommended that the bids received on the remaining tracts be accepted.

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Upon motion by Mr. Arnold, seconded by Mr. Brouillette, the Board unanimously voted to reject the bids submitted on Tracts 43886 through 43891, 43893, 43894, 43897, and 43921, and to accept all other bids and award leases on the remaining tracts.

Upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Board voted unanimously to award a lease on a portion of Tract 43881, said portion being 304.010 acres more particularly described in said bid and outlined on accompanying plat, to Cypress Energy Corporation.

Upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Board voted unanimously to award a lease on Tract 43899 to Endeavor Natural Gas, LP.

Upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Board voted unanimously to award a lease on a portion of Tract 43900, said portion being 111.160 acres more particularly described in said bid and outlined on accompanying plat, to Theophilus Oil, Gas & Land Services, LLC.

Upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Board voted unanimously to award a lease on a portion of Tract 43904, said portion being 93.110 acres more particularly described in said bid and outlined on accompanying plat, to Swift Energy Operating, LLC.

Upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Board voted unanimously to award a lease on a portion of Tract 43908, said portion being 369.000 acres more particularly described in said bid and outlined on accompanying plat, to Cypress Energy Corporation.

Upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Board voted unanimously to award a lease on a portion of Tract 43910, said portion being 339.000 acres more particularly described in said bid and outlined on accompanying plat, to Cypress Energy Corporation.

Upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Board voted unanimously to award a lease on a portion of Tract 43911, said portion being 55.000 acres more particularly described in said bid and outlined on accompanying plat, to Cypress Energy Corporation.

Upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Board voted unanimously to award a lease on a portion of Tract 43913, said portion being 205.170 acres more particularly described in said bid and outlined on accompanying plat, to Cypress Energy Corporation.

Upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Board voted unanimously to award a lease on Tract 43920 to Comstock Oil & Gas-Louisiana, LLC.

Upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Board voted unanimously to award a lease on Tract 43926 to Theophilus Oil, Gas & Land Services, LLC.

Upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Board voted unanimously to award a lease on Tract 43927 to Theophilus Oil, Gas & Land Services, LLC.

Upon motion by Mr. Arnold, seconded by Mr. Kline, the Board unanimously voted to open bidding from the floor on Tract 43921. An oral bid was offered by Pat Theophilus,

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president of Theophilus Oil, Gas & Land Services, LLC on behalf of Riceland Petroleum Company on a portion of Tract 43921, said portion being 41.000 acres, with a primary term of three (3) years, with a bonus bid of \$12,382.00, with an annual rental of \$6,191.00, and royalty of 25.00%.

Mr. Theophilus stated that the property description shall read as follows:

“That portion of State Tract 43921 being more fully described as follows:

Beginning at a point on the Northwest corner of State Lease No. 21350 having Coordinates of X = 1,639,062.00 and Y = 646,783.00; thence South approximately 1,365 feet along the West line of said State Lease No. 21350 to its Southwest corner, said corner also being a point on the South line of Section 16, Township 7 South – Range 1 West; thence along the boundary of said Section 16 the following courses: Westerly approximately 1,334 feet to its Southwest corner and Northeasterly approximately 1,343 feet to a point of intersection with an East West line having a coordinate of Y = 646,783.00; thence East approximately 1,324 feet to the point of beginning containing approximately 41 acres.”

The Chairman asked if there were any other bids from the floor on Tract 43921, being none, the bidding from the floor on Tract 43921 was closed.

The Chairman then asked for the staff's recommendation on the bid for Tract 43921. Mr. Vaughn stated that the staff recommends accepting the bid by Riceland Petroleum Company on a portion of Tract 43921, said portion being 41.000 acres, more particularly described in said bid and outlined on accompanying plat. Upon motion by Mr. Arnold, seconded by Mr. Cordaro, the Board unanimously voted to award a lease on Tract 43921 to Riceland Petroleum Company.

This concluded the awarding of the leases.

Upon motion of Mr. Arnold, seconded by Mr. Brouillette, and unanimously adopted by the Board, the Board recessed the regular meeting at 12:57 p.m. to continue the Legal and Title Controversy Committee Meeting.

Upon motion of Mr. Kline, seconded by Mr. Arnold, and unanimously adopted by the Board, the Board reconvened the regular meeting at 1:48 p.m.

The Chairman then stated that the next order of business would be the adoption of the Legal and Title Controversy Committee recommendations. Upon motion of Mr. Arnold, seconded by Mr. Haik, the recommendations of the Legal and Title Controversy Committee were unanimously adopted by resolution of the Board. (No public comment was made at this time.) The report is hereby attached and made a part of the Minutes by reference.


The following announcements were then made:

Ms. Talley stated that “the total for today's Lease Sale is \$580,974.12, bringing the fiscal year-to-date total to just over \$17.1 million.” Ms. Talley also reminded the Board that the deadline for the submittal of Ethics disclosure forms was May 15th.

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The Chairman then stated there being no further business to come before the Board, upon motion of Mr. Cordaro, seconded by Mr. Kline, the meeting was adjourned at 1:55 p.m.

Respectfully submitted,



Victor M. Vaughn  
Executive Officer  
State Mineral and Energy Board

WILLIAMS LAND COMPANY, L.L.C.

P. O. Box 460  
Patterson, LA 70392

STATE OF LOUISIANA  
OFFICE OF  
MINERAL RESOURCES  
GENERAL BOARD  
2014 APR 15 AM 8:45

April 3, 2014

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Office of Mineral Resources  
State Land and Natural Resources Building  
Post Office Box 2827  
Baton Rouge, Louisiana 70821

RE: Proposed State Lease Sale on Tract 43856  
Iberia Parish, Louisiana

Gentlemen:

We have received notice of a proposed mineral lease sale for April 9, 2014, relating to the captioned tract, which sale will include "all of the lands now or formerly constituting the beds and bottoms of all waterbodies of every nature and description, and all islands and other lands formed by accretion or reliction".

Williams Land Company, L.L.C. owns the minerals in certain lands in Sections 27 & 34, T12S-R11E, Iberia Parish, included within the proposed Tract 43856. There are no State-owned lands, or lands now or formerly constituting the beds or bottoms of waterbodies located on or within the lands in which Williams Land Company, L.L.C. owns the minerals located within proposed Tract 43856. To the extent that the notice for Tract 43856 purports to state a land ownership claim by the State of Louisiana affecting Williams Land Company, L.L.C.'s mineral interest in properties in Sections 27 & 34, T12S-R11E, Williams Land Company, L.L.C. objects to and opposes the proposed lease.

I will be available to review and discuss this matter with representatives of the State Mineral Board, or the proposed Lessee.

Very truly yours,

WILLIAMS LAND COMPANY, L.L.C.



Rudy C. Sparks  
Vice President

RCS/dh

cc: New Orleans office

107 McGee Drive, Patterson, LA 70392  
Phone: (985) 395-9576 Fax: (985) 395-9578

WILLIAMS LAND COMPANY, L.L.C.

P. O. Box 460  
Patterson, LA 70392

April 3, 2014

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Office of Mineral Resources  
State Land and Natural Resources Building  
Post Office Box 2827  
Baton Rouge, Louisiana 70821

RE: Proposed State Lease Sale on Tract 43860  
Assumption and St. Martin Parishes, Louisiana

Gentlemen:

We have received notice of a proposed mineral lease sale for April 9, 2014, relating to the captioned tract, which sale will include "all of the lands now or formerly constituting the beds and bottoms of all waterbodies of every nature and description, and all islands and other lands formed by accretion or reliction".

Williams Land Company, L.L.C. owns the minerals in certain lands in Section 24, T13S-R12E, Assumption and St. Martin Parishes, included within the proposed Tract 43860. There are no State-owned lands, or lands now or formerly constituting the beds or bottoms of waterbodies located on or within the lands in which Williams Land Company, L.L.C. owns the minerals located within proposed Tract 43860. To the extent that the notice for Tract 43860 purports to state a land ownership claim by the State of Louisiana affecting Williams Land Company, L.L.C.'s mineral interest in properties in Section 24, T13S-R12E, Williams Land Company, L.L.C. objects to and opposes the proposed lease.

I will be available to review and discuss this matter with representatives of the State Mineral Board, or the proposed Lessee.

Very truly yours,

WILLIAMS LAND COMPANY, L.L.C.



Rudy C. Sparks  
Vice President

RCS/dh

cc: New Orleans office

107 McGee Drive, Patterson, LA 70392  
Phone: (985) 395-9576 Fax: (985) 395-9578



WILLIAMS LAND COMPANY, L.L.C.

P. O. Box 460  
Patterson, LA 70392

April 3, 2014

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Office of Mineral Resources  
State Land and Natural Resources Building  
Post Office Box 2827  
Baton Rouge, Louisiana 70821

RE: Proposed State Lease Sale on Tract 43861  
Assumption Parish, Louisiana

Gentlemen:

We have received notice of a proposed mineral lease sale for April 9, 2014, relating to the captioned tract, which sale will include "all of the lands now or formerly constituting the beds and bottoms of all waterbodies of every nature and description, and all islands and other lands formed by accretion or reliction".

Williams Land Company, L.L.C. owns the minerals in certain lands in Section 24, T13S-R12E, Assumption Parish, included within the proposed Tract 43861. There are no State-owned lands, or lands now or formerly constituting the beds or bottoms of waterbodies located on or within the lands in which Williams Land Company, L.L.C. owns the minerals located within proposed Tract 43861. To the extent that the notice for Tract 43861 purports to state a land ownership claim by the State of Louisiana affecting Williams Land Company, L.L.C.'s mineral interest in properties in Section 24, T13S-R12E, Williams Land Company, L.L.C. objects to and opposes the proposed lease.

I will be available to review and discuss this matter with representatives of the State Mineral Board, or the proposed Lessee.

Very truly yours,

WILLIAMS LAND COMPANY, L.L.C.



Rudy C. Sparks  
Vice President

RCS/dh

cc: New Orleans office

107 McGee Drive, Patterson, LA 70392  
Phone: (985) 395-9576 Fax: (985) 395-9578

WILLIAMS LAND COMPANY, L.L.C.

P. O. Box 460  
Patterson, LA 70392

April 3, 2014

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Office of Mineral Resources  
State Land and Natural Resources Building  
Post Office Box 2827  
Baton Rouge, Louisiana 70821

RE: Proposed State Lease Sale on Tract 43854  
Iberia Parish, Louisiana

Gentlemen:

We have received notice of a proposed mineral lease sale for April 9, 2014, relating to the captioned tract, which sale will include "all of the lands now or formerly constituting the beds and bottoms of all waterbodies of every nature and description, and all islands and other lands formed by accretion or reliction".

Williams Land Company, L.L.C. owns the minerals in certain lands in Section 13, T12S-R11E, Iberia Parish, included within the proposed Tract 43854. There are no State-owned lands, or lands now or formerly constituting the beds or bottoms of waterbodies located on or within the lands in which Williams Land Company, L.L.C. owns the minerals located within proposed Tract 43854. To the extent that the notice for Tract 43854 purports to state a land ownership claim by the State of Louisiana affecting Williams Land Company, L.L.C.'s mineral interest in properties in Section 13, T12S-R11E, Williams Land Company, L.L.C. objects to and opposes the proposed lease.

I will be available to review and discuss this matter with representatives of the State Mineral Board, or the proposed Lessee.

Very truly yours,

WILLIAMS LAND COMPANY, L.L.C.



Rudy C. Sparks  
Vice President

RCS/dh

cc: New Orleans office

107 McGee Drive, Patterson, LA 70392  
Phone: (985) 395-9576 Fax: (985) 395-9578

WILLIAMS LAND COMPANY, L.L.C.

P. O. Box 460  
Patterson, LA 70392

April 3, 2014

CERTIFIED MAIL  
RETURN RECEIPT REQUESTED

Office of Mineral Resources  
State Land and Natural Resources Building  
Post Office Box 2827  
Baton Rouge, Louisiana 70821

RE: Proposed State Lease Sale on Tract 43855  
Iberia Parish, Louisiana

Gentlemen:

We have received notice of a proposed mineral lease sale for April 9, 2014, relating to the captioned tract, which sale will include "all of the lands now or formerly constituting the beds and bottoms of all waterbodies of every nature and description, and all islands and other lands formed by accretion or reliction".

Williams Land Company, L.L.C. owns the minerals in certain lands in Sections 17 & 18, T12S-R12E, Iberia Parish, included within the proposed Tract 43855. There are no State-owned lands, or lands now or formerly constituting the beds or bottoms of waterbodies located on or within the lands in which Williams Land Company, L.L.C. owns the minerals located within proposed Tract 43855. To the extent that the notice for Tract 43855 purports to state a land ownership claim by the State of Louisiana affecting Williams Land Company, L.L.C.'s mineral interest in properties in Sections 17 & 18, T12S-R12E, Williams Land Company, L.L.C. objects to and opposes the proposed lease.

I will be available to review and discuss this matter with representatives of the State Mineral Board, or the proposed Lessee.

Very truly yours,

WILLIAMS LAND COMPANY, L.L.C.



Rudy C. Sparks  
Vice President

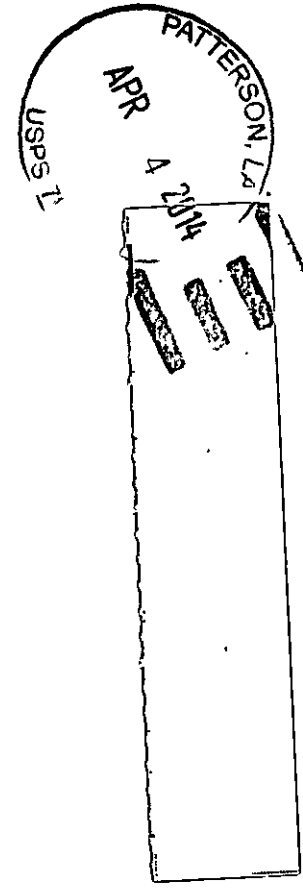
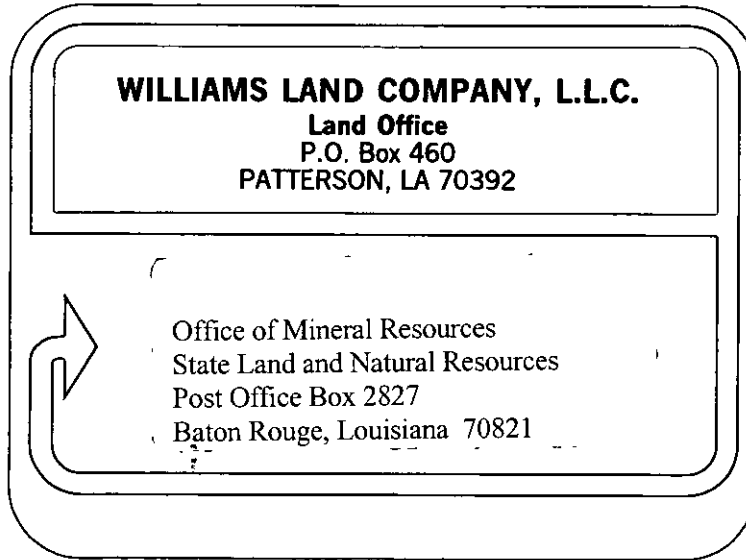
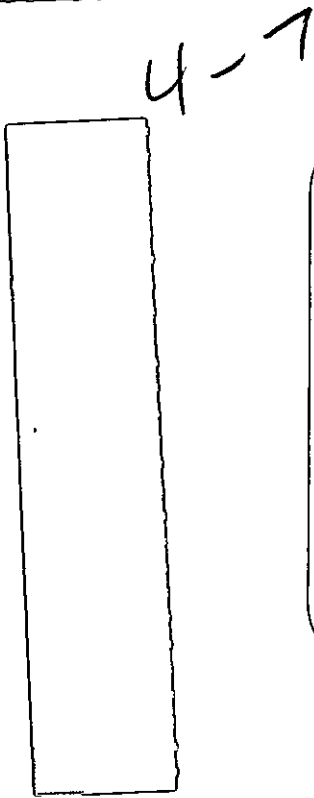
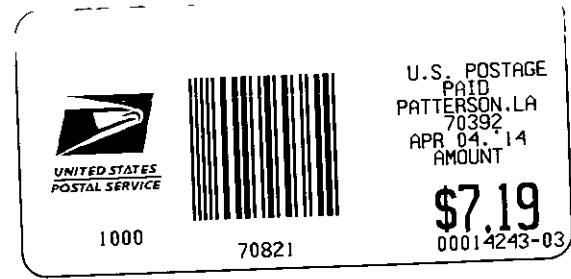
RCS/dh

cc: New Orleans office

107 McGee Drive, Patterson, LA 70392  
Phone: (985) 395-9576 Fax: (985) 395-9578



*FIRST CLASS*



THE FOLLOWING OPENING OF SEALED  
BIDS MEETING MINUTES, COMMITTEE  
REPORTS AND RESOLUTIONS WERE  
MADE A PART OF THE MAY 14, 2014  
STATE MINERAL AND ENERGY BOARD  
REGULAR MEETING AND LEASE SALE  
MINUTES BY REFERENCE

**STATE MINERAL AND ENERGY BOARD**  
**OPENING OF SEALED BIDS MINUTES**  
**MAY 14, 2014**

A public meeting for the purpose of opening sealed bids was held on Wednesday, May 14, 2014, beginning at 8:33 a.m. in the LaBelle Room, First Floor, LaSalle Office Building, Baton Rouge, Louisiana.

Recorded as present were:

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

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

**May 14, 2014**

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

Gentlemen:

Certified proofs of publication have been received in the Office of Mineral Resources on behalf of the State Mineral and Energy Board for the State of Louisiana from the "Advocate," official journal for the State of Louisiana, and from the respective parish journals as evidence that Tract Nos. 43881 through 43927, have been advertised in accordance with and under the provisions of Chapter 2, Title 30 of the Revised Statutes of 1950, as amended.

Yours very truly,

(Original signed)

Emile Fontenot  
Assistant Director  
Petroleum Lands Division

Mr. Vaughn then stated that there were letters of protest received on April 15, 2014 from Williams Land Company, LLC, pertaining to the April 9, 2014, Lease Sale Tracts 43854, 43855, 43856, 43860, and 43861, in Iberia, Assumption, and St. Martin Parishes, Louisiana.

For the record, Mr. Vaughn stated that a letter of protest was received from BHP Billiton Petroleum requesting that Tracts 43884, 43885, Tracts 43914 through 43919, and Tracts 43922 through 43925 be withdrawn from today's Lease Sale and re-advertised for public bid at a later date.

STATE MINERAL AND ENERGY BOARD  
 Opening of Sealed Bids Minutes  
 May 14, 2014

Mr. Vaughn further stated Tracts 43884, 43885, Tracts 43914 through 43919, and Tracts 43922 through 43925 will be recommended by the Staff to be withdrawn, and will be addressed in the Nomination and Tract Committee Meeting. All bids received on these tracts will be returned unopened at the conclusion of today's Board Meeting.

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

**OFFSHORE TRACTS**

Tract 43881  
 (Portion – 304.010 acres)

Bidder	:	Cypress Energy Corporation
Primary Term	:	Five (5) years
Cash Payment	:	\$64,146.11
Annual Rental	:	\$32,073.06
Royalties	:	22.00% on oil and gas
	:	22.00% on other minerals
Additional Consideration	:	None

Tract 43882

No Bids

Tract 43883

No Bids

**INLAND TRACTS**

Tract 43884

Withdrawn

Tract 43885

Withdrawn

Tract 43886

Bidder	:	Comstock Oil & Gas-Louisiana, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$5,310.00
Annual Rental	:	\$2,655.00
Royalties	:	20.00% on oil and gas
	:	20.00% on other minerals
Additional Consideration	:	None

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	Tract 43887	
Bidder	:	HK TMS, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$11,118.00
Annual Rental	:	\$5,559.00
Royalties	:	20.00% on oil and gas
	:	20.00% on other minerals
Additional Consideration	:	None
	Tract 43887	
Bidder	:	Comstock Oil & Gas-Louisiana, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$6,018.00
Annual Rental	:	\$3,009.00
Royalties	:	20.00% on oil and gas
	:	20.00% on other minerals
Additional Consideration	:	None
	Tract 43888	
Bidder	:	HK TMS, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$3,597.00
Annual Rental	:	\$1,798.50
Royalties	:	20.00% on oil and gas
	:	20.00% on other minerals
Additional Consideration	:	None
	Tract 43889	
Bidder	:	Comstock Oil & Gas-Louisiana, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$4,779.00
Annual Rental	:	\$2,390.00
Royalties	:	20.00% on oil and gas
	:	20.00% on other minerals
Additional Consideration	:	None
	Tract 43890	
Bidder	:	Comstock Oil & Gas-Louisiana, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$4,956.00
Annual Rental	:	\$2,478.00
Royalties	:	20.00% on oil and gas
	:	20.00% on other minerals
Additional Consideration	:	None



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	Tract 43891	
Bidder	:	Comstock Oil & Gas-Louisiana, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$14,514.00
Annual Rental	:	\$7,257.00
Royalties	:	20.00% on oil and gas
	:	20.00% on other minerals
Additional Consideration	:	None

No Bids

Tract 43892

	Tract 43893	
Bidder	:	Comstock Oil & Gas-Louisiana, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$4,956.00
Annual Rental	:	\$2,478.00
Royalties	:	20.00% on oil and gas
	:	20.00% on other minerals
Additional Consideration	:	None

	Tract 43894	
Bidder	:	Comstock Oil & Gas-Louisiana, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$4,602.00
Annual Rental	:	\$2,301.00
Royalties	:	20.00% on oil and gas
	:	20.00% on other minerals
Additional Consideration	:	None

No Bids

Tract 43895

No Bids

Tract 43896

	Tract 43897	
Bidder	:	Comstock Oil & Gas-Louisiana, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$2,465.61
Annual Rental	:	\$1,233.00
Royalties	:	20.00% on oil and gas
	:	20.00% on other minerals
Additional Consideration	:	None

STATE MINERAL AND ENERGY BOARD  
 Opening of Sealed Bids Minutes  
 May 14, 2014

Tract 43898

No Bids

Tract 43899

Bidder	:	Endeavor Natural Gas, LP
Primary Term	:	Three (3) years
Cash Payment	:	\$2,000.00
Annual Rental	:	\$2,000.00
Royalties	:	25.00% on oil and gas
	:	25.00% on other minerals
Additional Consideration	:	None

Tract 43900

(Portion – 111.160 acres)

Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$22,232.00
Annual Rental	:	\$11,116.00
Royalties	:	22.00% on oil and gas
	:	22.00% on other minerals
Additional Consideration	:	None

Tract 43901

No Bids

Tract 43902

No Bids

Tract 43903

No Bids

Tract 43904

(Portion – 93.110 acres)

Bidder	:	Swift Energy Operating, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$37,967.46
Annual Rental	:	\$18,983.73
Royalties	:	25.00% on oil and gas
	:	25.00% on other minerals
Additional Consideration	:	None

Tract 43905

No Bids

Tract 43906

No Bids

STATE MINERAL AND ENERGY BOARD  
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Tract 43907

No Bids

Tract 43908  
 (Portion – 369.000 acres)

Bidder	:	Cypress Energy Corporation
Primary Term	:	Three (3) years
Cash Payment	:	\$103,320.00
Annual Rental	:	\$51,660.00
Royalties	:	22.00% on oil and gas
	:	22.00% on other minerals
Additional Consideration	:	None

Tract 43909

No Bids

Tract 43910  
 (Portion – 339.000 acres)

Bidder	:	Cypress Energy Corporation
Primary Term	:	Three (3) years
Cash Payment	:	\$94,920.00
Annual Rental	:	\$47,460.00
Royalties	:	22.00% on oil and gas
	:	22.00% on other minerals
Additional Consideration	:	None

Tract 43911  
 (Portion – 55.000 acres)

Bidder	:	Cypress Energy Corporation
Primary Term	:	Three (3) years
Cash Payment	:	\$19,360.00
Annual Rental	:	\$9,680.00
Royalties	:	22.00% on oil and gas
	:	22.00% on other minerals
Additional Consideration	:	None

Tract 43912

No Bids

Tract 43913  
 (Portion – 205.170 acres)

Bidder	:	Cypress Energy Corporation
Primary Term	:	Three (3) years
Cash Payment	:	\$90,069.63
Annual Rental	:	\$45,034.82
Royalties	:	22.00% on oil and gas
	:	22.00% on other minerals
Additional Consideration	:	None

**STATE AGENCY TRACTS**

	Tract 43914	
Withdrawn		
	Tract 43915	
Withdrawn		
	Tract 43916	
Withdrawn		
	Tract 43917	
Withdrawn		
	Tract 43918	
Withdrawn		
	Tract 43919	
Withdrawn		
	Tract 43920	
Bidder	:	Comstock Oil & Gas-Louisiana, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$32,895.00
Annual Rental	:	\$16,448.00
Royalties	:	25.00% on oil and gas
	:	25.00% on other minerals
Additional Consideration	:	None
	Tract 43921	
	(Portion – 41.000 acres)	
Bidder	:	Riceland Petroleum Company
Primary Term	:	Three (3) years
Cash Payment	:	\$12,382.00
Annual Rental	:	\$6,191.00
Royalties	:	25.00% on oil and gas
	:	25.00% on other minerals
Additional Consideration	:	None

**BAYOU PIERRE WMA**

	Tract 43922
No Bids	
	Tract 43923
Withdrawn	

STATE MINERAL AND ENERGY BOARD  
Opening of Sealed Bids Minutes  
May 14, 2014

Tract 43924  
Withdrawn

Tract 43925  
Withdrawn

**TAX ADJUDICATED LANDS**

Tract 43926		
Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$48,858.88
Annual Rental	:	\$24,429.44
Royalties	:	25.00% on oil and gas
	:	25.00% on other minerals
Additional Consideration	:	None

Tract 43927		
Bidder	:	Theophilus Oil, Gas & Land Services, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$52,823.04
Annual Rental	:	\$26,411.52
Royalties	:	25.00% on oil and gas
	:	25.00% on other minerals
Additional Consideration	:	None

This concluded the reading of the bids.

There being no further business, the meeting was concluded at 9:03 a.m.

Respectfully submitted,



Victor M. Vaughn  
Executive Officer  
State Mineral and Energy Board



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

**Lease Review Committee Report**

A meeting of the Lease Review Committee of the State Mineral and Energy Board convened on Wednesday, May 14, 2014 at 9:40 a.m. with the following members of the Board in attendance: Mr. Thomas L. Arnold, Jr., Mr. Dan R. Brouillette, Mr. Stephen Chustz, Mr. Emile B. Cordaro, Mr. Theodore M. "Ted" Haik, Mr. W. Paul Segura, Jr., and Mr. Chip Kline, Governor Bobby Jindal's designee on the Board.

**I. Geological and Engineering Staff Review**

According to SONRIS there are 1,802 active State Leases covering almost 753,000 acres. The Geological and Engineering Division has reviewed 124 leases covering approximately 77,000 acres.

**II. Committee Review**

- 1.) A staff report on State Lease 195-C, Quarantine Bay Field, Plaquemines and St. Bernard Parishes. Cox Operating L.L.C. is the operator. The recommendation was to accept Cox Operating L.L.C.'s report and to grant Cox until April 8, 2015 to report their continued development on the lease.
- 2.) A staff report on State Leases 1450, 1451, 1480, and 14589, Lake Raccourci Field, Jefferson and Lafourche Parishes. ExxonMobil Corporation is the lessee. The recommendation was to accept ExxonMobil Corporation's report and grant ExxonMobil until December 10, 2014 to provide a development plan for the southern portions of State Lease Nos. 1450, 1451 and 1480. The staff has begun separate discussions on development with ExxonMobil and the lease operator, Forza Operating, LLC, affecting State Lease No. 14589.
- 3.) A staff report on State Lease 340-G, West Cote Blanche Bay, Designated Areas 1 through 5, Iberia, St. Mary and Vermilion Parishes. Labay Exploration Co., L.L.C. is the lessee. The recommendation was to put State Lease 340-G, West Cote Blanche Bay, Designated Areas 1 through 5, on a Drill or Release Schedule which will require a commitment to drill a well or to release an additional 3,009 acres on a six month intervals. If a well is not drilled during the term of the Drill or Release Schedule, all of the nonproducing acreage attributed to Designated Areas, or approximately 15,000 acres will be released by June 1, 2016.

**III. Report on actions exercised by the Staff under delegated authority**

No Objection to 29-E Waiver, Hilcorp Energy Company, LB U43 No. 12 Well, SN 246213, Lake Barre Field, Terrebonne Parish affecting State Lease 199.

No Objection to 29-E Waiver, Apache Corporation, SL 1923 No. 11D-ST well, SN 59854, South Pass Block 24 Field, Plaquemines Parish affecting State Lease 1923.

**III. Force Majeure**

Updated 04/30/2014

Company Name	Lease Numbers
Leases Off Production Due to Non-Storm Related Force Majeure Events	
Energy Properties Inc.	725 (September'2014)

The Committee may discuss other matters as it desires pursuant to R.S. 42:7(A)(1)(b)(ii) as well as Executive Session matters pursuant to R.S. 42:6.1(A)(2) and R.S. 42:6.1(A)(6).

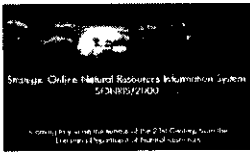
On motion by Mr. Segura, seconded by Mr. Chustz, the Committee moved to accept and approve all items and recommendations by the staff, and to adjourn the May 14, 2014 meeting at 9:50 a.m.

Respectfully submitted,



Thomas L. Arnold, Jr., Vice-Chairman of the Board  
Lease Review Committee  
Louisiana State Mineral and Energy Board

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



Louisiana Department of Natural Resources (DNR)

**SONRIS**

**Staff Reviews**

Report run on: May 16, 2014 9:49 AM

District Code 1 New Orleans- East

Get Review Date May 14, 2014

Lease Num	DA	Field	Latest Lease Activity	Productive Acreage	Present Acreage	Flagged for Review
00195C		QUARANTINE BAY	QB 3 RB SU	7200	15357	MAY. OB 4/4/14 JMB OB - HBP - 7 UNITS - 17 SL WELLS;; COX SUBMIT DRLG EXPLORATORY WELL RPT & CONT DEV BY 4/9/14
00195C		QUARANTINE BAY, SOUTH	QB 3 RB SU	7200	15357	MAY. OB 4/4/14 JMB OB - HBP - 7 UNITS - 17 SL WELLS;; COX SUBMIT DRLG EXPLORATORY WELL RPT & CONT DEV BY 4/9/14
00335A		DELACROIX ISLAND	520 04/22/2009	0	2840	MAY. 4/4/14 JMB 335A - EXPIRED - LEGAL ISSUE;; 6/26/13 VMV THIS IS LAND & LEGAL ISSUE BECAUSE APACHE SAYS HBP APP EXP 5/22/13 VMV: 335-A NO PRD & ALL WELLS IN FIELD HAVE BEEN P&A'D.
00335B		DELTA DUCK CLUB	VUB;SL 335 DDC U2	930	2047	MAY. AR 4/4/14 JMB 335B - AR - HBP - 4 UNITS - 3 VU'S;; 4/23/13 OMR TO TPIC, RPT BY 2/1/14 BASED ON REFUGE BEING CLOSED FOR DRLG FROM NOV TO FEB.
01278		MAIN PASS BLOCK 69	245471-SL 1278-021 12/30/2012	1177	2026.33	MAY. AR 4/4/14 JMB AR - HBP - 1 UNIT - 9 SL WELLS
01958		MAIN PASS BLOCK 35	983.262 10/10/2000	220	1506.828	MAY. AR 4/4/14 JMB AR - HBP - 4 UNITS - 4 SL WELLS
01961		MAIN PASS BLOCK 35	MPB35 UM0 RA SU 12/01/1988	1600	2500.39	MAY. AR 4/4/14 JMB AR - HBP - 5 UNITS - 9 SL WELLS
12503		CHANDELEUR SOUND BLOCK 71	11.062 08/19/2003	16.314	16.314	MAY. AR 4/4/14 JMB AR - HBP - 1 UNIT
17762		MAIN PASS BLOCK 16	YAKEY 09/01/2005	0	47.75	MAY. AR 4/4/14 JMB SENDING ROUTE SHEET LAST PROD. 10/13
17763		MAIN PASS BLOCK 16	YAKEY 09/01/2005	0	28.91	MAY. AR 4/4/14 JMB SENDING ROUTE SHEET - LAST PROD. 10/13
17764		MAIN PASS BLOCK 16	YAKEY 09/01/2005	12.72	12.72	MAY. AR 4/4/14 JMB SENDING ROUTE SHEET - LAST PROD. 10/13
17765		MAIN PASS BLOCK 16	YAKEY 09/01/2005	73.56	73.56	MAY. AR 4/4/14 JMB SENDING ROUTE SHEET - LAST PROD. 10/13
17766		MAIN PASS BLOCK 16	YAKEY 09/01/2005	43.53	43.53	MAY. AR 4/4/14 JMB SENDING ROUTE SHEET - LAST PROD. 10/13
20876				0	20	MAY. PT 2/8/15 TAX ADJUDICATED 4/4/14 JMB ROUTE SHEET STARTED NO RENTAL PAYMENT





Louisiana Department of Natural Resources (DNR)

**SONRIS**

**Staff Reviews**

Report run on: May 16, 2014 9:49 AM

District Code 1W New Orleans- West  
 Get Review Date May 14, 2014

Lease Num	DA	Field	Latest Lease Activity	Productive Average	Present Average	Flagged for Review It
00192B		TIMBALIER BAY ONSHORE	3000 RB SUA;SL PP 192 665-XX-1 02-366	4000	6000	MAY. AR FROM: JASON TALBOT SENT: THURSDAY, APRIL 10, 2014 10:26 AM TO: RACHEL VESSIER CC: ANDREW LEWIN SUBJECT: TANA EXPLORATION 'S OLD SOUTH TIMBALIER BAY LEASES:RACHEL & SL 1772 & SL 192-B TIMBALIER BAY HAVE A REVIEW DATE OF 7/14. ANDREW REVIEWED SL 1773 FOR MAY REVIEW AND WE JUST MEET WITH TANA EXPLORATION ON THESE LEASES TODAY. CAN WE SYNC SL 1772 AND SL 192-B WITH SL 1773? PUT THEM AS REVIEWED IN MAY 2014. THERE ARE NO ISSUES OF LEASE MAINTENANCE! THE LEASES ARE HBP!;; 4/16/13 OMR RQD TANA EXPLOR.SUBMIT UPDATE BY 4-9-2014
00192B		TIMBALIER BAY OFFSHORE	3000 RB SUA;SL PP 192 665-XX-1 02-366	4000	6000	MAY. AR FROM: JASON TALBOT SENT: THURSDAY, APRIL 10, 2014 10:26 AM TO: RACHEL VESSIER CC: ANDREW LEWIN SUBJECT: TANA EXPLORATION 'S OLD SOUTH TIMBALIER BAY LEASES:RACHEL & SL 1772 & SL 192-B TIMBALIER BAY HAVE A REVIEW DATE OF 7/14. ANDREW REVIEWED SL 1773 FOR MAY REVIEW AND WE JUST MEET WITH TANA EXPLORATION ON THESE LEASES TODAY. CAN WE SYNC SL 1772 AND SL 192-B WITH SL 1773? PUT THEM AS REVIEWED IN MAY 2014. THERE ARE NO ISSUES OF LEASE MAINTENANCE! THE LEASES ARE HBP!;; 4/16/13 OMR RQD TANA EXPLOR SUBMIT UPDATE BY 4-9-2014
00496		VENICE	M 17 R24C-24A SUA;C L JOHNSON 02/01/1997	4.24	4.24	MAY. AR 4/15/14 AJL HBP BY TWO UNITS WHICH COVER ENTIRE LEASE
01480		LAKE RACCOURCI , PLAIN DEALING	246743-SL 1480-001 07/31/2013	242.13	2016.798	MAY. OB 4/15/14 AJL HBP FROM ONE UNIT;; 3/31/14 LETTER FROM EXXONMOBIL REQ. ADD. 9 MONTHS TO REPORT; EXXONMOBIL'S SPUD DATE EXTENDED TO APRIL 1, 2014
01772		TIMBALIER BAY ONSHORE	3000 RB SUA;SL PP 192 665-XX-1 02-366	1000	2120.92	MAY. AR FROM: JASON TALBOT SENT: THURSDAY, APRIL 10, 2014 10:26 AM TO: RACHEL VESSIER CC: ANDREW LEWIN SUBJECT:



Louisiana Department of Natural Resources (DNR)

SONRIS

Staff Reviews

Report run on: May 16, 2014 9:49 AM

District Code 1W New Orleans- West  
 Get Review Date May 14, 2014

Lease Num	DA	Field	Leases Lease Activity	Probitive Average	Present Average	Flagged for Review
01773		TIMBALIER BAY ONSHORE	TB D-12 SU; 05/01/1990	97.44	97.44	TANA EXPLORATION 'S OLD SOUTH TIMBALIER BAY LEASES:RACHEL , SL 1772 & SL 192-B TIMBALIER BAY HAVE A REVIEW DATE OF 7/14. ANDREW REVIEWED SL 1773 FOR MAY REVIEW AND WE JUST MEET WITH TANA EXPLORATION ON THESE LEASES TODAY. CAN WE SYNC SL 1772 AND SL 192-B WITH SL 1773? PUT THEM AS REVIEWED IN MAY 2014. THERE ARE NO ISSUES OF LEASE MAINTENANCE! THE LEASES ARE HBPI;;;OMR RQD TANA EXPLOR.ANOTHER UPDATE BY 4-9-2014
02381		LITTLE LAKE , LITTLE TEMPLE	42.92 10/04/1990	23.84	23.84	MAY. AR 4/15/14 AJL HBP FROM ONE UNIT THAT COVERS THE ENTIRE LEASE
02561		LITTLE TEMPLE	13400 RA SUA;DELTA FARMS 08/06/2002 475-L 02-407	152	395	MAY. AR 4/15/14 AJL "HBP FROM ONE UNIT. DEVELOPMENT LETTER WRITTEN. I WILL CONTINUE TO LOOK AT! JPT
02918		WEST LAKE PONTCHARTRAIN BLK 41 , WEST LAKE PONTCHARTRAIN EAST BLK 41	VUA;SL 4041 04/12/2000	172.61	2356.3	MAY. AR 4/15/14 AJL HBP FROM TWO UNITS
03797		KLONDIKE	K. L. LORIO SU 07/01/1976	5.51	5.51	MAY. AR 4/15/14 AJL HBP FROM ONE UNIT WHICH COVERS THE ENTIRE LEASE
04746		MANCHAC POINT	MARG H B RA SUA;SL 5021 807-L 07-99	192.26	192.26	MAY. AR 4/15/14 AJL HBP FROM TWO UNITS WHICH COVER THE ENTIRE LEASE
05024		MANCHAC POINT	MPT CIB H3 RA SU; 03/01/2009 807-D-3 09-359	86	86	MAY. AR 4/15/14 AJL HBP BY ONE UNIT WHICH COVERS THE ENTIRE LEASE
05259		KINGS RIDGE	9900 RA SUA;GRANDISON TRUST 08/19/2003 360-G-5 03-629	108.426	108.426	MAY. AR 4/15/14 AJL HBP FROM TWO UNITS WHICH COVER THE ENTIRE LEASE
06122		COLLEGE POINT-ST JAMES	441.01 10/31/1983	71.199	71.199	MAY. AR 4/15/14 AJL HBP FROM ONE UNIT THAT COVERS THE ENTIRE LEASE
14589		LAKE RACCOURCI	21.42 07/15/2011	160	1677.25	MAY OB 4/15/14 AJL HBP BY ONE LEASE WELL;; 3/31/14 LETTER FROM EXXONMOBIL REQ. ADD. 9 MONTHS TO REPORT; EXXONMOBIL'S SPUD DATE EXTENDED TO



Louisiana Department of Natural Resources (DNR)

**SONRIS**

**Staff Reviews**

Report run on: May 16, 2014 9:49 AM

District Code 1W New Orleans- West  
 Get Review Date May 14, 2014

LEASE Num	D/A	Field	Latest lease Activity	Productive Acreage	Present Acreage	Flagged for Review: #
						APRIL 1, 2014
15358		BAYOU SORREL	.833 05/08/2003	.409	.409	MAY. AR 4/15/14 AJL HBP BY ONE UNIT WHICH COVERS THE ENTIRE LEASE
17376		BAY BATISTE	237278-VUA;SL 17376-001 04/14/2008	261.46	261.46	MAY. AR 4/15/14 AJL HBP BY ONE UNIT WHICH COVERS THE ENTIRE LEASE
17378		BAY BATISTE	240454-VUA;SL 17378-004 12/20/2009	438.94	438.94	MAY. AR 4/15/14 AJL HBP BY ONE UNIT WHICH COVERS THE ENTIRE LEASE
17780		LITTLE LAKE, SOUTH		160	160	MAY. AR 4/15/14 AJL HBP FROM LEASE PRODUCTION
18475		BASTIAN BAY	136.41 02/21/2008	17.59	17.59	MAY. AR 4/15/14 AJL HBP BY ONE UNIT WHICH COVERS THE ENTIRE LEASE
18997		LITTLE LAKE	L TP 6 RA SUA;SL 19864 12/16/2008 604-T	2.536	2.536	MAY. AR 4/15/14 AJL HBP BY THREE UNITS WHICH COVER THE ENTIRE LEASE
19357		LAKE PALOURDE, EAST	ROB 2 RB SUA;L LANDRY ESTATE 10/13/2010 357-E-4 09-1109	5.23	5.23	MAY. AR 4/15/14 AJL HBP BY ONE UNITS WHICH COVER ENTIRE STATE ACREAGE
20850		LAKE SALVADOR, WEST	CRIS I RE SUA; 02/26/2013 1543-A-3 13-63	170.59	170.59	MAY. AR PT 2/8/15 4/15/14 AJL HBP BY TWO UNITS WHICH COVER ENTIRE LEASE
20851				0	139.84	MAY. PT 2/8/15 4/15/14 AJL HBP BY RENTAL PAID ON 01/27/2014
20852				0	72.07	MAY. PT 2/8/15 4/15/14 AJL HBP BY RENTAL PAID ON 01/27/2014
20853				0	106.05	MAY. PT 2/8/15 4/15/14 AJL HBP BY RENTAL PAID ON 01/27/2014
20856		LAKE SALVADOR, WEST	CRIS I RB SUA; 04/30/2013 1543-A-8 13-229	9.529	342.72	MAY. PT 2/8/15 4/15/14 AJL HBP FROM UNIT PRODUCTION AND DEFERRED DEVELOPMENT PAID ON 01/27/2014
20857		LAKE SALVADOR, WEST	CRIS I RB SUA; 04/30/2013 1543-A-8 13-229	2.335	189.69	MAY. PT 2/8/15 4/15/14 AJL HBP FROM UNIT PRODUCTION AND DEFERRED DEVELOPMENT PAID ON 01/27/2014
20877				0	311	MAY. PT 2/8/15 OPTION 4/15/14 AJL HBP BY RENTAL PAID ON 01/27/2014
21107				0	273	MAY. PT 2/13/16 4/15/14 AJL HBP BY RENTAL PAID ON 02/06/2014



# Louisiana Department of Natural Resources (DNR)

## SONRIS

## Staff Reviews

Report run on: May 16, 2014 9:49 AM

District Code 2 Lafayette

Get Review Date May 14, 2014

LEASE Nbr	DA	Field	Latest Lease Activity	Productive Acreage	Present Acreage	Request for Review If
00293		FAUSSE POINTE	246241-SL 293 LAKE FAUSSE POINTE-165 04/08/2013	2211	2648	MAY. AR 4/23/14 AW HBP IN 3 UNITS (FP 5000 RA SU, FP 9 RF SU, SL 293 LAKE FAUSSE POINT); 8 PRODUCING WELLS
00340G	3	COTE BLANCHE BAY, WEST	247337-SL 340 WEST COTE BLANCHE BAY-1090 12/27/2013	0	3446	MAY SAR 4/23/14 AW LABAY RELEASED ACREAGE PER AGREEMENT W/OMR (EST. 158 ACRES)
00340G	2	COTE BLANCHE BAY, WEST	247337-SL 340 WEST COTE BLANCHE BAY-1090 12/27/2013	0	2117	MAY SAR 4/23/14 AW LABAY TO RELEASE ACREAGE PER AGREEMENT W/OMR (EST. 1348 ACRES)
00340G	1	COTE BLANCHE BAY, WEST	247337-SL 340 WEST COTE BLANCHE BAY-1090 12/27/2013	0	4870	MAY SAR 4/23/14 AW LABAY TO RELEASE ACREAGE PER AGREEMENT W/OMR (EST. 1450 ACRES)
00340G	4	COTE BLANCHE BAY, WEST	247337-SL 340 WEST COTE BLANCHE BAY-1090 12/27/2013	0	3050	MAY SAR 4/23/14 AW LABAY TO RELEASE ACREAGE PER AGREEMENT W/OMR; SEE 11/13 NOTES
00340G	5	COTE BLANCHE BAY, WEST	247337-SL 340 WEST COTE BLANCHE BAY-1090 12/27/2013	0	2829	MAY. SAR 4/23/14 AW LABAY TO RELEASE ACREAGE PER AGREEMENT W/OMR; SEE 11/13 NOTES
00340G	0	COTE BLANCHE BAY, WEST	247337-SL 340 WEST COTE BLANCHE BAY-1090 12/27/2013	4700	4700	MAY. AR 4/23/14 AW HBP OF LEASE WELLS AND MULTIPLE UNITS
01814		LAKE SAND	UL 4 RE SUA;SL 1814 216-L-2 04-656	120.82	160	MAY. AR 4/23/14 HBP IN 1 UNIT (UL 1B RA SUA); 1 PRODUCING WELL
02655		BAYOU LONG , BAYOU POSTILLION , BAYOU POSTILLION, EAST	D 2A-2B RA SUA;	61.698	98	MAY. AR 4/23/14 AW HBP IN 3 UNITS (D-2A-2B RA SUA, OPERC 4 RA SUA, & D-3 RB SUA); 4 PRODUCING WELLS
03113		MAURICE	BOL MEX 2A RC SUA;E B RACCA 12/07/2010 366-U-10 10-1283	8	9	MAY AR 4/23/14 AW HBP IN 1 UNIT (BOL M 2A RC SUA); 1 PRODUCING WELL
04237		SOUTH TIMBALIER BLOCK 8	95 03/27/2012	65	364.85	MAY. AR 4/23/14 AW HBP IN 2 UNITS (SL 4237 & 15100 RA VUA); 2 PRODUCING WELLS
08091		BAYOU CARLIN	MA 5 RD SUA;SL 8091 08/09/2005 570-E-3 05-843	205.81	205.81	MAY. AR 4/23/14 AW HBP IN 1 UNIT (MA-7 RA SUE); 1 PRODUCING WELL (IN UNIT)
09410		BAYOU CARLIN	MA 5 RD SUA;SL 8091 08/09/2005 570-E-3 05-843	305.6	305.6	MAY. AR 4/23/14 AW HBP IN 1 UNIT (MA-7 RA SUE); 1 PRODUCING WELL (IN UNIT)
13470		BAYOU CARLIN	MA 7 RA SUD;KEARNEY 570-C-3	170.662	170.662	MAY. AR 4/23/14 AW HBP IN 1 UNIT (MA-7 RA SUE); 1 PRODUCING WELL (IN UNIT)
14571		SHIP SHOAL BLOCK 65 , SHIP SHOAL BLOCK 66	158.026 01/22/2001	486.614	486.614	MAY. AR 4/23/14 AW HBP IN 1 UNIT (2 LUW CODES FOR VUA;



# Louisiana Department of Natural Resources (DNR)

## SONRIS

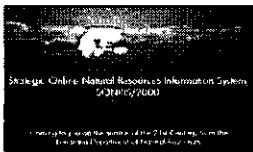
## Staff Reviews

Report run on: May 16, 2014 9:49 AM

District Code 2 Lafayette

Get Review Date May 14, 2014

Lease Num	DA	Tract	Latest Lease Activity	Productive Average	Present Average	Message for Review It
14572		SHIP SHOAL BLOCK 65 , SHIP SHOAL BLOCK 66	40.123 01/22/2001	202.757	202.757	SL 14572); 2 PRODUCING WELLS; MISSING FOLDER IN FILE ROOM MAY. AR 4/23/14 AW HBP IN 1 UNIT (2 LUW CODES FOR VUA; SL 14572); 2 PRODUCING WELLS; MISSING FOLDER IN FILE ROOM
14905		SOUTH TIMBALIER BLOCK 8	15100 RA VUA;SL 14905	65.302	65.302	MAY. AR 4/23/14 AW HBP IN 2 UNITS (SL 4237 & 15100 RA VUA); 2 PRODUCING WELLS
15110		CAILLOU ISLAND	1583.44 01/31/1997	8.6	8.6	MAY. AR 4/23/14 AW HBP IN 1 UNIT (L 15000 R560 SUA; SL 1249); 1 PRODUCING WELL
15470		DEER ISLAND, WEST	52.5 01/29/1999	97.61	97.61	MAY. AR 4/23/14 AW HBP IN 1 UNIT (L TEX W RA SUA); 1 PRODUCING WELL (IN UNIT)
15855		DEER ISLAND, WEST	40.26 12/27/1999	8.6	8.6	MAY AR 4/23/14 AW HBP IN 1 UNIT (L TEX W RA SUA); 1 PRODUCING WELL (IN UNIT)
16723		DUSON	NS 3 RC SUA;A E COMEAX 06/06/2000 197-E-3 00-309	.11	.11	MAY. AR 4/23/14 HBP IN 1 UNIT (NOD A RA SUC); 1 PRODUCING WELL; MISSING FOLDER IN FILE ROOM;; 4/17/14 AW NEW 617691 NS 3 RC SUA;; 4/10/14 LETTER TO BTA OIL REQ. FOR SURVEY PLAT AFFECTING SL 16722 & 16723, 617691;
19720		EUGENE ISLAND BLOCK 16	242401-VUA;SL 19720- 001 12/16/2010	418.62	418.62	MAY AR 4/23/14 AW HBP IN 1 UNIT (VUA; SL 19720); 1 PRODUCING WELL (IN UNIT)
19924		EUGENE ISLAND BLOCK 16	242891-VUA;SL 19924- 001 03/23/2011	689.37	689.37	MAY. AR 4/23/14 AW HBP IN 1 UNIT (VUA; SL 19720); 1 PRODUCING WELL (IN UNIT)
20539		WEEKS ISLAND	U RA SUA;SL 743 11/27/2012 146-Z-9 12-594	2.593	9	MAY. AR 4/23/14 AW DEFERRED DEVELOPMENT PAYMENT MADE ON 6.407 ACRES; THE REST, HBP IN 1 UNIT (U RA SUA), 1 PRODUCING WELL
20547		PERRY POINT	BOL MEX B RA SUA;P HULIN CO 04/26/2011 448-O-5 11-204	1.63	3.86	MAY. TAX ADJUDICATED 4/23/14 AW ROUTE SHEET DONE 3/5/14, UNUSED ACREAGE TO BE RELEASED (2.23 ACRES FROM CURRENT 3.86, SO NEW RETAINED VALUE WILL EQUAL PRODUCTIVE); HBP IN 1 UNIT (BOL M B RA SUA),1 PRODUCING WELL (IN UNIT)
20844				0	124	MAY. PT 2/8/17 4/23/14 AW RENTAL PAYMENT MADE 1/16/14
20868				0	90.72	MAY. PT 2/8/15 4/23/14 AW RENTAL PAYMENT MADE 1/31/14



Louisiana Department of Natural Resources (DNR)

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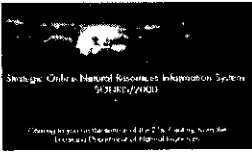
Staff Reviews

Report run on: May 16, 2014 9:49 AM

District Code 2 Lafayette

Get Review Date May 14, 2014

LEASE NUM	DA	FIELD	Latest Lease Activity	Productive Acreage	Present Acreage	Trigger for Review
20869				0	105.49	MAY. PT 2/8/15 4/23/14 AW RENTAL PAYMENT MADE 1/31/14
20870		POINT CHEVREUIL	11000 RA SUB;SL 20878 01/15/2013 1214-A 13-7	6 784	461.48	MAY. PT 2/8/15 4/23/14 AW HBP IN 1 UNIT (11000 RA SUB), SUPPLEMENTAL DELAY RENTAL PAYMENT MADE 3/13/14
20871		POINT CHEVREUIL	11000 RA SUB;SL 20878 01/15/2013 1214-A 13-7	24.416	316.26	MAY. PT 2/8/15 4/23/14 AW HBP IN 1 UNIT (11000 RA SUB), SUPPLEMENTAL DELAY RENTAL PAYMENT MADE 3/13/14
20872				0	190.74	MAY. 3PT 2/8/15 4/23/14 AW RENTAL PAYMENT MADE 1/31/14
20873				0	89.17	MAY. PT 2/8/15 4/23/14 AW RENTAL PAYMENT MADE 1/31/14
20874		SOUTH PASS BLOCK 24	5A-7 RA SUA;SL 20974 10/23/2012 227-TTT	0	181.63	MAY. PT 2/8/15 4/23/14 AW RENTAL PAYMENT MADE 1/31/14
20875				0	112.29	MAY. PT 2/8/15 4/23/14 AW RENTAL PAYMENT MADE 1/31/14
20878		POINT CHEVREUIL	246851-SL 20878-003 08/25/2013	375 602	457.49	MAY. PT 2/8/15 OPTION 4/23/14 AW RENTAL PAYMENT MADE 1/27/14; 2 PRODUCING WELLS (CURRENTLY SHUT-IN, WAITING ON PIPELINE; UNITS ARE 11,000 RA SUA & 11,000 RA SUB)
21109		BAY ST ELAINE		658.89	658.89	MAY. PT 2/13/16 4/23/14 AW HBP OF LEASE WELL; 1 PRODUCING WELL
21119				0	516.34	MAY. PT 2/13/16 ATCHAFALAYA DELTA WMA 4/23/14 AW ROUTE SHEET DONE 3/5/14; LETTER SENT 3/6/14 TO LESSEE
21120				0	115.94	MAY. PT 2/13/16 ATCHAFALAYA DELTA WMA 4/23/14 AW RENTAL PAYMENT MADE 1/31/14
21121				0	1.81	MAY. PT 2/13/16 ATCHAFALAYA DELTA WMA 4/23/14 AW LIEU ROYALTY PAYMENT MADE 1/31/14
21122		ATCHAFALAYA BAY, SOUTH		0	111.23	MAY. PT 2/13/16 ATCHAFALAYA DELTA WMA 4/23/14 AW LIEU ROYALTY PAYMENT MADE 1/31/14
21123		EUGENE ISLAND BLOCK 18		58.02	58.02	MAY. PT 2/13/16 ATCHAFALAYA DELTA WMA 4/23/14 AW HBP OF LEASE WELL; 1 PRODUCING WELL



# Louisiana Department of Natural Resources (DNR)

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### Staff Reviews

Report run on: May 16, 2014 9:49 AM

District Code 2 Lafayette

Get Review Date May 14, 2014

Lease Num	DA	Field	Latest Lease Activity	Productive Acreage	Present Acreage	Flagged for Review
21124				0	3.74	MAY. PT 2/13/16 ATCHAFALAYA DELTA WMA 4/23/14 AW RENTAL PAYMENT MADE 1/31/14



Louisiana Department of Natural Resources (DNR)

**SONRIS**

**Staff Reviews**

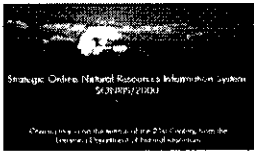
Report run on: May 16, 2014 9:49 AM

District Code 3 Lake Charles- North

Get Review Date May 14, 2014

Lease Num	DA	Field	Latest Lease Activity	Productive Average	Present Average	Flagged for Review If
00082		CADDO PINE ISLAND	29-NOV-22 3 No Activity - No Rental (Rt. Sheet has been circ.)	83.75	83.75	MAY. AR 4/21/14 SKR AR - HBP 1 SL WELL
05500		SENTELL	H RA SUE;PITTMAN 11/01/1993	12	12	MAY. AR 4/21/14 SKR AR - HBP 2 UNITS 8 PRODUCING WELLS. NO ROYALTIES REPORTED FOR LUW 606664
05501		SENTELL	H RA SUE;PITTMAN 11/01/1993	14.3	22	MAY. AR 4/21/14 SKR AR - HBP 1 UNIT 7 PRODUCING WELLS
05502		SENTELL	SNT MPT L SU; 01/01/1988	1.805	4	MAY. AR 4/21/14 SKR AR - HBP 2 UNITS 7 PRODUCING WELLS. NO ROYALTIES REPORTED FOR LUW 606664
05580		HONORE , SENTELL	H RA SUC;SIBLEY ET AL 01/01/1996	315	450	MAY. AR 4/21/14 SKR AR - HBP 3 UNIT 8 PRODUCING WELL. NO ROYALTIES REPORTED FOR LUW 606664 & 611217
05664		CASPIANA , ELM GROVE	HA RA SU96;HUTCHINSON HEIRS 8H 10/10/2009 361-L-66 09-1187	45	45	MAY. AR 4/21/14 SKR AR - HBP 12 UNITS 20 PRODUCING WELLS. NO ROYALTIES REPORTED FOR LUW 605228
06111		CASPIANA	HA RA SU159;EB FARMS 1-15-13 H 03/15/2011 191-H-131 11-117	100	100	MAY. AR 4/21/14 SKR AR - HBP 13 UNITS 52 PRODUCING WELLS. NO ROYALTIES REPORTED FOR LUW 605228
08699		ARKANA	GV RB SU31;INT'L PAPER CO B 06/01/1987	29.77	29.77	MAY. AR 4/21/14 SKR AR - 100% HBP 1 UNIT 2 PRODUCING WELLS
08935		CADDO PINE ISLAND	CAPI VIV RA SU 03/01/1993	80	80	MAY. AR 4/21/14 SKR AR - 100% HBP 1 UNITS 11 PRODUCING WELLS
14400		SHREVEPORT	MPT RA SUH;WOOLWORTH 06/01/1996	154.857	154.857	MAY. AR 4/21/14 SKR AR - 100% HBP 1 UNIT PRODUCING WELL
14818		HODGE	HOSS B RB SUD;NOMEY 07/01/1997	5	5	MAY. AR 4/21/14 SKR AR - 100% HBP 1 UNIT PRODUCING WELL
15500		CHEMARD LAKE , RED RIVER-BULL BAYOU	HA RA SUB;RUFFIN 7 H 04/28/2009 700-G 09-452	40	40	MAY QR 4/21/14 SKR QTR - 4 UNITS ARE PRES. HOLDING THIS SL, RRBB LITTON RA SU UNIT ORDER SAYS THE ENTIRE SL IS HBP FROM THIS UNIT. HOWEVER, THE 616326 HA RB SUFF;BAYOU PIERRE 31 H IS NOT PROD. AND THE DEEP RIGHTS TO THIS SL BELONG TO SAMSON CONTOUR. PRESENTLY (PER QUERRY LEASE DATA) A TITLE DISPUTE ON DOLET BAYOU. I FORWARDED THIS TO RICK HECK FOR HIS EVAL. OF THE CONT. OF THE TITLE DISPUTE.





Louisiana Department of Natural Resources (DNR)

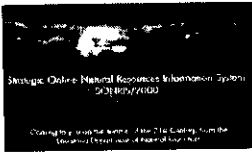
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Staff Reviews

Report run on: May 16, 2014 9:49 AM

District Code 3 Lake Charles- North  
 Get Review Date May 14, 2014

LEASE Num	DA	Field	Latest Lease Activity	Productive Acreage	Present Acreage	Plugged for Review If
15596		BURR FERRY, NORTH	AUS C RC SUB;SNYDER MIN A26 04/01/1997	20	20	MAY. AR 4/21/14 SKR AR - 100% HBP 1 UNIT 1 WELL AUS C
15771		SUGRUE	AUS C RA SUF;CROSBY 34 07/01/1997	0	40	MAY AR 4/21/14 SKR AR -100% HBP 1 UNIT 1 WELL AUS C. THIS WELL IS BARELY PRODUCING AND NO ROYALTIES ARE BEING PAID
15773		SUGRUE	AUS C RA SUF;CROSBY 34 07/01/1997	21	21	MAY. AR 4/21/14 SKR AR HBP 2 UNITS 2 PRODUCING WELLS. A PORTION OF THIS LEASE WITHIN THE AUS C RA SUD REQUIRES RELEASE. ACREAGE TO BE RELEASED < 1 ACRE WILL START ROUTE SHEET
15928		SUGRUE	AUS C RA SUF;CROSBY 34 07/01/1997	38.09	38.09	MAY. AR 4/21/14 SKR AR 100% HBP 1 UNITS 1 PRODUCING WELLS. AUS C RA SUF BARELY PRODUCING. NO ROYALTIES BEING PAID
16531		ELM GROVE	228276-LCV RA SU56;SL 16531 31-002-ALT 06/12/2003	397	397	MAY. AR 4/21/14 SKR AR - 100% HBP 3 UNITS 3 PRODUCING WELLS
18244		ELM GROVE	HA RA SU73;E E JOHNSON EST 19H 10/13/2009 361-L-59 09-1104	4.001	4.001	MAY. AR 4/21/14 SKR AR 100% HBP 6 UNITS 13 PRODUCING WELLS
18371		CASPIANA	362 825 12/29/2009	167 332	167.332	MAY. AR 4/21/14 SKR AR 100% HBP 2 UNITS 2 PRODUCING WELLS
19787		ALABAMA BEND	HA RA SUV;BURKETT 5-15-10 H 03/16/2010 1490-C-9 10-274	29.32	29.32	MAY. AR LOGGY BAYOU WMA 4/21/14 SKR AR 100% HBP 1 UNIT 8 PRODUCING WELLS
19840		LOGANSFORT	HA RA SUDD;BOOKER 28-11-15 H 06/23/2009 28-AA-13 09-641	14.633	14.633	MAY. AR 4/21/14 SKR AR 100% HBP 2 UNITS 2 PRODUCING WELLS
19841		LOGANSFORT	81.535 03/09/2011	68.465	68.465	MAY. AR 4/21/14 SKR AR 100% HBP 2 UNIT 2 PRODUCING WELLS
19844		BENSON	43 03/12/2012	46	46	MAY. AR 4/21/14 SKR AR 100% HBP 2 UNIT 2 PRODUCING WELLS
19928		CEDAR GROVE , ELM GROVE	HA RA SU133;FRANKS INV CO 10 H 10/26/2010 361-L-101 10-1083	7.18	7.18	MAY AR 4/21/14 SKR AR 100% HBP 2 UNIT 2 PRODUCING WELLS
20269		RED RIVER-BULL BAYOU	HA RC SUQ;RENFRO 15-13-13 H 06/23/2009 109-X-44	55	55	MAY. ARTAX ADJUDICATED LANDS 4/21/14 SKR AR 100% HBP 1 UNIT 1 PRODUCING WELL
20270		BRACKY BRANCH	HA RA SUI;FRED WILLIS MD 23 H	5	5	MAY. AR TAX ADJUDICATED LANDS 4/21/14 SKR AR - 100%



Louisiana Department of Natural Resources (DNR)

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**Staff Reviews**

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District Code 3 Lake Charles- North

Get Review Date May 14, 2014

LEASE Num	DA	Field	Latest (base) Activity	Productive Acreage	Present Acreage	Flagged for Review
			01/13/2009 917-L-2 09-34			HBP 1 UNIT PRODUCING WELL
20337		ELM GROVE	HA RA SU132;COTSWOLD 29- 16-10H 04/24/2010 361-L-82 10-450	130.34	130.34	MAY. AR 4/21/14 SKR AR - 100% HBP 1 UNIT PRODUCING WELL
20544		CONVERSE	HA RA SU112;EBARB 36 HZ 10/26/2010 501-G-34 10-1090	40	40	MAY AR 4/21/14 SKR AR 100% HBP 1 UNITS 1 PRODUCING WELLS
20545		CONVERSE	HA RA SU112;EBARB 36 HZ 10/26/2010 501-G-34 10-1090	6	6	MAY. AR 4/21/14 SKR AR 100% HBP 1 UNITS 1 PRODUCING WELLS
20845		GROGAN	HA RA SUY;HAIRE ETAL 20H 03/09/2010 955-J-8 10-232	10	10	MAY. PT 2/8/15 4/21/14 SKR AR 100% HBP 1 UNITS 1 PRODUCING WELLS. NO REPORTED ROYALTY
20846		CATAHOULA LAKE	116.65 04/10/2013	40	40	MAY. AR PT 2/8/15 4/21/14 SKR AR 100% HBP 1 UNITS 1 PRODUCING WELL



Louisiana Department of Natural Resources (DNR)

SONRIS

Staff Reviews

Report run on: May 16, 2014 9:49 AM

District Code 3S Lake Charles- South  
 Get Review Date May 14, 2014

LEASE No.	D/A	Tract	Latest Lease Activity	Productive Acreage	Present Acreage	Flagged for Review
01316		EGAN	EGAN HAYES SU 08/01/1983	.52	.52	MAY. AR 4/16/14 MS AR, LEASE HELD BY PRODUCTION FROM UNIT EGAN HAYES SU, HOWEVER NO ROYALTY PAYMENTS HAVE BEEN MADE SINCE 2005
03172		PERRY POINT	31.76 07/02/2004	2.71	2.71	MAY. AR 4/23/14 MS AR, LEASE HELD BY PRODUCTION FROM UNIT PPT ALL 3 RC SU
17806		CHENEYVILLE, WEST	AUS C RA SUP;CROWELL 15 04/22/2003 1415-A-3	39.847	39.847	MAY. AR 4/16/14 MS AR, LEASE HELD BY PRODUCTION FROM UNIT AUS CRA SUP; CROWELL 14
18452		BECKWITH CREEK	4.773 04/10/2006	.227	.227	MAY AR 4/16/14 MS AR, LEASE HELD BY PRODUCTION FROM UNIT HBY RH SUA
20261		GILLIS-ENGLISH BAYOU	62.42 04/01/2011	22.58	22.58	MAY. AR 4/16/14 MS AR, LEASE HELD BY PRODUCTION FROM UNIT 6700 CIB H RA SUA; DIAMOND DEV
20546				0	1	JUN. PT 2/9/14 TAX ADJUDICATED 4/16/14 MS PT HAS ENDED AND NO RENTALS HAVE BEEN PAYED, HOWEVER DRILLING WAS STARTED BEFORE ANNIVERSARY DATE. LEASE IS HELD, LEASE SHOULD BE REVIEWED AGAIN IN JUNE FOR LEASE MAINTENANCE
20738		PILGRIM CHURCH	L WX RA SUA;BEL MINERALS 18 01/24/2012 414-B 12-50	8.24	53	FEB. PT 9/14/14 4/16/14 MS 8.24 ACRES IS HELD BY UNIT LWX RA SUA; BEL MINERALS 18. THIS UNIT SHOWS POOR PRODUCTION, REVIEW AGAIN IN AUGUST ROUTE SHEET WAS STARTED ON 9/26/2013 ON THE OUTSIDE ACREAGE; PARTIAL RELEASE HAS NOT BEEN FINALIZED
21108				0	14	MAY. PT 2/13/16 4/16/14 MS AR, LEASE STILL IN PRIMAY- TERM, HELD BY RENTAL PAYMENTS
21118				0	357	MAY. PT 2/13/16 ROCKEFELLER WMA 4/16/14 MS AR LEASE STILL IN PRIMARY-TERM, HELD BY RENTAL PAYMENTS

124 31,666.473 77,382.867



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

***NOMINATION AND TRACT COMMITTEE REPORT***

The Nomination and Tract Committee, convened at **9:48 a.m.** on Wednesday, **May 14, 2014** with the following members of the Board in attendance:

Mr. Stephen Chustz	Mr. Emile B. Cordaro	Mr. Thomas L. Arnold, Jr.
Mr. Dan R. Brouillette	Mr. Paul Segura, Jr.	Mr. Theodore M. Haik, Jr.
Mr. Louis J. Lambert		Mr. Chip Kline (Gov. Jindal's Designee)

The Committee heard the report of Mr. Emile Fontenot, relative to nominations received for the July 9, 2014 Mineral Lease Sale and other matters. Based upon the staff's recommendation, on motion of **Mr. Chustz**, duly seconded by **Mr. Kline**, the Committee voted unanimously to recommend to the Board the granting of authority to the staff to advertise all such tracts as have been reviewed by the State Land Office and the staff of the Office of Mineral Resources as well as any tracts that have been previously advertised and rolled over and otherwise approve the Nomination and Tract Report presented by Mr. Fontenot.

The Staff recommended that Tract Nos. 43884-43885, DeSoto Parish, Louisiana and Tract Nos. 43914-43919, 43922-43925, all in Red River Parish, Louisiana be withdrawn from today's Lease Sale. On the motion of **Mr. Segura**, duly seconded by **Mr. Brouillette**, the Committee voted unanimously to withdraw said Tracts from the May 14, 2014 Lease Sale.

Letters of Protest from Williams Land Company, LLC, dated April 3, 2014, pertaining to Tract Nos. 43854-56, 43860-61, in Iberia, Assumption and St. Martin Parishes, Louisiana. No action was required.

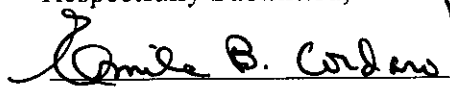
Energy XXI withdrew its request that the Mineral and Energy Board authorize Staff to negotiate for an Exclusive Geophysical Agreement (EGA) Type 3, and to take the acreage out of commerce. On the motion of **Mr. Brouillette**, duly seconded by **Mr. Haik**, the Committee voted unanimously to allow Energy XXI withdraw its request for an Exclusive Geophysical Agreement Type 3.

Nomination and Tract Committee Report  
May 14, 2014  
Page -2-

Castex Energy requests the State Mineral and Energy Board reduce the non-exclusive seismic fee. On the motion of *Mr. Kline*, duly seconded by *Mr. Brouillette*, the Committee voted unanimously to reduce said fee.

The Committee, on the motion of *Mr. Brouillette*, seconded by *Mr. Segura*, voted to adjourn at *10:03 a.m.*

Respectfully Submitted,

 by *b.f.*

Emile B. Cordaro

Chairman

Nomination and Tract Committee

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

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## NOMINATION AND TRACT COMMITTEE

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

WHEREAS, Mr. Emile Fontenot presented to the State Mineral and Energy Board that 39 tracts had been nominated for the July 9, 2014 Mineral Lease Sale, and that same are to be advertised pending staff review; now therefore

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

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

## CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 14th day of May 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## NOMINATION AND TRACT COMMITTEE

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

**WHEREAS**, the Staff presented to the Board a recommendation to withdraw Tract Nos. 43884-85, 43914-19 and 43922-25 from the May 14, 2014 Lease Sale.

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

**NOW, BE IT THEREFORE RESOLVED**, that the State Mineral and Energy Board does hereby approve and authorize the pulling of said Tracts from the May 14, 2014 Lease Sale

## 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 14th day of May 2014, 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.

  
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LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## NOMINATION AND TRACT COMMITTEE

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

**WHEREAS**, the Staff presented to the Board a request by Castex Energy to reduce the non-exclusive seismic permit fee in return for providing a full and complete copy of all seismic data acquired under the permit.

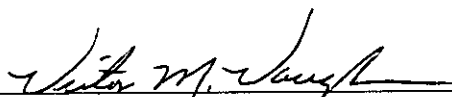
**WHEREAS**, after discussion and careful consideration by the State Mineral and Energy Board, a decision has been reached:

**NOW, BE IT THEREFORE RESOLVED**, that the State Mineral and Energy Board does hereby approve and authorize Castex Energy's request to reduce the non-exclusive seismic fee from fifteen dollars (\$15.00) per acre to twelve dollars (\$12.00) per acre on lands belonging to the State of Louisiana under the jurisdiction of the Louisiana Department of Wildlife and Fisheries.

**BE IT FUTHER RESOLVED**, that the State Mineral and Energy Board does hereby approve and authorize Castex Energy's request to reduce the non-exclusive seismic fee from ten dollars (\$10.00) per acre to seven dollars (\$7.00) per acre on all other lands and waterbottoms belonging to the State of Louisiana.

## 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 14th day of May 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD



# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## NOMINATION AND TRACT COMMITTEE

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

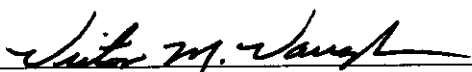
**WHEREAS**, the Staff presented to the Board a request by Energy XXI to withdraw a request for an Exclusive Geophysical Agreement (EGA) Type 3, and to take the acreage out of commerce.

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

**NOW, BE IT THEREFORE RESOLVED**, that the State Mineral and Energy Board does hereby approve Energy XXI request to withdraw their request for an Exclusive Geophysical Agreement Type 3.

## 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 14th day of May 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



\_\_\_\_\_  
LOUISIANA STATE MINERAL AND ENERGY BOARD



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

**AUDIT COMMITTEE REPORT**

The regular meeting of the Audit Committee of the State Mineral and Energy Board was held on Wednesday, May 14, 2014, following the Nomination and Tract Committee Meeting, in the LaBelle Room, First Floor, LaSalle Building, located at 617 North Third Street, Baton Rouge, Louisiana. Committee Members present were:

Thomas L. Arnold, Jr.  
Dan R. Brouillette  
Stephen Chustz

Emile B. Cordaro  
Theodore M. "Ted" Haik, Jr.  
Chip Kline

Louis J. Lambert  
W. Paul Segura, Jr.

Mr. Thomas L. Arnold, Jr. convened the Committee at 10:04 a.m.

The first matter considered by the Committee was the election of the May 2014 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.

Upon motion of Mr. Kline, seconded by Mr. Segura, Executive Session convened at 10:05 a.m.

Upon motion of Mr. Segura, seconded by Mr. Cordaro, Executive Session adjourned at 11:05 a.m.

The second matter considered by the Committee was for discussion in Executive Session regarding Poydras Energy Partners LLC placed on demand.

No action required.


The third matter considered by the Committee was for discussion in Executive Session of the potential settlement in Goldking Operating Co., Inc. audit.

Mr. Cordaro motioned and Mr. Segura seconded, that the Committee adopt staff recommendation to accept the settlement offer as discussed in Executive Session.

An objection to above motion was made by Mr. Haik.

Mr. Haik offered a substitute motion, seconded by Mr. Kline, the Committee voted unanimously to reject the settlement offer and to pursue litigation against Golding Operating Co., Inc. and the individual.

On motion of Mr. Haik, seconded by Mr. Kline, the Board voted unanimously to adjourn the Audit Committee at 11:07 a.m.

  
\_\_\_\_\_  
Thomas L. Arnold, Jr., Chairman  
Audit Committee

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

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

### AUDIT COMMITTEE

On motion by Mr. Haik, seconded by Mr. Kline, the following Resolution was offered and adopted:

**WHEREAS**, the State Mineral and Energy Board caused an audit to be performed of Goldking Operating Co., Inc. respecting the royalty payments under State Lease Nos. 214, 341, 344, and 1393 in the Bateman Lake, Garden Island Bay, and Grand Lake fields; and

**WHEREAS**, as a result of that audit the State has met with and informally assessed to Goldking Operating Co., Inc. the amount of \$845,232.51 royalty, and \$1,439,651.20 in interest and penalty; and

**WHEREAS**, Goldking Operating Co., Inc. previous offer presented at the December 11, 2013 was rejected and staff counteroffer was rejected by Goldking Operating Co., Inc.; and

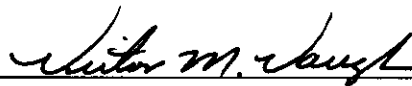
**WHEREAS**, Goldking Operating Co., Inc. has now tendered another offer to settle the outstanding audit claims; and the staff recommended the offer as presented in executive session

**WHEREAS**, the Board has reviewed and considered the settlement offer of Goldking Operating Co., Inc. and has reviewed and considered the report and recommendation of the staff regarding said settlement offer;

**THEREFORE BE IT RESOLVED**, that the Board does decline the staff recommendation to accept the settlement offer of Goldking Operating Co., Inc., and does hereby direct the staff and authorizes its counsel to pursue litigation against Goldking Operating Co., Inc.

### 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 14<sup>th</sup> day of May, 2014, 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



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

**LEGAL AND TITLE CONTROVERSY COMMITTEE REPORT**

The regular meeting of the Legal and Title Controversy Committee of the State Mineral and Energy Board was held on May 14, 2014, following the Audit Committee Meeting, in the LaBelle Room, First Floor, LaSalle Building located at 617 North Third Street, Baton Rouge, Louisiana. Committee Members present were:

Secretary Stephen Chustz  
Mr. Emile B. Cordaro  
Mr. Dan R. Brouillette  
Mr. Theodore M. "Ted" Haik, Jr.

Mr. Louis J. Lambert  
Mr. W. Paul Segura, Jr.  
Mr. Thomas L. Arnold, Jr.  
Mr. Chip Kline (*Governor's designee*)

The Legal and Title Controversy Committee was called to order by Mr. Segura at 11:07 a.m.

The first matter considered by the Committee was a request by QEP Energy Company for a thirty (30) day extension to confect Operating Agreements covering 600 acres located in Sections 12, 13 and 14, Township 14 North, Range 12 West, Red River Parish, Louisiana.

Upon recommendation of Staff and upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant QEP Energy Company until June 11, 2014 to confect Operating Agreements covering 600 acres located in Sections 12, 13 and 14, Township 14 North, Range 12 West, Red River Parish, Louisiana. No comments were made by the public.

The second matter considered by the Committee was a request by Texas Gas Exploration to withdraw monies in the registry of the courts for concursus suits that were settled in the 1990's.

Upon recommendation of Staff and upon motion of Mr. Arnold, seconded by Mr. Lambert, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant Texas Gas Exploration the authority to withdraw monies in the registry of the courts for concursus suits that were settled in the 1990s. No comments were made by the public.

The third matter considered by the Committee was a request for final approval of a Unitization Agreement between the State and Hilcorp Energy Company, et al, to create the LW CC-3 RA SU, Lake Washington Field, Plaquemines Parish, La, and is on the Docket as Item No. 14-11.

Upon recommendation of Staff and upon motion of Mr. Arnold, seconded by Mr. Lambert, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant final approval of the Unitization Agreement between the State and Hilcorp Energy Company, et al, on the Docket as Item No. 14-11. No comments were made by the public.

The fourth matter being considered by the Committee was a request for final approval of a Unitization Agreement between the State and Apache Shelf, Inc. and Apache Corporation to create a 40.00 acre 7200 VUB, South Pass Block 24 Field, Plaquemines Parish, Louisiana, and is on the Docket as Item No. 14-12.

Upon recommendation of the staff and upon motion of Mr. Arnold, seconded by Mr. Lambert, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant final approval of the Unitization Agreement between the State and Apache Shelf, Inc. and Apache Corporation, on the Docket as Item No. 14-12. No comments were made by the public.

The fifth matter considered by the Committee was a request for final approval of an Operating Agreement between the State and Rozel Exploration, LLC, to create an operating tract which allocates to the State, 25% royalty before payout increasing to 25.3% after payout, covering a portion of former State Lease No. 2102, Iberville Parish, La., and is on the Docket as Item No. 14-13.

Upon recommendation of Staff and upon motion of Mr. Lambert, seconded by Mr. Brouillette, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant final approval of the Operating Agreement between the State and Rozel Exploration, LLC, on the Docket as Item No. 14-13. No comments were made by the public.

The sixth matter considered by the Committee was a request for final approval of two Operating Agreements between the State and Palm Energy Offshore, LLC, to create operating tracts which allocates to the State, 22% royalty before payout increasing to 23% after payout, covering portions of former State Lease No. 18936, Plaquemines Parish, La., on the Docket as Item No. 14-14 and 14-15.

Upon recommendation of Staff and upon motion of Mr. Lambert, seconded by Mr. Kline, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant final approval of two Operating Agreements between the State and Palm Energy Offshore, LLC, on the Docket as Item No. 14-14 and 14-15. No comments were made by the public.

The seventh matter considered by the Committee was a request for final approval of a Voluntary Unit Agreement between the State and Attic Investment, Inc., Bisson Energy Partners, LLC and Seek Production, LLC, to create a unit comprising all or portions of State Lease No. 20482, 20781, 20967, 20968 and 21363, containing approximately 1991.56 acres, Main Pass Block 35 Field, Plaquemines Parish, La., on the Docket as Item No. 14-16.

Upon recommendation of Staff and upon motion of Mr. Lambert, seconded by Mr. Arnold, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant final approval of the Voluntary Unit Agreement between the State and Attic Investment, Inc., Bisson Energy Partners, LLC and Seek Production, LLC, on the Docket as Item No. 14-16. No comments were made by the public.

The eighth matter considered by the Committee was a request for final approval of an Operating Agreement between the State and Texas Petroleum Investment Company (TPIC) to create an Operating Tract which proposal allocates to the State a State Production Interest equal to 16.67% BPO and 22% APO, covering 370.99 acres of former State Lease No. 4409, Plaquemines Parish, Louisiana, on the Docket as Item No. 14-17.

Upon recommendation of the staff and upon motion of Mr. Arnold, seconded by Mr. Lambert, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant final approval of the Operating Agreement between the State and Texas Petroleum Investment Company (TPIC), on the Docket as Item No. 14-17. No comments were made by the public.

The ninth matter considered by the Committee was a request for final approval of an Operating Agreement between the State and Texas Petroleum Investment Company (TPIC) to create an Operating Tract which proposal allocates to the State a State Production Interest equal to 16.67% BPO and 22% APO, covering 78.01 acres in former State Lease No. 4409, Plaquemines Parish, Louisiana, on the Docket as Item No. 14-18.

Upon recommendation of the staff and upon motion of Mr. Arnold, seconded by Mr. Kline, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant final approval of the Operating Agreement between the State and Texas Petroleum Investment Company (TPIC), on the Docket as Item No. 14-18. No comments were made by the public.

The tenth matter considered by the Committee was a request for final approval of an Operating Agreement between the State and BHP Billiton Petroleum Properties, L.P. to create an Operating Tract which proposal allocates to the State a State Production Interest equal to 25% BPO and 26.5% APO, covering 82.106 unleased acres in the producing HA RA SUY unit, Bossier Parish, Louisiana, on the Docket as Item No. 14-19.

Upon recommendation of the staff and upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant final approval of the Operating Agreement between the State and BHP Billiton Petroleum Properties, L.P., on the Docket as Item No. 14-19. No comments were made by the public.

The eleventh matter considered by the Committee was a request for final approval of a Settlement Agreement and Mutual Release between the State and Dupree Tractor Company, Inc. and Dupree Lands Properties, LLC, whereas said parties desire to settle all claims affecting the State's mineral royalty interest in the bed and bottoms of the Red River that lie within Sections 20, 21, 28, 29, 32, 33, and 34, Township 2 North, Range 10 West, affecting State Lease Nos. 18863, 19999 and 20039, Red River Parish, Louisiana, and is on the Docket as Item No. 14-20.

Upon recommendation of the staff and upon motion of Mr. Arnold, seconded by Mr. Lambert, the Committee voted unanimously to recommend that the State Mineral and Energy Board final approval of the Settlement Agreement and Mutual Release between the State and Dupree Tractor Company, Inc. and Dupree Lands Properties, LLC, on the Docket as Item No. 14-20. No comments were made by the public.

The twelfth matter considered by the Committee was an objection by BHP Billiton Petroleum to Chesapeake Louisiana L.P.'s request for authority to negotiate with the Mineral and Energy Board staff for an Operating Agreement covering concursus lands situated in Sections 11, 12, 13, 14, 15, 23, and 24, Township 14 North, Range 12 West, Red River and DeSoto Parishes, Louisiana. BHP hereby requests that the acreage be removed.

This was an advisory item regarding a Letter of Protest, There was no discussion of this item was had, and no board action was taken.

The thirteenth matter considered by the Committee was a request by Chesapeake Louisiana, L.P. for authority to negotiate with Staff for Operating Agreements covering concursus lands situated in Sections 11, 12, 13, 14, 15, 23 and 24, Township 14 North, Range 12 West, Red River and DeSoto Parishes, Louisiana.

Upon recommendation of the staff and upon motion of Mr. Arnold, seconded by Mr. Kline, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant Chesapeake Louisiana, L.P. authority to negotiate with Staff for Operating Agreements covering concursus lands situated in Sections 11, 12, 13, 14, 15, 23 and 24, Township 14 North, Range 12 West, Red River and DeSoto Parishes, Louisiana and that the acreage in question be deemed unavailable for leasing until November 12, 2014 or until an operating agreement is confected and placed on the Mineral and Energy Board Docket for approval, whichever occurs first. No comments were made by the public.



The fourteenth matter considered by the Committee was a request by Hilcorp Energy Company, et al, for consent from the Board to suspend direct payments and to escrow said payment attributable to the disputed acreage of State owned lands in the CIB CARST RA SUA unit, affecting SL Nos. 724, 21150, 21152 and 21157, Four Isle Dome Field, Terrebonne Parish, Louisiana.

Upon recommendation of the staff and upon motion of Mr. Arnold, seconded by Mr. Brouillette, the Committee voted unanimously to recommend that the State Mineral and Energy Board grant Hilcorp Energy, et al, the authority to escrow the amounts attributable to the disputed acreage in an interest bearing bank account with a bank in good financial standing with a presence in Louisiana and insured by the FDIC, subject to the standard OMR escrow requirements for a period of ninety (90) days commencing May 14, 2014. No comments were made by the public.

The fifteenth matter considered by the Committee was a request by Staff to clarify/discuss the Office of Mineral Resources' standard escrow requirements with the Board.

This was an advisory item, and no board action was taken.

Upon motion of Mr. Cordaro, seconded by Mr. Arnold, the Legal & Title Controversy Committee meeting was recessed for the Docket Committee and the regular meeting of the State Mineral and Energy Board at 11:41 A.M.

Upon motion of Mr. Arnold, seconded by Mr. Heik, the Legal & Title Controversy Committee meeting was resumed at 12:57 P.M.

The sixteenth matter considered by the Committee was a presentation by Staff for the Board's consideration of the Proposed New Lease form.

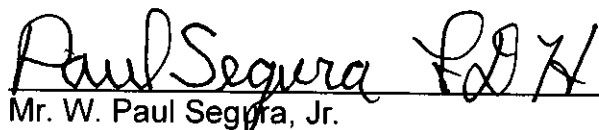
Upon recommendation of the staff and upon motion of Mr. Arnold, seconded by Mr. Kline, the Committee voted unanimously to recommend that all information presented to the Board regarding the proposed new lease form be made public.

Upon further recommendation of the staff and upon motion of Mr. Chustz, seconded by Mr. Arnold, the following timeline of events regarding the proposed new lease form was recommended:

- (1) Staff will make the proposed new lease form and related documents available to the public on the OMR website;
- (2) OMR staff will schedule a meeting seeking public comment within six (6) weeks of making the proposed new lease form and other related documents public (on or about June 25, 2014) and notify the public of said meeting;

- (3) At the June 11, 2014 meeting, OMR staff will present to the State Mineral and Energy Board's Legal & Title Controversy Committee a comparison of the existing lease and proposed lease form;
- (4) At the July 9, 2014 meeting, OMR staff will present to the State Mineral and Energy Board's Legal & Title Controversy Committee a preliminary summation of the public's comments on the proposed new lease form;
- (5) At the August 13, 2014 meeting, OMR staff will present for initial consideration to the State Mineral and Energy Board a revised draft of the proposed new lease which incorporates relevant input from the public; and
- (6) The deadline for submission of written comments will be July 15, 2014.

Upon motion of Mr. Arnold, seconded by Mr. Kline, the Legal and Title Controversy Committee meeting adjourned at 1:48 p.m.

A handwritten signature in black ink that reads "Paul Segura" followed by a stylized monogram "PSJ". The signature is written over a horizontal line.

Mr. W. Paul Segura, Jr.  
Legal and Title Controversy Committee  
Louisiana State Mineral and Energy Board

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

OFFICE OF MINERAL RESOURCES

ESCROW ACCOUNT  
REQUIREMENTS  
STATE MINERAL LEASES

James J. Devitt

Deputy General Counsel  
Office of the Secretary  
Department of Natural Resources

# DEPARTMENT OF NATURAL RESOURCES

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- State Energy Data & Analysis
- Get a Game Plan

## Welcome to the Department of Natural Resources

### LATEST NEWS

Mineral and Energy Board Lease Sale brings over \$2.6 million in June

Secretary Chustz honors La. student art calendar winners »

La. Fuel Team and state agencies coordinating efforts for 2013 Hurricane Season »

La. Mineral and Energy Board holds May Lease Sale »

Governor's Call for Increased Water Flow Into Atchafalaya Basin Approved, Will Support Fisheries, Basin Health and Coast »

State Mineral and Energy Board Lease Sale for April brings \$1.9 million »

Office of Conservation, Capital Area Ground Water Conservation Commission Set Structure to Coordinate Efforts »

Blue Ribbon Commission Initial Meeting Set »

News Archives »

### UPCOMING MEETINGS AND EVENTS

JUL 16 Oil and Gas Hearings

JUL 18 Pipeline Division Public Hearing

JUL 18 Oilfield Site Restoration Commission Meeting

JUL 23 Oil and Gas Hearings

JUL 24 Local Coastal Management Programs Quarterly Meeting

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## OFFICE OF MINERAL RESOURCES

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State Mineral and Energy Board

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Assistant Secretary

Director

Executive Director

Assistant Director

Regional Office

NEWS

Conservation

Coastal Management

CALENDAR

July 2013

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31					

### About the Office of Mineral Resources

The Office of Mineral Resources was established to manage the state's mineral assets and to provide staff to advise the State Mineral and Energy Board in granting and administering leases on state-owned lands and water bottoms for the development and production of minerals, primarily oil and gas, for the purpose of optimizing revenue to the State of Louisiana from the royalties, bonuses and rentals generated therefrom.

The Office of Mineral Resources is one of the largest receivers of state revenues. The office receives revenues from royalties, bonuses, rentals, interest, and fees for leases on state-owned lands and water bottoms. Revenues from these sources comprise approximately 15% of the state general fund. In addition to the general fund, revenues collected also provide major sources of funding for parish governments, school boards, the Department of Wildlife and Fisheries, the Coastal Protection and Restoration Authority, and the Department of Natural Resources.

The Office is headed by the Assistant Secretary, who also serves as the Secretary of the State Mineral and Energy Board.

The staff consists of professionals such as landmen, GIS personnel, geologists, engineers, accountants, auditors, attorneys and administrative employees who conduct the day-to-day operations of the Board's business and provide it with the information and technical advice necessary for the accomplishment of business at its monthly meetings.

Contact OMR



### Oil & Gas

### Energy

### Mineral Resources

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State Mineral and Energy Board  
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How To Guide

Mineral Leases  
Royalties and FAQ  
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Hunting in State  
SOLICITS

### Conservation

### Coastal Management

### CALENDAR



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28	29	30				

## HOW-TO GUIDE

This Web site is designed to assist individual consumers, businesses and industry who work with DNR and the Office of Mineral Resources.

## Mineral Leases

### HOW TO...

- ▶ Nominate a Tract for State or State Agency Mineral Lease
- ▶ Bid on a Tract of Land for State or State Agency Mineral Lease
- ▶ Assign a State Mineral Lease
- ▶ Release Acreage from a State Mineral Lease

### ADDITIONAL TOPICS

#### HOW TO...

- ▶ Submit a State Agency Lease for State Mineral Board Approval
- ▶ Docket an Item for State Mineral Board Consideration
- ▶ Register with the Office of Mineral Resources
- ▶ Subscribe to the Louisiana State Leases CD-ROM
- ▶ Find Out If I am Registered as a Prospective Leaseholder
- ▶ Request Proof (e.g., Proof of publication, timely execution, no conflict/overlap, three-mile boundary, or minutes)
- ▶ Request Copies of State Mineral Lease File Documents
- ▶ Access Database Records and Document Images
- ▶ Obtain the Latest Release List
- ▶ Report Force Majeure(NEW)
- ▶ Notify OMR when a BONA FIDE TITLE DISPUTE arises



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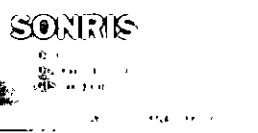
**INFORMATION PORTALS**

Escrow

Oil & Gas

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Coastal Management



### WHAT ARE MY OBLIGATIONS WHEN A BONA FIDE TITLE DISPUTE ARISES?

Pursuant to Paragraph 18 of the current State Lease (Revised in 2000), the Lessee is required to promptly notify the Office of Mineral Resources ("OMR") if a bona fide dispute involving the State's ownership or title to any portion of the leased premises is discovered. Upon proper notification to OMR, the Lessee may request authorization from the State Mineral & Energy Board ("SMEB") to escrow revenues from the disputed premises. If the request is granted, the following requirements shall apply:

1. The authority to escrow will expire ninety (90) days following the date granted, or until a concursus petition is filed, or until the dispute is otherwise disposed of, whichever occurs first.
2. During the escrow period, the Lessee (or payor) must provide OMR with SR-9 reports and evidence that the funds have been deposited into the escrow account. Evidence consists of copies of checks deposited into the escrow account or copies of monthly bank statements.
3. The escrow account must be interest bearing.
4. The escrow account must be established at a financial institution having a presence in Louisiana.

To request authority to escrow revenue from disputed premises, please forward a written request, along with a survey plat that clearly identifies the disputed acreage, to:

James Devitt  
Office of the Secretary  
[James.Devitt@LA.GOV](mailto:James.Devitt@LA.GOV)  
OR  
Taletha Shorter  
Office of Mineral Resources  
[Taletha.Shorter@LA.GOV](mailto:Taletha.Shorter@LA.GOV)  
617 N. 3rd Street  
Baton Rouge, LA 70802  
225-342-4615

no later than ten (10) days prior to the next SMEB monthly meeting. OMR will review the request and the plat, then make a recommendation to the SMEB. If your request is approved by the SMEB, your authorization will begin on the date of the approval.

Any questions regarding the above can be directed to James Devitt at [James.Devitt@LA.GOV](mailto:James.Devitt@LA.GOV) or 225-342-2614.

Feedback

WHAT ARE MY  
OBLIGATIONS  
WHEN A BONA FIDE TITLE  
DISPUTE ARISES?



# NOTIFICATION

## ➤ Paragraph 18 of State Lease

"In the event of any bona fide dispute or litigation involving Lessor's ownership or title to any portion of the leased premises, Lessee agrees to promptly notify Lessor in writing of the nature of said adverse claim in reasonable detail, identifying the adverse claimant, and the basis and extent of Lessee's accountability to said adverse claimant for any oil, gas or other liquid or gaseous mineral produced from or attributable to such portion of the leased premises."

- Lessee must promptly notify OMIR of any dispute involving the State's ownership or title to any portion of the leased premises.

# NOTIFICATION

- Written notification and explanation
- Survey plat that clearly identifies the disputed acreage

# BOARD AUTHORIZATION

- In lieu of continued full payment to the Office of Mineral Resources, Lessee may request authorization from the State Mineral & Energy Board to escrow revenues from disputed premises.
  - Email an advance copy of request
- Make request no later than ten (10) days prior to the next Board monthly meeting
  - If the request is granted, the following requirements shall apply:

# ESCROW PERIOD

- 90 Days from date authorized by the Board; or
  - 90 days from an extension; or
    - Until a concursus petition is filed; or
    - Until the dispute is otherwise resolved;
    - **WHICHEVER OCCURS FIRST.**

# REPORTING REQUIRED DURING ESCROW PERIOD

- Monthly SR-9 Reports; and
- Copies of Deposits or Bank Statements

SR 9 - Gas PAYOR CODE: \_\_\_\_\_

MONTHLY REPORT OF MINERALS SUBJECT TO STATE ROYALTY

1-OIL 4-SALT  
 2-GAS 5-PLANT PRODUCTS  
 3-SULPHUR

OFFICE OF MINERAL RESOURCES

P.O. BOX 2827  
 BATON ROUGE, LA 70821

Payor Name: \_\_\_\_\_ Address: \_\_\_\_\_ City, State, & Zip: \_\_\_\_\_ Report Date: \_\_\_\_\_

DEPT. OF CONSERVATION		WELL		OIL GRAVITY																		NET	STATE	AMOUNT	
(LW) NAME	FIELD CODE	LW CODE	SERIAL NUM	W	DISP I	D	I	PROD	TRANSP.	ORG. CODE	GAS BTU	PAYOR	SEVERANCE	DED	DEDUCT	DED	DEDUCT	DED	DEDUCT	DED	DEDUCT	NET VALUE	STATE DECIMAL	AMOUNT PAID	
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9900 RA SUA SL 17620 No 1	7303	613970			012313	1	C	29				4 60465	2.143										9,869.71	0.2100200	2,072.64
9800 RA SUA SL 17620 No 1	7303	613970			022313	1	C	20	SPOT MKT.		1.1234	4 76975	13.265	1,963.20	3	12,641.18							48,666.11	0.2100200	10,219.88
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9900 RA SUA SL 17620 No 1	7303	613970			042313	1	C	29				5 67024	921										5,224.89	0.2100200	1,097.25
9900 RA SUA SL 17620 No 1	7303	613970			052313	1	C	20	SPOT MKT.		1.1237	4 99417	1.674	247.79	3	1,744.68							6,369.15	0.2100200	1,337.52
9900 RA SUA SL 17620 No 1	7303	613970			052313	1	C	29				4 99417	648										1,237.32	0.2100200	679.84

# Commercial Interest Checking

Account number. ■ June 1, 2013 - June 30, 2013 ■ Page 1 of 1

WELLS  
FARGO

## Questions?

Call your Customer Service Officer or Client Services  
1-800-AT WELLS (1-800-289-3557)  
5:00 AM TO 6:00 PM Pacific Time Monday - Friday

Online [wellsfargo.com](http://wellsfargo.com)

Write Wells Fargo Bank, N.A. (182)  
PO Box 63020  
San Francisco, CA 94163

## Account summary

### Commercial Interest Checking

Account number	Beginning balance	Total credits	Total debits	Ending balance
	\$121,064.56	\$1,236.79	\$0.00	\$122,301.35

## Interest summary

Annual percentage yield earned this period	0.09%
Interest earned during this period	\$8.97
Year to date interest and bonuses paid	\$52.78

## Credits

### Electronic deposits/bank credits

Effective date	Posted date	Amount	Transaction detail
	06/25	1,227.82	
06/30	06/28	8.97	Interest Payment
		\$1,236.79	Total electronic deposits/bank credits
		\$1,236.79	Total credits

## Daily ledger balance summary

Date	Balance	Date	Balance	Date	Balance
05/31	121,064.56	06/25	122,292.38	06/28	122,301.35
	Average daily ledger balance		\$121,310.42		

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(182)  
Sheet Desc = 0117779  
Sheet 00001 of 00001

# Key points for the SR-9 Form

- ▣ Only one report for each product (oil, gas, plant products, etc.)
- ▣ The report should be updated each month
- ▣ The template is the same as the SR form for online reporting (found on the website)

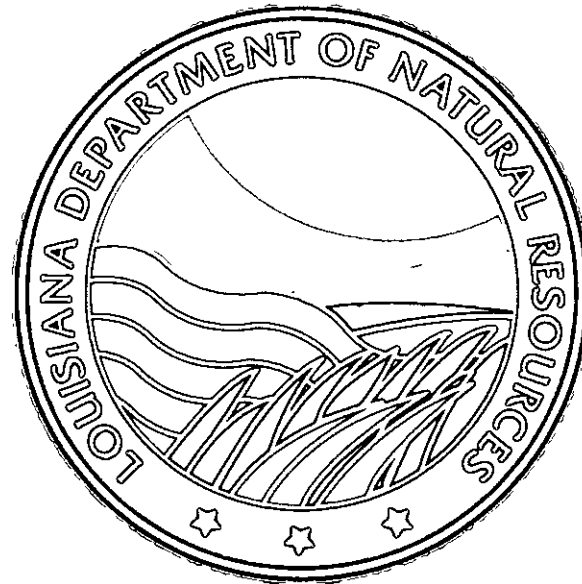


# ACCOUNT REQUIREMENTS

- The escrow account must be interest bearing.
- The escrow account must be established at a financial institution having a presence in Louisiana.

# THE END

Thank you for your time



James J. Devitt  
Deputy General Counsel  
Louisiana Dept. Natural Resources  
225-342-2614      James.Devitt@La.Gov

# CONTACTS

Jim Devitt

Office of The Secretary

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Or

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Baton Rouge, LA 70802

225-342-4615

# NEW PROPOSED LEASE FORM

**THE NEW LEASE FORM HAS A PROVISION WHICH DOES COVER ADDITIONAL STATE OWNED ACREAGE WHICH EXISTS WITHIN THE LEASE POLYGON AT THE TIME THE LEASE IS AWARDED, BUT IS NOT INCLUDED IN THE ADVERTISED ACREAGE. THE PROVISION ALLOWS FOR COLLECTION OF ADDITIONAL CASH PAYMENT AND ADDITIONAL RENTAL. HOWEVER, THE NEW PROVISION SPECIFICALLY EXCLUDES REQUIRING ADDITIONAL PAYMENT FOR ADDITIONAL ACREAGE ARISING FROM EROSION DURING LIFE OF LEASE OR FROM FINAL JUDICIAL JUDGMENTS OR DECREES, ALTHOUGH IT ALLOWS FOR THAT ACREAGE TO BE COVERED UNDER THE LEASE.**

# **RENTAL PROVISIONS**

**IN THE PRESENT LEASE FORM, IF DRILLING OR REWORKING OPERATIONS, OR PRODUCTION CEASES DURING THE PRIMARY TERM DURING A PERIOD FOR WHICH NO RENTAL WAS PAID THE LEASE WAS MAINTAINED UNTIL THE NEXT ANNIVERSARY DATE, BUT, UNDER THE NEW LEASE FORM, IF LESSEE DOES NOT COMMENCE DRILLING OR REWORKING OPERATIONS, OR PRODUCTION WITHIN 90 DAYS OF CESSATION, LEASE WILL TERMINATE UNLESS LESSEE PAYS A PRO-RATA RENTAL WHICH HOLDS THE LEASE FROM THE END OF THE 90 DAY PERIOD UNTIL THE NEXT ANNIVERSARY DATE. FAILURE TO PAY THE PRO-RATA RENTAL TERMINATES THE LEASE.**

# **DEFERRED DEVELOPMENT CLAUSE**



**PRESENT LEASE FORM ADDRESSES UNITIZED OPERATIONS BEGUN DURING PRIMARY TERM OR WITHIN ONLY ONE YEAR OF END OF PRIMARY TERM WITH OPERATIONS ON OUTSIDE ACREAGE OR PAYMENT OF DEFERRED DEVELOPMENT HOLDING OUTSIDE ACREAGE FROM SUCCESSIVE ANNIVERSARY DATES, BECAUSE NO DEFERRED DEVELOPMENT PAYMENT DUE IF OPERATIONS BEGUN IN SECOND YEAR OF PRIMARY TERM; LEASE IS HELD UNTIL NEXT ANNIVERSARY. NEW LEASE FORM STATES THAT IF UNITIZED OPERATIONS BEGIN DURING PRIMARY TERM OR WITHIN TWO YEARS OF END OF PRIMARY TERM RATHER THAN ONE YEAR, THEN LESSEE HAS 90 DAYS TO BEGIN OPERATIONS ON OUTSIDE ACREAGE OR PAY A PRO-RATA DEFERRED DEVELOPMENT PAYMENT FROM THE END OF THE 90 DAY PERIOD UNTIL THE NEXT ANNIVERSARY DATE IF UNITIZED OPERATIONS BEGIN DURING ANNUAL PERIOD FOR WHICH RENTAL WAS NOT PAID.**

# **SHUT-IN WELL PROVISIONS**

**PRESENT LEASE FORM APPLIES ONLY TO GAS WELLS BUT NEW LEASE FORM APPLIES TO BOTH OIL AND GAS WELLS CAPABLE OF PRODUCING IN COMMERCIAL QUANTITIES.**

**SAME AS PRESENT LEASE FORM FOR QUALIFICATION AND REASONS FOR SHUTTING IN WELL.**

**SHUT-IN PAYMENT RAISED FROM \$25.00 PER ACRE AND NO LESS THAN \$500.00 IN PRESENT LEASE FORM TO \$50.00 PER ACRE, BUT NO LESS THAN \$1,000.00.**

**IN PRESENT LEASE FORM ONCE SHUT-IN PERIOD IS GIVEN, SUCCESSIVE SIX MONTH PERIODS INFERRED TO FOLLOW AUTOMATICALLY UP TO MAXIMUM OF THREE YEARS WITH IT BEING IMPLIED THAT LESSEE IS DILIGENTLY SEEKING FACILITIES OR A CONTRACT. UNDER NEW LEASE LESSEE MUST SHOW TO THE SATISFACTION OF THE BOARD (STAFF) AFTER EACH SIX MONTH PERIOD BY AFFIDAVIT OR OTHER VERIFIABLE EVIDENCE THAT FURTHER SHUT-IN PERIODS ARE NECESSARY. THEY DO NOT AUTOMATICALLY FOLLOW.**

**PRESENT LEASE FORM JUST SAYS THAT LESSEE HAS MAXIMUM OF SIX, SIX MONTH PERIODS OF SHUT-IN PAYMENTS, AND MAY EARN TWO ADDITIONAL PERIODS. IN NEW LEASE FORM, IF THE BOARD (STAFF) DETERMINES THAT GROUNDS FOR SHUT-IN NO LONGER EXIST AND DO NOT GRANT FURTHER SHUT-IN PERIODS, THE LEASE WILL TERMINATE AT THE END OF THE THEN RUNNING SHUT-IN PERIOD UNLESS IT CAN BE HELD BY SOME OTHER PROVISION OF THE LEASE.**

# **BONDING REQUIREMENT**

**PRESENT LEASE FORM HAS NO BOND REQUIREMENT AT ALL. NEW LEASE FORM REQUIRES BOND WHEN LESSEE IS EXEMPTED FROM CONSERVATION BOND (HAVEN'T DECIDED WHAT KIND OF BOND IS NEEDED-CASH OR PERFORMANCE).**

**BOND IS NOT LESS THAN \$1,000,000.00. (LESSEE WILL HAVE TO HAVE ESTIMATE BY REPUTABLE COMPANY AS TO P&A COSTS).**

**AT OPTION OF LESSOR, OTHER FINANCIAL SECURITY MAY BE SUBSTITUTED FOR BOND.**

**BOND (FINANCIAL SECURITY) INCREASES FOR EACH NEW WELL DRILLED (AGAIN, AN ESTIMATE FROM REPUTABLE COMPANY AS TO P&A COSTS NEEDED).**

**BOND AUTOMATICALLY RENEWED.**

**BOND FAILURE SUSPENDS ALL ACTIVITY UNTIL RENEWED.**

**BOND USED TO FULFILL PLUG AND ABANDONMENT REQUIREMENTS OF LEASE, INCLUDING REMOVING WELL HEADS, CASING AND PLATFORMS (FULFILLS P&A AND SITE RESTORATION OBLIGATION).**

# **OFFSET PROVISION**

**BOTH PRESENT AND NEW LEASE FORM HAVE COVERAGE OF A WELL DRILLED ON LAND ADJACENT TO LEASE AS REGARDS PRESUMPTIONS AND OBLIGATIONS. THE NEW LEASE FORM PUTS ONUS ON LESSEE TO PREVENT DRAINAGE, EVEN TO THE DRILLING OF AN OFFSET WELL, IF IT IS REASONABLE TO BELIEVE AN ADJACENT WELL GREATER THAN 660 FEET FROM LEASE LINE IS DRAINING LEASE. "REASONABLE TO BELIEVE" IS EVIDENCED BY SUCH THINGS AS AREA GEOLOGICAL EVIDENCE, SEISMIC EVIDENCE AND OTHER SIMILAR INFORMATION AVAILABLE WHICH WOULD REASONABLY RAISE THE QUESTION OF DRAINAGE.**

# **ROYALTY PROVISIONS**



**WHERE THE PRESENT LEASE FORM OIL VALUED AT “NOT LESS THAN” AVERAGE OF NEAREST THREE FIELDS POSTED PRICE AND GAS AT CONTRACT OR FAIR VALUE, THE NEW LEASE HAS FAIR MARKET PRICE USING NYMEX AND OTHER SPECIFIC VALUE INDICATORS FOR OIL AND INDICATORS SUCH AS BLOOMBERG, PLATT’S, ETC. FOR VALUE OF GAS.**

**NEW LEASE MIRRORS PRESENT LEASE AS FAR AS DEDUCTIONS NOT ALLOWED FROM ROYALTY PAYMENT, BUT SPECIFICALLY ADDS NO DEDUCTION FOR LINE LOSS FOR OIL AND MARKETING FEES ASSOCIATED WITH OIL AND GAS.**

**NEW LEASE FORM ADDS AS PART OF PLANT DEPRECIATION “LESS SALVAGE VALUE” AND DELINEATES MORE THOROUGHLY COST OF OPERATING AND MAINTAINING THE PLANT WHICH WOULD AND WOULD NOT BE DEDUCTIBLE FROM ROYALTY.**

# **TRANSFER OF INTEREST**

**PRESENT LEASE FORM STATES THAT NO TRANSFER OF A LEASE INTEREST IS VALID WITH BOARD APPROVAL. NEW LEASE HAS FURTHER REQUIREMENT THAT NO TRANSFER IS VALID UNLESS PROVISION FOR MAINTENANCE OF FINANCIAL SECURITY (BOND) AND INSURANCE IS MADE WITH WRITTEN EVIDENCE THEREOF.**

**PRESENT LEASE FORM DOES NOT SPECIFICALLY STATE THAT LESSOR MAY CONSIDER A TRANSFEREE'S FINANCIAL CAPACITY OR ABILITY TO DEVELOP BEFORE APPROVING, BUT NEW LEASE STATES THAT LESSOR CAN CONSIDER TRANSFEREE'S FINANCIAL CAPACITY AND ABILITY TO CONTINUE REASONABLE DEVELOPMENT BEFORE APPROVING OR DENYING TRANSFER WHICH ALLOWS LESSOR TO DENY APPROVAL IF A POTENTIAL TRANSFEREE CANNOT DEMONSTRATE THE ABILITY TO DEVELOP THE LEASE.**

# **POOLING AND UNITIZATION**

**BOTH PRESENT AND NEW LEASE REQUIRE LESSOR'S PERMISSION TO UNITIZE OR POOL.**

**HOWEVER, WHILE PRESENT LEASE FORM DOES NOT SPECIFY LESSEE TO GIVE A PLAT BEFORE APPROVAL OF UNIT, BUT IN NEW LEASE FORM IF IT IS A VOLUNTARY UNIT, IT WILL NOT BE APPROVED UNTIL LESSEE GIVES LESSOR SURVEY COPY BY LICENSED SURVEYOR OF UNIT PLAT INCLUDING ALL INTERNAL INTEREST WITHIN UNIT.**

**IF LESSEE APPLIES FOR COMMISSIONER'S UNIT, HE MUST GIVE SAME INFORMATION AS PRESENT LEASE, BUT WHEN UNIT APPROVED, HE MUST GIVE LESSOR SURVEYED COPY OF UNIT, EQUAL TO STANDARDS FOR VOLUNTARY UNIT, CLEARLY SETTING OUT STATE ACREAGE IN UNIT.**

**IN NEW LEASE FORM, WHEN A SURFACE/SUBSURFACE AGREEMENT IS GRANTED TO LESSEE BY THE LAND OFFICE TO DRILL A WELL, LESSEE MUST FURNISH ELECTRIC AND RADIOACTIVITY SURVEYS AND A REFUTABLE PRESUMPTION WILL EXIST THAT A UNIT FOR THE WELL SHOULD BE FORMED TO INCLUDE ALL OR A PORTION OF THIS LEASE. NOW SUCH PRESUMPTION OR LANGUAGE EXISTS IN THE PRESENT LEASE FORM.**

**INFORMATION PROVIDED BY LESSEE TO LESSOR**

**WHILE PRESENT LEASE FORM STATES INFORMATION HAS TO BE REQUESTED, NEW LEASE FORM OBLIGATES LESSEE TO FURNISH INFORMATION WITHOUT REQUEST ON FIRST AND ALL SUBSEQUENT WELLS DRILLED.**

**PRESENT LEASE FORM STATES INFORMATION MUST BE PROVIDED, NEW LEASE FORM SPECIFICALLY STATES THAT INFORMATION INCLUDES PALEONTOLOGICAL REPORTS, MUD LOGS, ETC. AND ALL GEOLOGICAL AND GEOPHYSICAL SURVEY DATA CONSISTENT WITH RIGHTS UNDER R.S. 30:213**

**PRESENT LEASE FORM STATES INFORMATION PROVIDED WILL BE HELD CONFIDENTIAL, BUT NEW LEASE FORM STATES RECORDS RECEIVED DEEMED PUBLIC RECORD UNLESS CONFIDENTIAL IN LAW.**

**NEW LEASE FORM PROVIDES FOR A PENALTY OF \$100.00/DAY FROM 30 DAYS AFTER WELL REACHES TVD IF INFORMATION IS NOT FURNISHED.**

# **PLUGGING AND ABANDONING WELLS**



**PRESENT LEASE AND NEW LEASE FORM HAVE SAME OBLIGATION TO REMOVE STRUCTURES AND FACILITIES AND SAME DISCLAIMERS OF OWNERSHIP AS "IMPROVEMENTS" AND TO SALVAGE.**

**PRESENT LEASE FORM HAS SITE SPECIFIC FUND REQUIRED, BUT BOARD POLICY IN PAST HAS NOT IMPLEMENTED BECAUSE QUESTION IF NEW LEASE IS A "TRANSFER" OF LEASE INTEREST AS SET OUT IN SITE SPECIFIC FUND LAW. NEW LEASE HAS NO SITE SPECIFIC TRUST FUND LANGUAGE, BUT BOND REQUIRED CAN BE USED BY LESSOR TO DO P&A AND CLEANUP IF LESSEE DOESN'T**

**PRESENT LEASE SAYS LESSEE HAS ONE YEAR TO REMOVE CASING WHILE NEW LEASE SAYS LESSEE NOT ALLOWED TO COME ON LEASE PREMISES AFTER ONE YEAR WITHOUT LESSOR'S PERMISSION TO DO CLEANUP, BUT STILL OBLIGATED. WHEN LEASE IS RELEASED, LESSEE MUST FILE LIST OF UNPLUGGED WELLS ON LEASE AND A PLAN FOR P&A'ING THEM. LESSEE MUST EXPLAIN REASON FOR NOT TIMELY DOING P&A IF WANT TO FULFILL OBLIGATION AFTER ONE YEAR AND MUST FOLLOW PLAN FILED WITH RELEASE.**

**NEW LEASE FORM HAS \$100.00 PER DAY LIQUIDATED DAMAGE CALCULATED FROM END OF ONE YEAR BEYOND LEASE TERMINATION UNTIL CLEANUP IS DONE.**

**FORCE MAJEURE**

**PRESENT LEASE FORM STATES THAT ONLY USE FORCE MAJEURE TO HOLD LEASE IF " CANNOT MAINTAIN LEASE BY ANY OTHER PROVISION OF LEASE SUCH AS PAY SHUT-IN, ETC..." NEW LEASE DOESN'T HAVE THIS REQUIREMENT**

**PRESENT LEASE FORM DOES NOT STATE HOW LESSEE VERIFIES FORCE MAJEURE AND CONTINUE EFFECTS AS WELL AS DILIGENCE IN REMEDIATING. NEW LEASE REQUIRES AFFIDAVIT STATING DATE & TYPE OF FORTUITOUS EVENT, EFFECTS, AND STEPS TO ELIMINATE EFFECTS.**

**PRESENT LEASE FORM SAYS THAT WITHIN NINETY (90) DAYS OF FORTUITOUS EVENT, IF CAN MAINTAIN LEASE BY OTHER THAN FORCE MAJEURE, SUCH AS SHUT-IN PROVISION, THEN MUST PAY BEFORE END OF NINETY (90) DAYS. NEW LEASE GIVES LEASE MAINTENANCE BY FORCE MAJEURE ALONE (EXCEPT DURING PRIMARY TERM WHICH IS SAME AS PRESENT LEASE WHERE RENTAL WILL BE PAID EXCEPT NEW LEASE ALLOWS FOR PRO-RATA RENTAL PAYMENT) FOR SIX (6) MONTHS IN THREE (3) MONTH INCREMENTS. LESSEE MUST FILE MONTHLY REPORTS GIVING STATUS OF ELIMINATING EFFECTS AND EVERY THREE (3) MONTHS SITUATION WILL BE REVIEWED BY BOARD (STAFF). IF DIDN'T RECEIVE MONTHLY REPORTS OR DOESN'T SHOW SUFFICIENT EFFORT, FORCE MAJEURE ENDS AND MUST HOLD LEASE BY OTHER MEANS.**

**NEW LEASE FORM PROVIDES THAT IF FORCE MAJEURE CONDITION EXCEEDS SIX (6) MONTHS, LESSEE MUST, IN ADDITION TO REPORTING REQUIREMENTS, PAY A SHUT-IN PAYMENT OF \$50.00 PER ACRE (NOT LESS THAN \$1,000.00) WHICH MAINTAINS THE LEASE FOR THREE (3) MONTHS. IF REPORTING REQUIREMENTS DEFICIENT, OR EFFORTS TO ALLEVIATE INSUFFICIENT, OR DRILLING, REWORKING OR PRODUCTION OCCURS DURING THE THREE (3) MONTHS EXTENSION , NO REFUND OF ANY PORTION OF SHUT-IN PAYMENT IS DUE.**

**ADDS LACK OF "PERSONNEL" TO LACK OF NECESSARY EQUIPMENT WHICH IS IN PRESENT FORM TO RECOGNIZED FORTUITOUS EVENTS GIVING RISE TO FORCE MAJEURE.**

# **COMPLIANCE LANGUAGE**

**BOTH PRESENT AND NEW LEASE FORM STATES LESSEE WILL COMPLY WITH ALL CURRENT ENVIRONMENTAL LAWS AND REGULATIONS, INCLUDING MINIMUM WATER STANDARDS AND ANY MATERIAL NOW OR HEREINAFTER CLASSIFIED AS HAZARDOUS MATERIAL WILL BE TRANSPORTED, STORED AND HANDLED IN ACCORDANCE WITH APPROPRIATE FEDERAL, STATE AND LOCAL LAWS. ALL NECESSARY PRECAUTIONS TAKEN TO PREVENT FIRE OR EXPLOSION. LESSEE WILL USE HIGHEST DEGREE OF CARE TO PREVENT WATER POLLUTION AND SHALL BE RESPONSIBLE FOR DAMAGE CAUSED BY POLLUTION. LESSEE HOLDS LESSOR HARMLESS FROM LIABILITY. LESSEE AGREES TO RESTORE PROPERTY AFTER USE AND CLEAN UP SO AS NOT TO IMPEDE NAVIGATION.**

**ONLY THE NEW LEASE FORM STATES THAT IF LESSOR OR COMMISSIONER OF CONSERVATION DETERMINE THAT LESSEE'S OPERATIONS CAUSED UNSAFE OPERATING CONDITIONS, POLLUTION, CONTAMINATION OF AIR OR WASTE OF NATURAL RESOURCES, THEY MAY ORDER DISCONTINUANCE OF EXPLORATION OR DEVELOPMENT OPERATIONS UNTIL SUCH TIME AS DETRIMENTAL CONDITIONS ARE ALLEVIATED.**

# **COMPREHENSIVE AND POLLUTION LIABILITY INSURANCE**

**PRESENT LEASE FORM HAS NO INSURANCE REQUIREMENT, BUT NEW LEASE FORM REQUIRES LESSEE TO CARRY COMPREHENSIVE LIABILITY AND ENVIRONMENTAL DAMAGE INSURANCE POLICY WITH LESSOR AS NAMED INSURED OF NO LESS THAN \$1,000,000.00 PER OCCURRENCE AND \$5,000,000.00 AGGREGATE. COVERAGE SHALL INCLUDE ENVIRONMENTAL CLAIMS.**

**LESSEE MUST PROVIDE LESSOR WITH CERTIFICATE PROOF OF INSURANCE WHICH MUST BE MAINTAINED.**

**LESSEE MUST NOTIFY LESSOR NO LESS THAN 30 DAYS PRIOR TO CANCELLATION, AND MUST PROVIDE SUBSTITUTE INSURANCE OR LEASE MAY TERMINATE AT OPTION OF LESSOR.**

## **LOUISIANA LAW GOVERNS INTERPRETATION**

**IN BOTH THE PRESENT LEASE FORM AND THE NEW LEASE FORM  
ANY INTERPRETATION OF THE LEASE NECESSARY BECAUSE OF  
LITIGATION SHALL BE UNDER LOUISIANA LAW WHICH SHALL  
GOVERN.**



## **BONA FIDE DISPUTES**

**A BONA FIDE DISPUTE SHALL MEAN A TITLE CLAIM ADVERSE TO THE STATE BY A RIPARIAN LANDOWNER ON WATER BOTTOMS OR ADVERSE TITLE HOLDER ON LAND, AND IN WHICH THE COMPETING TITLE CLAIMS ARE IN COURT UNDER A CONCURSUS, POSSESSORY OR PETITORY ACTION, OR ADVERSE TITLE CLAIMANT IS ATTEMPTING DISCUSSION WITH THE STATE, DILIGENTLY AND IN GOOD FAITH, TO SETTLE OR COMPROMISE THE ADVERSE CLAIMS.**

**NEW LEASE SAYS LESSEE HELD IN DEFAULT FOR NON-PAYMENT UNLESS LESSOR GRANTS EITHER:**

- a. IF DISPUTING PARTY NOT RECEIVING MINIMUM ROYALTY, AUTHORITY TO SUSPEND ROYALTY TO DEPOSIT IN INTEREST BEARING ACCOUNT IN FDIC INSURED BANK IN GOOD FINANCIAL STANDING OR REGISTRY OF COURT. IF INTO INTEREST BEARING ACCOUNT, LESSEE MUST SHOW HIGHEST OBTAINABLE INTEREST AND SHOW ONGOING DEPOSITS OR WITHDRAWALS. ON FINAL ADJUDICATION OR SETTLEMENT MONEY DISBURSED ACCORDING TO JUDGMENT OR COMPROMISE AND PAYMENT THEREAFTER SHALL FOLLOW JUDGMENT OR COMPROMISE.**
  
- b. AUTHORITY TO REDUCE ROYALTY UP TO ONE-HALF (1/2) (BUT NOT BELOW 1/8<sup>TH</sup>) AND PAYMENT OF REDUCED ROYALTY SAME AS REGULAR ROYALTY. THE REDUCTION PORTION OF ROYALTY PLACE IN INTEREST BEARING ACCOUNT AT HIGHEST INTEREST IN FDIC INSURED BANK IN GOOD FINANCIAL STANDING OR REGISTRY OF COURT. LESSEE WILL GIVE ACCOUNT STATEMENTS SHOWING DEPOSITS & WITHDRAWALS. ON FINAL ADJUDICATION OR COMPROMISE, ALL ROYALTY GOING FORWARD, AND ROYALTY PORTION IN ACCOUNT OR REGISTRY OF COURT WILL BE DELIVERED ACCORDING TO JUDGMENT OR COMPROMISE.**

# **AUDIT ACCESS RIGHTS**

**NEW LEASE GIVES LESSOR, OR HIS AGENT, RIGHT AT ANY TIME ON REASONABLE NOTICE TO EXAMINE, AUDIT OR INSPECT ALL BOOKS, RECORDS, AND ACCOUNTS OF LESSEE TO VERIFY ACCURACY OF REPORTS AND STATEMENTS TO LESSOR, AT ALL REASONABLE TIMES. LESSEE OBLIGATED TO USE BEST ACCOUNTING PRACTICES TO INSURE ACCURACY OF DATA. ALL WORKING PAPERS, INFORMATION PROVIDED AND RECORDS SHALL BE CONFIDENTIAL UNTIL AUDIT COMPLETE, THEN MADE PUBLIC EXCEPT WHERE DESIGNATED CONFIDENTIAL BY LAW. ALSO HAVE SAME AUDIT RIGHTS AS U.S. UNDER 30 USC §1713(a) AND ACT 449 OF 2005 REGULAR LEGISLATIVE SESSION.**

**MISCELLANEOUS RIGHTS AND OBLIGATIONS ON LEASE  
TERMINATION**

**THE PRESENT LEASE HAS A REQUIREMENT FOR A RELEASE WITHIN 90 DAYS OF LEASE TERMINATION AND LIQUIDATED DAMAGE OF \$100.00 PER DAY FOR FAILURE TO DO SO UNTIL EXECUTED AND RECORDED. THE SAME IS TRUE UNDER THE NEW LEASE, BUT INCLUDES OBLIGATION TO FILE A LIST OF ALL UNPLUGGED WELLS ON PREMISES WITH RELEASE AND A PLAN FOR PLUGGING.**

**NEW LEASE PROVIDES THAT LESSEE'S BOND CAN BE USED TO PLUG AND ABANDON OR OTHER PREMISES MITIGATION IF LESSEE FAILS TO DO SO.**

**LESSEE IS OBLIGATED TO PLUG AND ABANDON ALL WELLS AND REMOVE ALL STRUCTURES NOT NECESSARY AT HIS COST WITHIN A YEAR OF TERMINATION, AND LESSEE'S RIGHT TO REMOVE CASING EXPIRES ONE YEAR AFTER TERMINATION. THEN MUST HAVE LESSOR'S APPROVAL TO GO ON PREMISES TO REMOVE CASING AND TO PLUG AND ABANDON THE WELLS UNDER ITS FILED PLAN.**

**NEW LEASE HAS CLAUSE THAT STATES FAILURE TO ENFORCE ANY PROVISION OF LEASE DOES NOT CONSTITUTE A WAIVER OR RELINQUISHMENT OF RIGHTS AND THAT LESSEE CANNOT USE FAILURE TO ENFORCE BY LESSOR AS A DEFENSE IN FUTURE LITIGATION. ALL RIGHTS REMAIN VALID DESPITE NON-ENFORCEMENT.**

**NEW LEASE FORM HAS A SEVERABILITY CLAUSE WHICH STATES IF ONE PART DECLARED INVALID, REST OF LEASE REMAINS VALID.**

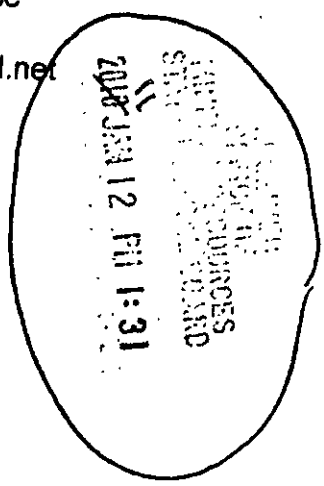
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LAFAYETTE ASSOCIATION  
OF  
PROFESSIONAL LANDMEN

P.O. Box 53491  
Lafayette, Louisiana 70505  
Thomas A. Simon, CPL  
LAPL President  
337-232-3383 office  
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October 28, 2010

Received after  
deadline →



Mr. Rick Heck  
Director of Petroleum Lands  
Office of Mineral Resources  
P. O Box 2827  
Baton Rouge, Louisiana 70821-2827

Re: Proposed Revised State Lease Form

Dear Mr. Heck:

This letter is being sent on behalf of the members of the Lafayette Association of Professional Landmen. Our organization is based out of Lafayette, Louisiana and is comprised of approximately 500 members and associate members who are landmen as well as oil and gas attorneys. We do have members out of state but all are engaged in the petroleum industry.

Please let it be known that our organization, and its members, does take issue with many of the new provisions found in the proposed revised Lease for Oil, Gas and other Liquid or Gaseous Hydrocarbon Minerals that has been made available on the OMR website.

Specifically, below are a few items of interest:

- 1) "Actual drilling operations" as defined, along with other types of operations, need to be more clearly defined and used consistently throughout the document.
- 2) The Financial Security/Bonding Provisions in Article 4. This provision is quite burdensome and would be detrimental to operations for small operators hoping to drill on State owned lands and/or water bottoms.
- 3) Article 8. Assignment Provision. This provision, as written, is unclear and lends itself to interpretation in a manner that would be very troublesome to non-operators assigning leasehold interests.
- 4) Article 9(e). This provision would hamper the operations of a company trying to maintain deep rights. Possibly putting a continuous drilling provision that would go beyond the primary term.
- 5) Article 10(b). This amended provision would not be fair to Lessees. Confidentiality is of the utmost importance.

These are a few of the many items with which we are concerned and there are many others. We understand the need to amend/improve the State Lease form yet we hope that the OMR will further consider the concerns for operators and other interested parties.

Finally, members of LAPL would welcome the opportunity to meet with and discuss these matters in more detail in an effort to make the new form palatable for all parties involved.

Sincerely,

Thomas Simon, CPL  
LAPL President





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**SWIFT ENERGY OPERATING, LLC**

October 29, 2010

Office of Mineral Resources  
Petroleum Lands Division  
P.O. Box 2827  
Baton Rouge, Louisiana 70821-2827

Attention: Rick Heck, Director

**RE: Comments regarding Proposed New State of Louisiana Oil and Gas Lease Form**

Dear Mr. Heck:

Thank you for providing Swift Energy Operating, LLC ("Swift") with the opportunity to comment upon the proposed new Lease for Oil, Gas and Other Liquid or Gaseous Hydrocarbon Minerals. Our Legal and Land Groups along with other associated personnel at Swift have reviewed this document and our comments are as follows:

- As to shut-in periods under this proposed lease form, Swift believes the implied duty to market under Louisiana law can adequately cover these issues and any new requirements will be excessive.
- As to bonding requirements, Swift would suggest that a waiver from any of the new bonding requirements be allowed for companies who can demonstrate their financial viability through other means. These new bonding requirements will likely result in some operators having to post multiple bonds which will be a duplicative effort.
- In Section 6(a), after the words "plus any market adjustments," and before the word "or", insert the words "including but not limited to adjustments for grade and quality".
- In Section 6(b), after the words "a pipeline index in the field," and before the word "or", insert the words "in the pipeline zone including the field".
- In Section 6(c), delete the words "In no case should total royalty on residue gas and liquids extracted be less than the royalty which would be payable at the Lease on the unprocessed gas." Processing is often necessary for the gas to meet the quality specifications of the pipelines for transportation downstream of the processing plant.
- As to the deferred development clause, the operator should get the benefit of the partial development of the lease and not be penalized for it by being required to pay a proportionate deferred development payment.
- The new offset provision has certain language that is far too vague. This particularly applies to the new lease form putting the onus on the lessee to prevent drainage, even as to the drilling of an offset well, "should Lessee know or have reason to know that drainage of the leased premises is occurring". The "have reason to know" standard is very vague and needs considerably more definition.
- As far as rental provisions, the new lease form appears to say that if lessee does not commence drilling or reworking operations or production within 90 days of cessation,


the lease will terminate unless lessee pays a pro-rata rental which holds the lease from the end of the 90 day period until the next anniversary date. Apparently, the lessee does not get the benefit of a full-year rental. A lessee should get the benefit of developing or attempting to develop the acreage under the lease and should not have to pay such a pro-rata rental.

- The present lease form indicates that no transfer of a lease interest is valid without State Mineral and Energy Board approval. This existing requirement should be sufficient to protect the State's interest. The new proposed lease form adds a further requirement that no transfer is valid unless provision is made in such transfer document for maintenance of financial security and insurance with written evidence thereof. This further requirement is excessive because it would require an operator to get deeply involved in reviewing the financial capacity of its potential assignees.
- Confidentiality of wildcat well information is a concern under this new proposed lease form. There seems to be a strong flavor in the new proposed lease form of making everything public record. Depending on the interpretation of this new proposed lease form language, this new proposed lease form may break a long-standing tradition of allowing an operator to maintain well data confidential for 1 year for new "wildcat" discoveries.
- As to force majeure, the new proposed lease form requires an affidavit stating the date and type of fortuitous event, effects and steps to eliminate effects and requires monthly written reports. The affidavit and these monthly written reports will be a significant administrative burden during an already difficult time.
- The new proposed lease form states that if Lessor or the Commissioner of Conservation determines that Lessee's operations cause unsafe operating conditions, pollution, or contamination of air, fresh water, or soil, they may order discontinuance of exploration and production operations until such time as the detrimental conditions are alleviated. This standard is too discretionary and subjective on this important issue of field, facility and/or well shut-in.
- Audit records should not generally be made public record by the State at any time. Also, there is not a firm requirement that some specific reasonable notice period be given before an audit is conducted by the State. There is not enough detail on what required notice the State must give an operator before an audit is conducted.

If you or your colleagues have any questions regarding Swift's comments, please do not hesitate to contact either myself, Rick Sumrall or Carol Sledge at 281-874-2700.

Very truly yours,

SWIFT ENERGY OPERATING, LLC

By:   
Clinton J. Helmke  
E&P Counsel

Office of Mineral Resources  
October 29, 2010  
Page 3

cc: Carol Sledge  
Rick Sumrall



MARTIN-MARKS MINERALS L.L.C.

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September 20, 2010

Rick Heck-Petroleum Lands Director  
617 North Third St.  
P.O. Box 2827  
Baton Rouge, Louisiana 70821-2827

Re: Proposed New State lease Form

Dear Mr. Heck:

I am writing to voice my opposition to the proposed new lease form being contemplated by the state. There are many letters being drafted by attorneys who are a lot smarter than I am, but I wanted to write to you from a small operator's perspective. The proposed lease form contains many provisions that various large landowners use in their lease forms. As such, small operators (like myself) seldom consider exploring on their acreage, since it is too difficult to be able to abide by the lease form with limited resources. Furthermore, many provisions make it too expensive for us to operate. For example, the bonding requirement contained in the State's new lease form is too difficult to abide by, so if this provision were included in a private lease, we would either not enter into the lease or negotiate the bond out of the lease form. Therein lies the problem. Once this form, or any form for that matter, is adopted, the language contained therein is cast in stone without the flexibility of being negotiated as to the content of the lease form.

While there is Haynesville activity in northern Louisiana, the days of the major companies exploring South Louisiana (where most of the State's minerals are located) is largely over. Mostly small operators are responsible for new exploration in South Louisiana. Some of the larger independents drill wells in South Louisiana, but primarily in mature fields that are subject to older state lease forms. Therefore, the new form will mainly affect small operators.

The two primary methods for generating income from an oil and gas lease are through the bonus and royalties. The State of Louisiana is currently being paid fairly under the current system of granting leases. Under the sealed bid system, the State is granting leases for the highest price per acre and royalty that the market will bear. The rest of the terms and conditions contained in the lease adequately protect the State from various pitfalls, which would not allow the State to realize its royalties and their timely payment. Additionally, the current lease form promotes timely development with drill or release clauses contain therein.

In every respect, the proposed new lease form is unusable to small operators.

Rick Heck  
Page Two (2)  
September 20, 2010


- The terms and conditions added to the current lease form cover items that are typically addressed through regulation, thus adding to an already highly regulated industry;
- The proposed lease form makes all information (geologic and financial) public which would be confidential in a private lease;
- The bonding requirement is outrageous; and
- The lease form is filled with "approvals from Lessor" though out, but fails to identify who from that State will grant such approval. Each provisions requiring permission is a delay in the development of the lease. An Operator would be making needless appeals for permission on routine matters.

I can attest that wells drilled within the State of Louisiana have enough oversight. The permitting process with the US Corps of Engineers, Office of Coastal Management, State Lands Office, Department of Wildlife and Fisheries, Department of Health and Hospitals, Department of Conservation, Department of Environment Quality and various other Parish permits scrutinize every aspect of a well's life cycle. Once a well is in production, the State of Louisiana is already setup to insure the payment of its royalties through its auditing department. We just went through three weeks of four full-time State auditors examining only four wells. I think it is safe to say that they have examined every aspect of the production and revenue concerning the same.

In closing, the new proposed lease form will exclude our company from future leasing of State owned minerals. I hope that we can continue to use the current lease form, as I remain,

Very truly yours,

Marin-Marks Minerals L.L.C.

  
Everard W. Marks  
Manager

Cc: Mr. Scott Angelle  
Mr. Paul Segura, Jr.  
Mr. Robert D. Harper  
Mr. Thomas L. Arnold, Jr.  
Mr. Emile B. Cordaro  
Mr. John C. Diez  
Mr. Bay E. Ingram  
Mr. Robert Morton  
Mr. Thomas W. Sanders

RECEIVED  
OFFICE OF  
MINERAL RESOURCES  
STATE MINERAL BOARD



2010 OCT -4 PM 1:47

1021 Main (One City Centre)  
Suite 2626  
Houston, Texas 77002  
Tel 713-351.3000 Fax 713.351.3300  
www.energyxxi.com

September 29, 2010

Mr. Frederick D. Heck  
Petroleum Lands Director  
Office of Mineral Resources  
P.O. Box 2827  
Baton Rouge, LA 70821-2827

Re: Proposed new version of the State Lease form

Dear Mr. Heck:

On behalf of Energy XXI Onshore, LLC, I would like to provide the following comments regarding the proposed new "Lease for Oil, Gas and Other Liquid or Other Gaseous Hydrocarbon Minerals," which is under consideration by the State Mineral and Energy Board. Energy XXI has been an active and committed operator in Louisiana, and has a vested interest in the future lessee's obligations on State land, especially in South Louisiana. Due to our significant drilling investment and cooperation with the State in recent years, we hope to take part in the dialogue regarding these proposed changes and offer our input as to how to best promote cooperation and development of the State's resources.

We are aware the Professional Landman's Association of New Orleans ("PLANO") has submitted a list of comments and concerns regarding the proposed changes. We concur with their recommendations, and especially agree with their request for a public meeting for industry representatives and lessees to provide their comments to the Mineral Board staff on the proposed changes.

In particular, Energy XXI is concerned that the new requirement of bonding or alternate financial security in the amount of one million dollars presents an excessive and onerous burden on lessees/operators. While we recognize that orphan wells are problematic to the State, we believe that a one million dollar requirement is an excessive amount in order to ensure that a well is properly plugged and abandoned. In addition, the steep financial burden presented by this requirement could stifle development and discourage operators from further drilling in Louisiana.

Also, under Paragraph 8(c) of the new lease form, the requirement that an assignee demonstrate financial capacity in order to continue reasonable development of the lease presents a vague requirement on the assignee and leaves the determination of the validity of said assignment to the Lessor. We fear that this requirement may lead to unnecessary litigation as to the transfer of State leases and presents a burdensome obligation on the mineral board staff to determine each assignee's financial capacity. In

Mr. Frederick D. Heck  
September 29, 2010  
Page two

addition, Energy XXI agrees with the PLANO request that the new royalty calculation provision of Paragraph 6(a) be subject to industry discussion and input by operators and marketers before said formula is utilized by the State.

Thank you for the opportunity to present our comments on the proposed lease form. We hope to continue this discussion in a cooperative environment for industry and the State to achieve a reasonable balance and facilitate further development of Louisiana's natural resources. Upon your request, we would be happy to provide further clarification or input on the provisions noted above. After the industry comments have been compiled, we look forward to seeing any revisions to the form, or the opportunity to present our concerns to you in person.

Very truly yours,

A handwritten signature in black ink, appearing to read "J. Granger Anderson III". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

J. Granger Anderson III  
Vice President, Land

/jga



MICHAEL D. DEVILLE  
*Land Manager*

P.O. Box 52807  
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625 East Kalher Saloom Road  
Lafayette, Louisiana 70508  
Telephone: (337) 237-4110, Ext. 2164  
Direct: (337) 521-2164  
Fax: (337) 521-0296

VIA ELECTRONIC MAIL (Rick.Heck@la.gov)

September 29, 2010

Mr. Rick Heck  
Director of Petroleum Lands  
Office of Mineral Resources  
P. O. Box 2827  
Baton Rouge, Louisiana 70821-2827

**RE: Proposed New Louisiana State Lease Form**

Dear Mr. Heck:

Stone Energy Corporation has completed a review of the proposed changes to the Louisiana State Lease form and has much concern with many of the proposed changes to said form.

Stone's concerns with the new proposed Lease form changes are adequately addressed in the comments provided to your office from The Professional Landmen's Association of New Orleans ("PLANO"). Stone is an active participant and supporter of the PLANO organization and its industry representative committee. This letter is to advise you that Stone is in full support of PLANO's stated positions and comments provided to your office on the subject matter.

Should you have any questions, please do not hesitate to give me a call.

Yours very truly,

A handwritten signature in black ink, appearing to read "Michael D. Deville".

Michael D. Deville  
Land Manager





## THE PROFESSIONAL LANDMEN'S ASSOCIATION OF NEW ORLEANS

P.O. Box 51123  
New Orleans, Louisiana 70151-1123

September 29, 2010

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Mr. Rick Heck  
Director of Petroleum Lands  
Office of Mineral Resources  
P. O. Box 2827  
Baton Rouge, Louisiana 70821-2827

Re: Proposed New Lease Form

Dear Mr. Heck:

This letter is being written in response to the request for comments from the public on the proposed revised Lease for Oil, Gas and other Liquid or Gaseous Hydrocarbon Minerals that is posted on the OMR website.

The Professional Landmen's Association of New Orleans ("PLANO") has approximately 630 members and associate members including both landmen and oil and gas attorneys. Most of our members are local, though a significant number of our members reside in Houston and other out-of-State venues, but are employed by companies with active operations in Louisiana.

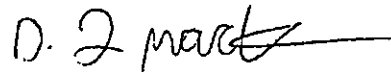
PLANO has established a committee of landmen and attorneys in order to review the proposed changes in the lease form. Although the revised form has introduced some issues that we support in principal, there are many changes in the form to which we are very much opposed.

We support the OMR's efforts to require a release of deep rights under State leases, but adamantly disagree with the proposed language. The requirement for each Lessee to furnish the OMR with a list of all unplugged wells and facilities at the end of the lease along with the plans for abandonment within the one year required period is a positive change, but the financial security/bonding requirements as proposed as part of the lease form will prevent smaller companies from operating on

State owned lands and waterbottoms and will discourage larger companies from drilling new wells in our State. We are not opposed to bonding as needed, but we feel that it should be done exclusively through the State in its capacity as a regulatory body through the Office of Conservation, not through the lease form. These financial security requirements are already in effect under LAC 43:XIX 104. A point by point list of our comments on the proposed lease form is contained in the attachment to this letter.

We respectfully request that the contents of this letter and the attachment be considered as you move forward in this effort. Should you wish, representatives from our committee will be glad to meet with you in order to discuss this in more detail. I can be reached at 504-457-3864 or dmackenroth@grayoil.com.

Yours truly,



D. Irwin Mackenroth  
President

cc: Mr. Scott A. Angelle  
Mr. W. Paul Segura, Jr.  
Mr. Robert D. Harper  
Mr. Thomas L. Arnold, Jr.  
Mr. Emile B. Cordaro  
Mr. John C. Diez  
Mr. Bay E. Ingram  
Mr. Robert Morton  
Mr. Thomas W. Sanders  
Mr. Darryl D. Smith  
Ms. Helen G. Smith

**Attachment to PLANO's letter dated September 27, 2010  
to Rick Heck, Office of Mineral Resources**

**PLANO'S COMMENTS REGARDING PROPOSED REVISIONS  
TO THE STATE'S LEASE FORM - references to articles, pages  
and lines are from the copy of the lease posted  
on the OMR's website**

1. General Comments - the definitions are somewhat inconsistent and vague at times. Several of the provisions have changed significantly such as the royalty, offset well, force majeure, lessee liabilities, title dispute and the audit provisions. It would be beneficial to have a true "redline" version of the proposed lease for comparison purposes. Interactive meetings and discussions should be held between the OMR and industry representatives in order to review the language to be utilized in the official revised form once the concepts of the revisions are finalized. A review by the Mineral Law Institute may also be beneficial.
2. Definition of "actual drilling operations" - this definition and the use of related terms like "actual downhole operations" and "lease operations" need to be standardized in the definition section and as used throughout the lease.
3. Definition of "paying quantities" - requires that Lessee meet two separate standards i.e. (a) as defined by Article 124 of the Mineral Code and (b) the royalties must be sufficient to constitute serious or adequate consideration to Lessor. This second test is too subjective and could be unfair to a Lessee who is still making a profit or in the process of recouping its investment in wells drilled on a lease.
4. Definition of "non-affiliated party" and "affiliated party" - these definitions are confusing - it would appear easier to define an "affiliated party" and provide that all others are non-affiliated.
5. Article 1. (Rental Provision) - on page 5, lines 25 - 35, appears as if other acreage based payments i.e. deferred development, shut-in and force majeure payments also should be referenced.
6. Article 3. (e) (Force Majeure Provision) - although the term "commercial quantities" is utilized in the current force majeure provision utilized by the State, we feel that this should be a defined term tied to the definition

of paying quantities under the Mineral Code - the idea of having the provision apply to oil wells is a great idea.

7. Article 4. (Financial Security/Bonding Provision) - although conceptually we agree that operators should not be able to shirk their obligation to plug and abandon wells within one year of lease expiration, we do not agree with how this is handled in the proposed form. The initial minimum requirement of posting \$1,000,000 in financial security/bonding for the first well is excessive. Even offshore geopressured wells do not generally cost \$1,000,000 to P&A much less an onshore normally pressured well. Also, the State's proposed lease language is not consistent with the current requirements of the Office of Conservation relative to financial security/bonding. It seems that there should only be one standard for operators to follow. It is our recommendation that financial security/bonding should be a function of the State in its capacity as a regulatory body with the requirements set forth by the Office of Conservation. The proposed lease provision would prevent small operators from drilling new wells on State owned lands/waterbottoms and would be onerous to larger companies that qualify as exempt parties from bonding with the MMS/BOEMRE due to their financial capabilities.
8. Article 5. (Offset Well Provision) - this provision should provide that wells drilled outside of the lease and on lands/waterbottoms owned by the State should not be included as wells drilled on "adjoining property" for the purposes of this article.
9. Article 6. (Royalty Provision) - although we are not opposed to modernizing this provision to more accurately describe the manner in which oil and gas are currently marketed, this provision is basically a complete re-write and should be part of the interactive discussions referenced in item 1 of this attachment.
10. Article 8. (Assignment Provision) - as written in the proposed form, the approval of assignments is conditioned on the new owner providing the proper financial security as required in the lease. As referenced above, we feel that financial security should be an Office of Conservation function and the OOC's approval of a change of operatorship of assets tied to assumption of this security. As written, this provision will also be problematic in assignments of the leasehold interests of non-operators. Would the OMR require financial security from all owners of undivided interest in a lease?
11. Article 9. (c) - among other things, this provision states that if a surface and/or subsurface agreement is granted by the State Land Office that affects the Lease, a presumption will exist that a unit for the well

should be formed and Lessee will be required to make application for a Conservation Unit including a portion of the Lease. The Surface Lease and Subsurface agreement issued by the State Lands Office has a provision that addresses this situation, but does not state that a presumption will exist for the existence of a unit and it does not require unitization to be by Commissioner's Unit. If the OMR wishes to cover this matter in the new lease form, we feel that the State Land Office language is more appropriate.

12. Article 9. (e) - on page 22, lines 17 - 21, Lessee is required to release all rights below 100' below the deepest formation producing or behind pipe and capable of producing at the end of the primary term. Although we are in support of a provision in the Lease that would allow the State to receive a release of deep rights, as written, we are adamantly against it. With the proposed language, a company could be drilling a well across the end of the primary term to a proposed depth of 18,000' and lose all rights below its current production if at a shallower depth. We would be supportive of a provision that would allow a Lessee another 3 years beyond the primary term to maintain rights below its deepest production, subject to being able to maintain such deep rights by continuous "deep" drilling with a reasonable grace period between wells.
13. Article 10. (a) - this provision requires the Lessee to provide Lessor with certain well information and other data. The addition of geophysical surveys to the list of items previously described in the State's current lease form will be a major problem to Lessees. In any event, geophysical data merely licensed by Lessees should be exempt from any such requirement as providing such data will violate the typical license agreement.
14. Article 10. (b) - this provision states that all records received by OMR or DNR shall be deemed public records except where designated as confidential by law. The existing lease form provides that these records will be held confidential and there is no reason for change in this respect. This proposed revision is extremely unjust to Lessees.
15. Article 15. (Insurance Requirements) - we have no issue with the amount of insurance coverage required, but in lieu of having the coverage be "in full force and effect during the term of the Lease" it should be in effect prior to commencing operations of any kind under the lease. To do so otherwise would eliminate the current practice of using independent landmen to bid on leases on behalf of operators.
16. Article 16. - on page 29, lines 31 and 32, the proposed lease form reads "In case of ambiguity, this Lease shall always be construed in favor of Lessor and against Lessee." This proposed language is extremely

unfair to the Lessee. We would support a provision that would state that in case of ambiguity, it will not be considered that the Lease was drafted by either Lessor or Lessee or something similar in nature.

17. Article 17. (Title Disputes/Litigation) - this provision has been revised significantly and would benefit from interactive meetings and discussions as referenced in item 1 of this attachment.
18. Article 19. (Audit Rights) - much of the information that the Lessor has the right to obtain in an audit is highly proprietary. All information related to an audit should remain confidential as between Lessor and Lessee even after the audit has been deemed complete by OMR.
19. "Date" vs "Effective Date" - in places throughout the Lease, each of these terms are utilized. There should be a consistent reference to one term or the other in the Lease.
20. \$100/day fines/penalties/liquidated damage payments - although we understand the Lessor needs to be able to receive information timely under the Lease, these penalties are potentially excessive. We propose that these payments be due after a short grace period once notice is received from Lessor that information is due.



# CENTURY EXPLORATION NEW ORLEANS, INC.

Three Lakeway Center, Suite 2800  
3838 North Causeway Blvd.  
Metairie, LA 70002-8319

(504) 832-3750  
Fax: (504) 832-3760

September 29, 2010

Mr. Rick Heck  
Director of Petroleum Lands  
Office of Mineral Resources  
State of Louisiana  
P. O. Box 2827  
Baton Rouge, Louisiana 70821-2827

2010 SEP 30 PM 3:00  
OFFICE OF  
MINERAL RESOURCES  
STATE MINERAL BOARD

Re: Proposed Lease Form

Dear Mr. Heck:

This letter is being written in response to the request for comments from the public on the proposed revised Lease for Oil, Gas and other Liquid or Gaseous Hydrocarbon Minerals that is posted on the OMR website. Century has been very active in the State owned waterbottoms of Breton Sound. In fact, we have paid the State approximately two hundred million dollars (\$200,000,000.00) in royalties and severance taxes since 2003.

We support the OMR's efforts to require a release of deep rights under State leases, but feel that a lessee should be able to maintain deep rights beyond the primary term for 2 – 3 years and then release deep rights if not then developed by a continuous deep drilling program. This is the manner in which deep rights are addressed in many large land owner lease forms in South Louisiana. The State of Texas' lease form handles this somewhat as I am proposing after a primary term of 5 years with \$10 per acre delay rentals.

We agree with the proposed requirement for each Lessee to furnish the OME with a list of all unplugged wells and facilities at the end of the lease along with the plans for abandonment within the one year required period, but the financial security/bonding requirements as proposed as part of the lease form are potentially very onerous to Century. We are very active in the federally owned waterbottoms in the Gulf of Mexico and we are exempt from supplemental bonding as a result of our financial capabilities. It seems like the State should also have a similar program. We are not adverse to bonding as needed, but we feel that it should be done exclusively through

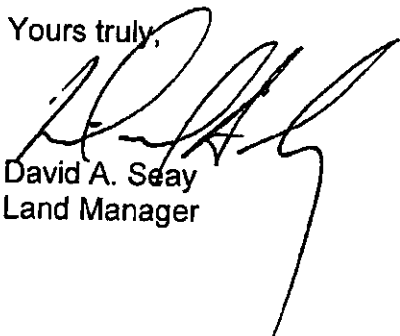
the State in its capacity as a regulatory body through the Office of Conservation, not through the lease form. These financial security requirements are already in effect under LAC 43:XIX 104. Additionally, the \$1,000,000 requirement for the first well is excessive. I have never seen a landowner's lease form with a financial security/bond amount at this level.

We also have an issue with all of the information that we provide to the State becoming part of the public records. This is not the way information and data is typically handled by private landowners, the State of Texas or the MMS/BOEMRE.

I have heard that there are several large companies that are considering investing a portion of their exploration budget in coastal Louisiana as a result of the overreaction of the MMS/BOEMRE to the Macondo spill. It seems like Louisiana may have a chance to have an increase in activity in this area as a result of the Macondo spill; however, adopting the lease form as proposed will be counterproductive and will discourage new activity.

We respectfully request that the contents of this letter be considered as you move forward in this effort. Should you wish, I will be glad to meet with you in order to discuss this in more detail. I can be reached at 504.832.3742 or [daseay@centuryx.com](mailto:daseay@centuryx.com).

Yours truly,



David A. Seay  
Land Manager



## Rick Heck

---

**From:** Babin, Marty P [MartyBabin@chevron.com]  
**Sent:** Wednesday, September 29, 2010 8:46 PM  
**To:** Rick Heck  
**Cc:** Jones, Larry; Rewerts, Carl (CarlRewerts); Frisbie, Charles (CFrisbie); Kratz, Todd  
**Subject:** state of Louisiana Oil and Gas Lease form

September 29, 2010  
Rick Heck  
State Mineral Board  
Via email at: rick.heck@la.gov

Re: State of Louisiana Oil and Gas Lease form revisions

Gentlemen:

Thank you for the opportunity to comment on this most important document regarding the relationship of the State with its mineral lessees.

As a general comment, Chevron U.S.A. Inc. responds that these are numerous, material and substantive changes that significantly alter the relationship, the rights and the obligations between the parties and there was not sufficient timely to adequate review and comment on all of the changes. It is suggested that an extension to further respond be granted to the industry and that the State open hearings and direct negotiations with representative oil and gas industry associations before these revisions are adopted. Change without careful insight and review can cause unintended consequences for each the lessor and the lessee.

Lease in the first whereas is not a defined term.

It is inappropriate to incorporate binding legal terms in a whereas provision, and the insert at the proposed second whereas provision seeks to state an interpretation of law rather than a contract provision. That provision is ambiguous and may be legally unenforceable, as drawn.

It is clearer to incorporate the definition as article in the body of the agreement rather than in a whereas provision and revisions of the definition should seek to clarify or improve any prior use.

"Actual drilling operations" should include any down-hole operation conducted in good faith to enhance or restore production. It is unnecessary and ambiguous to include cleaning and reconditioning. This term excludes surface facilities installation but later include "installation of equipment" as an act extending the period of operations. This could be read as a conflict.

What are the basis and the improvement to the form to expand the definition of non-affiliated party? Could the same result occur with clarification of already defined term, Independent Party, which has a meaning within the industry? This revision makes conditional, uncertain and subject to lessor interpretations the status of a 10 to 50% ownership. Why not retain existing definitions which have established meaning and use within the industry and have legal interpretation?

Alternative energy is not defined at LRS 30:124.

Mineral Lease is not a defined term.

The change in the indemnity scheme for coastal protection projects is ambiguous, would materially alter and devalue the rights of the lessee and places a disproportionate risk on the lessee. This change devalues the lease rights to the lessee.

The Article 1 attempt require additional payment for claimed or possible additional acreage during a set period make indefinite what the lessee is acquiring and will creation title curative matters that could delay drilling. Who has the obligation to survey? Is there a unilateral right to the lessor? What is the method of protest? Can the protest be handled timely to address a clearance for a drilling program? Title program rely on a definitive description of the lands claims. This revision makes lessor title ambiguous, will delay drilling programs, makes uncertain the grant from the lessor and creates a conflict with any title warranty in the lease.

The new Article 3 b, formerly Article 4 a, revision use of "pro-rata" and a day count of unknown commencement makes unclear the calculation of the delay rental amount.

The new Article 3 e is a material change in the shut-in rights and infers that trucking of oil from a location is not longer required and change materially he marketing rights and obligations between the parties and sets asides years of prior legal interpretation of the obligations to market. The per acre amounts chosen are arbitrary. This revision should only be considered after careful discussion with the industry on its effects and to more properly reflect a per acre amount consistent with the mutual intentions of the parties. Unilateral termination by the lessor is extreme based on a one sided determination by the lessor based on subjective judgment and not a clear breach and will lead to litigation. Louisiana law on resolatory condition requires a clear and unequivocal breach.

The new Article 4 is a material change in the bonding and surety relationship between the State and mineral lessee and requires extensive review and consideration by the industry. The \$1 MM amount chosen surety amount is arbitrary, when not constructed in alignment with the number of wells, location and depths. This change may also be subject to challenge where contrary to existing legislation which sought to address abandonment obligations by statute.

Lease cancellation under Article 5 c is extreme for drainage. Drainage can be adequately addressed by money damages. The threat of lease cancellation weighs disproportionately against the lessee, when money damages can satisfy the claim.

Fair Market Value works as a concept, but the revisions at Article 6 a make uncertain the calculation of the royalty payment obligation and the satisfaction of the royalty amount, as adequate and not subject to an audit claim, where any cited index is appropriate, whether the highest or not and which fails to include a contract price, which is or may representative of any such index and which contract price should remain as a minimum. The concept of contract price shod be retained as one limit, if is satisfies. The multiple indices make royalty administration more difficult and create uncertainly for both lessor and lessee. The exclusion of posted price in the field is appropriate but the new provision should be clear in its application. It is not. Discuss these Article 6 revisions with industry.

The same concepts of multiple indices in 6 b will cause confusion. What is the effect of a new method of fair market valuation may be utilized? Is that a sole determination by lessor by edict, or does it make indefinite royalty payments made in any interim? What line loss is excluded? Is it vent or flare or catastrophic line loss? How will such losses be measured or estimated or accounted for? The revisions in Article 6 create a conflict for accounting for takes versus entitlements, without resolution in the form and a requirement for dual accounting. The Article 6 definitions of residue gas valuation and the processing deduction are unclear and should be more transparent. The processing deduction definition fails to account for multiple lessees at a single plant.

The new form appears to delete the retention of 40 acres and 160 acres around a producing well in the event of a cancellation. That deletion leaves unclear the ownership of that mineral interest, the well, the production and the rights and obligations of the lessee.

Certain State required conditions on transfer in Article 8 make indefinite any transfer and potentially any approval by the State, unless waiver are expressly cited as met in the assignment.

The Article 9 b penalty should require prior notice from the lessor and should apply only 90 days after receipt of that notice.

Unit formation under Article 9 c is the domain of the Commissioner and should not be pre-determined by the lessor in the lease form.

"Shall furnish" in Article 10 a creates an obligation. The Article 10 a data requirement should include a provision, "if run". Some of the data is not warranted for certain wells and will not be run without risk to the well or additional expense that might affect the paying quantities definition. The last sentence of 10 a is overly broad and should be limited to data in lessee possession.

The Article 10 d penalty should require prior notice from the lessor and should apply only 30 days after receipt of that notice.

The last sentence of 11 a should be in the affirmative that title to the hard assets always remains in the lessee.

The new abandonment rights asserted by the lessor in Article 11 are material and require discussion and negotiations with the industry to avoid unintended consequences or conflict with existing legislation.

Article 12 fails to include recompletion operations as maintaining a lease.

Article 13 requires extensive review by oil industry environmental experts where the lessor changes the environmental standards for materials and seeks to rely on federal CERCLA laws, which may not be consistent with state environmental laws.

The Commissioner rights are clearly defined by statute and regulation. It is inappropriate at 13 d to grant the Commissioner unilateral rights to require or order the immediate cessation of operations without due process or as required by those statutes and regulations.

The 15 e right of cancelation ought to arise only after demand and a failure to respond or cure.

The second sentence of Article 16 is onerous and encourages the drafting of ambiguous provision by lessor or claiming in every suit, the provision is ambiguous, despite being drafted by the lessor. Delete that sentence entirely.

Article 17 requires careful alignment with the laws of concursus proceedings in Louisiana to avoid conflict.

Thank you for this opportunity to comment.

Sincerely,

Marty Babin ●●  
Land Rep - GOM Land - Shelf Exploration / AD West  
Chevron North America Exploration and Production Company  
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Covington, Louisiana 70433  
985-773-6738

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MartyBabin@chevron.com

JOSEPH ONEBANE (1917-1987)  
JOHN G. TORIAN, II (1935-1991)

TIMOTHY J. MCNAMARA  
EDWARD C. ABELL, JR.  
LAWRENCE L. LEWIS, III †  
DOUGLAS W. TRUXILLO \*  
RANDALL C. SONGY  
MICHAEL G. DURAND  
GREG GUIDRY \*  
GRAHAM N. SMITH \*  
GARY P. KRAUS  
RICHARD J. PETRE, JR.  
THOMAS G. SMART  
ROGER E. ISHEE \*\*  
STEVEN C. LANZA  
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CRAIG A. RYAN  
JASMINE B. BERTRAND  
JEREMY B. SHEALY  
JAMES D. BAYARD  
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# ONEBANE LAW FIRM

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October 27, 2010

OF COUNSEL  
WILLIAM E. KELLNER  
GREGORY K. MOROUX  
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#### Via E-Mail

Mr. Frederick Heck  
Louisiana State Mineral Board  
Office of Mineral Resources  
P. O. Box 2827  
Baton Rouge, LA 70821-2827

Re: Comments to Proposed Revised State Lease Form

Dear Rick:

Attached please find my comments to the proposed revised State Lease form. While I did speak with a number of clients and others within the industry, who had a lot of problems and issues with the form, these are my own personal comments.

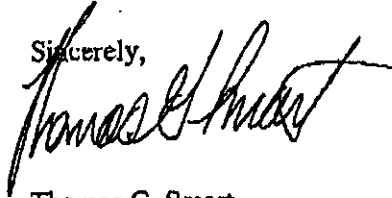
Your office does a great job representing the State, and I know revising the State Lease form is a difficult task. In my opinion, it is important that the form be as balanced as possible, protecting the State's interests, but not placing additional and/or undue burdens on lessees. An onerous provision in a large landowner's lease form can be problematical, but it is usually limited to a relatively small geographic area. However, the State is the largest single landowner in Louisiana. The more onerous the State Lease form is, the more potential there is for fewer companies to decide to do business in Louisiana, for fewer leases to get nominated, for fewer wells to be drilled or for fewer deals to be done, all resulting in adverse economic impact to our State. The proposed State Lease form contains a number of provisions that are very problematical from an industry standpoint (especially the bonding and security provisions; the changes to the approval of assignment provisions, including provisions whereby the State can evaluate the financial capability of lessees; and the provision regarding depth termination at end of the primary term). I would also suggest that many of the provisions, including the ones just referenced, are going to be very difficult for the State to administer, especially given the staff and resource limitations that your office is forced to operate under. These provisions are going to increase the burdens on your already limited staff, and if the provisions are to be applied, activity is going to be slowed down substantially, again resulting in adverse economic impact to the State.

Mr. Frederick Heck  
October 27, 2010  
Page 2

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I appreciate you taking the time to consider my comments. If you have any questions, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas G. Smart". The signature is written in a cursive style with a large, sweeping initial "T".

Thomas G. Smart

TGS

**ONEBANE  
LAW FIRM**  
A Professional Corporation

**MEMORANDUM**

**TO:** Rick Heck  
**FROM:** Thomas Smart  
**DATE:** October 27, 2010  
**RE:** Comments to Proposed Revised State Lease Form

---

My comments are as follows, and follow the order the provisions are found in the lease and are not in order of importance.

1. General reference to other laws and regulations (Lines 15-25 on Page 1): Is this intended to make the terms of the lease more subject to change by laws and regulations? For example, MMS lease form has historically been more subject to change or adjustment by regulation. Lessee is subject to new laws and regulations, but substantive provisions of the lease should not be subject to change outside of the lease form itself.
2. Rentals (Para 1): The additional cash payment for additional State owned acreage is onerous and would seem to create a number of issues and uncertainty. Who determines that there is additional State owned acreage? When is that determination to be made? When is that rental due? What if it is discovered after rental payments have been made for prior years or after the primary term? What if the lease has been assigned in the meantime? Also, given that this deals with delay rentals, any risk of uncertainty could equate to expiration/termination of the lease (if rentals are not properly paid, the lease terminates). The coverage of additional lands that become owned by the State is a good change (erosion or adjudicated lands) (along with the provision that no additional rental is due, is there a reason why other lands acquired by the State during the term are not excepted from the rental requirement-e.g., movements of navigable rivers?).
3. Extension of Primary Term (Para 2): Why are extensions only allowed in the case of secondary or tertiary recovery? There are other instances where it benefits the lessor and lessee to extend the lease. Also, perhaps this would be better dealt with via amendment to the lease rather than built into the lease form.
4. Proportionate Rental Payment (Para 3.(b)): The proportionate rental after drilling through anniversary date is new. This is not unusual, but it does increase the cost to lessees and changes the way State Leases have been historically maintained.
5. Directional Drilling (Para 3.(d)): This appears to be the same as the prior form. You should consider adding reference to penetration of surface of unit boundary (in addition to lease premises).

6. Shut-In Clause (Para 3 (e)): Consider adding "transportation facilities". Also, a part of the delay being experienced in North Louisiana is lack of fracking equipment. Consider addressing here (perhaps "completion equipment") or elsewhere. Cost of shut-in rentals has been doubled, increasing cost to lessee.

7. Bonding (Para 4): This provision is extremely problematical, both for the lessee and the lessor. There is already a provision in the current lease form for a site specific trust account that isn't utilized because, as I understand it, the State was not staffed to handle or never got around to promulgating the rules. From the lessor's perspective, it would seem that this would be time and resource consuming to administer. From the lessee's standpoint, it would be costly and would result in fewer wells being drilled (the cost of bonding will drive up the cost of projects). It is open ended at the discretion of the lessor. Also, even if the lessee attempts to comply, is the State going to be able to keep up with the administration of the program or are fewer wells going to get drilled while waiting on the State? This will create timing and delay issues for Operators. What about effect on lease maintenance? What about smaller interest owners? Overall, the State has other remedies and ways to ensure that plugging and abandonment take place, without driving up the cost of doing business and slowing down development of the State's resources. Also, if the State is going to proceed in requiring bonding, then it should consider utilizing a method for determining whether an exemption should be allowed based upon the financial strength of the Operator, or whether area or statewide bonds should be allowed.

8. Offset/Compensatory (Para 5): Should also exclude wells on other lands owned by lessor or for which lessor has acreage in unit. If you have two (2) adjoining State Leases, you should not have an offset well obligation from lease to lease.

9. Release of Lease/Listing of Wells and Equipment (Para 7 (c)): The requirement to list wells and equipment with the releases is going to make getting releases, especially from smaller interest owners, more problematical, as they often do not have the requisite information.

10. Assignment (Para 8): "(a)" requires "prior" approval of the assignment by the lessor or the assignment is null and void. That is contrary to the established process, whereby the assignments are executed and then submitted for approval. That process has worked well for several years. Also, requiring prior approval, especially with the null and void consequence, will slow down transactions. As far as "(c)", see comments above regarding bonding. Also, this provision would be problematical for assignments by depth, i.e., if assignor reserves shallow rights and wells, does assignee have to put up security and insurance? Also, anytime you have the risk of the assignment being null and void, you create unforeseeable problems. "(d)" is problematical as well, getting the State involved in determining whether someone is financially capable (assuming that is for P&A but it doesn't say) and the ability to continue reasonable development. The State will already have the prior owners on the line financially. The discretion to determine whether a company can continue reasonable development is very problematical. Often a party will acquire the lease by assignment and then put a deal together. The financial capacity is not always there upfront (even if one is buying an already producing property). Also, what standards will be used by the State for the owners of different interests? Are smaller interest owners going to have to meet the same standards? How long is it going to take to get assignments approved while the State evaluates all of this information? Does the



State have the staff to do this? As far as development, the State already has the deferred development clause and the ability to make development demands.

11. Unitization/Survey (Para 9.(b)): A final unit survey plat must be completed and supplied to the State within 90 days of initial unit production and, if not, the lessee must pay the State \$100/day cumulative liquidated damage assessment until the State receives the completed plat. A final unit plat identifying State acreage/State unit participation in areas covering town lot lease plays, areas with adverse claims, etc. can go beyond 90 days even for prudent lessees. Exterior unit boundaries are normally easy to determine but interior tract boundaries many times are not. This provision could be very problematical in town lot plays (e.g., Haynesville units).

12. Subsurface Easements by State Lands/Requirement to Unitize (Para 9.(c)): This is unnecessary as the lessor already has the protection of the offset/drainage clause. Going beyond that may result in the drilling of fewer wells. Parties applying for the subsurface easement will know they will be facing a unit application, potentially affecting their unit participation and potentially creating other land problems (depending upon what other leases they have tied up in the area).

13. Deferred Development/Depth Clause (Para 9.(e)): This is very problematical, especially considering the size of and amount of acreage covered by State leases. Even if such a clause is included, the proposed language has a number of problems. The use of the end of the primary term (especially with the common onshore three (3) year primary term) does not give enough time to fully develop the lease as to all depths. The depth pugh clause is often found in leases with longer primary terms or leases where the lessee has an option to pay to extend the primary term. What is the bottom of the deepest formation? Is it determined by the applicable unit? What if there is no unit? What does a "behind pipe formation capable of producing at that time" mean?

14. Data/Information/Public (Para 10, Pages 22-23): The State requires lessee to provide Well Information to the State without request, and failure to provide the information within 30 days from reaching TD triggers a \$100/day penalty. The required well information is "deemed public record except where the record is designated as confidential by law". The current provision is much more workable and allows the State to request information. The lessee should not be required to provide the information without request and then have it open and obtainable as part of the public record.

15. Force Majeure (Para 12): The new clause adds a force majeure shut-in payment. If there is a force majeure event approved by the board, there should not be an additional payment. For example, consider what the impact on industry would have been if on top of the damage caused by Rita and Katrina, in addition to all of the money needed to be spent to repair and get production back on line, they would have had to pay shut-in payments.

16. Pollution (Para 14.(a)): For purposes of the lease, "pollution" includes the intrusion of oil, natural gas and other hydrocarbons or CO<sub>2</sub> into any segment of the environment not previously containing same. What does this mean? Is CO<sub>2</sub> injection pollution? Is gas lift injection pollution? Is the movement of hydrocarbons caused by fracking, pressure maintenance, secondary recovery or storage, the intrusion of "pollution" for purposes of this lease? There are all kinds of legitimate, prudent and very useful operations that could be deemed to be adding pollution under this clause.

When referencing that it is a segment of the environment that did not previously contain "same," you may be trying to exclude oil and gas bearing sands or zones, but it could be read to include those sands and zones because they did not contain the exact substances being injected or that are being caused to intrude. In my opinion the State is protected by existing tort and environmental laws and this clause would just cause a lot of unnecessary problems.

17. Insurance (Para 15): Consider changing to require prior to conducting operations. Often landmen or other consultants bid on leases for purposes of confidentiality. In other instances, parties acquire leases and then try to sell or put the deal together. Also, consider removing or changing the right to terminate to after a notice and opportunity to cure. Any rights to terminate the lease are problematical.

18. Law/Ambiguity (Para 16): The provision regarding ambiguity should at least be revised to only negate the construction against the preparer. Creating the presumption against the lessee is unfair under the circumstances and sends the wrong message to companies looking at doing business in the State.

19. Minimum Royalties (Para 17.b): This paragraph, which appears to require the payment of minimum royalties while the remaining unpaid amount gets deposited, needs to be deleted. This is contrary to the current practice which is set out in Para 17.a. In essence, a lessee would have to pay the full royalty amount into the concursus and then pay an additional non-refundable minimum royalty to the State. This is overly burdensome and often lessees looking at the potential to have to pay double or triple royalties decide not to drill wells, killing projects. It happens enough currently and this would make it worse.

20. Overall Comment/Size of Lease: Various provisions in the new form are not only significantly more onerous to lessees, but increase the administrative burden to both the lessee and the lessor. Assuming these provisions are necessary or make sense, they may justify the burden and cost for the lessee and the State when we are dealing with larger tracts (e.g., offshore acreage), but when we are dealing with smaller tracts (e.g., isolated rivers, streets) the cost and burden may not be justifiable for either party. You should consider not utilizing the new form or certain of its provisions as to tracts below a certain size.



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MINERAL RESOURCES  
STATE MINERAL BOARD

2010 OCT 22 PM 1:35

Woodside Energy (USA) Inc.  
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Houston, TX 77056  
t: 713 401 0000  
f: 713 401 0088  
www.woodside.com.au

October 6, 2010

Mr. Rick Heck  
Director of Petroleum Lands  
Office of Mineral Resources  
P.O. Box 2827  
Baton Rouge, Louisiana 70821-2827

**Subj: Proposed New Lease Form  
Woodside Energy Comments**

Dear Mr. Heck:

This letter is being written in response to the Louisiana Office of Mineral Resources' request for comments on the proposed Louisiana oil & gas lease form revision.

Woodside appreciates the opportunity to provide you with these comments. Woodside generally supports the comments provided to you from the Petroleum Landman's Association of New Orleans (PLANO). In addition to PLANO's comments, we have concerns with suggested changes to the royalty, deep rights retention, confidential information, and the construction interpretation of the proposed form.

We also question the timing of this initiative being that our industry is faced with unprecedented challenges from our government at all levels.

We strongly support PLANO's suggestion that the State of Louisiana work with our industry to jointly and cooperatively develop a lease form which is mutually beneficial to all parties at the appropriate time.

Sincerely,

**Woodside Energy (USA) Inc.**

A handwritten signature in black ink, appearing to read "Leon Hirsch".

Leon Hirsch

Vice President Land & Business Development



**PetroQuest**  
ENERGY, L.L.C.

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OFFICE OF  
MINERAL RESOURCES  
STATE MINERAL BOARD

2010 NOV -1 PM 1:33

TRANSMITTED VIA EMAIL  
[Rick.Heck@la.gov](mailto:Rick.Heck@la.gov) and  
Regular US Mail Services

October 29, 2010

Mr. Rick Heck Director of Petroleum Lands  
Louisiana Office of Mineral Resources  
P. O. Box 2827  
Baton Rouge, Louisiana 70821-2827

Re: Proposed Revisions to  
Lease for Oil, Gas and Other Liquid or Gaseous Hydrocarbon Minerals

Gentlemen:

Reference is made to the request of the Louisiana Office of Mineral Resources ("OMR") for comments in regard to the proposed revised Lease for Oil, Gas and other Liquid or Gaseous Hydrocarbon Minerals (the "State Lease Form") provided on the OMR website. Further reference is made to that certain letter dated September 29, 2010, from the Professional Landmen's Association of New Orleans ("PLANO") to OMR and PLANO's comments attached to said letter.

PetroQuest Energy, L.L.C. ("PetroQuest") appreciates the opportunity to provide comments regarding proposed changes to the current State Lease Form. After reviewing the proposed revised State Lease Form PetroQuest is in general agreement with and support PLANO's comments provided to OMR in the above described letter. However, should OMR decide to hold public meetings to discuss the proposed changes we ask that you include PetroQuest in your distribution list when calling for such a meeting.

Should you have any questions regarding this matter, please contact the undersigned at 337-272-7428 or send email message to [tbarry@petroquest.com](mailto:tbarry@petroquest.com).

Very truly yours,

Tommy Barry, CPL  
Gulf Coast Onshore Land Manager



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URBAN F. O'BRIEN  
Vice President, Governmental & Regulatory Affairs

Telephone (713) 296-6150  
Facsimile (713) 296-6979

October 29, 2010

Mr. Rick Heck  
Office of Mineral Resources  
Louisiana Department of Natural Resources  
P.O. Box 2827  
Baton Rouge, LA 70821-2827

VIA EMAIL: Rick.Heck@la.gov

Subject: Apache Corporation comments on proposed changes to the state lease form

Dear Mr. Heck:

Apache Corporation appreciates the opportunity to submit comments to the Office of Mineral Resources on the proposed changes to the state lease form.

Apache Corporation is an independent energy company that explores for, develops and produces natural gas, crude oil and natural gas liquids. In the United States, the Company's onshore exploration and production interests are focused in Louisiana, New Mexico, Oklahoma, and Texas. Apache thanks the Department of Natural Resources for the opportunity to comment on the proposed changes. We trust you will consider our views as you prepare the final revisions.

Following are our specific comments related to proposed changes to various articles of the lease.

1. **DNR Proposed change:**

The following language was added to Article 1:

*Should there be shown to have existed at the time the lease was awarded additional State owned acreage within the polygon of this lease, Lessee shall owe an additional cash payment equal to the per acre bid price for this lease times the number of additional acres owned by the State. This additional cash payment shall not apply to lands which erode into State owned water bottoms within the lease boundary nor to acreage which is adjudicated to the State within the lease boundary while this lease is in effect, though such acreage will be covered by this lease. Hereinafter, the rental payment shall be the higher of either the annual rental payment as declared in the Bid Form submitted to Lessor; or one half (1/2) the amount of the price per acre as stated in the Bid Form multiplied by the actual number of acres comprising this lease, including additional acreage within the lease boundary which existed at the time, but was not discovered until after the lease was awarded.*

**Apache Comment:**

This language leaves open the possibility of an erroneous rental payment. The provision should include language which states that Lessee is not liable for an erroneous rental payment until Lessee has received notice from the Lessor by certified letter of the additional acreage and revised rental amount.

2. **DNR Proposed change:**

The following language is included in Article 4:

*In accepting this lease and its terms, Lessee herein agrees that, if the Lessee, its successors or assigns, or an operator drilling on this lease, is exempted from furnishing financial security to accompany the permit to drill any and all wells on these leased premises as set forth in LAC 43:XLX§104, then Lessee, its successors or assigns shall, within ninety (90) days of the first onset of downhole drilling operations, furnish Lessor with evidence of a bond or alternate financial security acceptable in form, content and amount to Lessor (but under no circumstances less than One Million and No/100 (\$1,000,000.00) Dollars) sufficient for plugging and abandoning the well being drilled in compliance with the rules and regulations promulgated by the Office of Conservation from an approved corporate surety company authorized to transact the business of indemnity and suretyship in the State of Louisiana, or such other financial assurance as may be acceptable to the Lessor.*

**Apache Comment:**

We feel that the Bonding and Financial Security requirements should be a function of the Office of Conservation as currently set out in LAC 43:XIX.104 (Statewide Order 29-B). If we are exempted under 29-B, we should not have to furnish a separate bond or proof of financial security to the State Mineral and Energy Board, as Lessor.

3. **DNR Proposed change:**

The following language is included in Article 9. (b):

*If a unit or units including all or any part of the leased premises are created by order of the Commissioner, Lessee shall submit to Lessor a survey plat of each unit or units so created, either prior to or within ninety (90) days of initial production from the unit. The survey plat of the unit or units must clearly identify the state lease acreage, tract acreage and the unit percentage participation for each state lease tract. Failure to submit such a plat shall result in a cumulative liquidated damage assessment against Lessee in the amount of one hundred dollars (\$100.00) per day, beginning on the ninety-first (91st) day, from onset of unit production until the required plat is in the office of Lessor.*

**Apache Comment:**

If we have an Escrow Agreement to produce a well during the unitization process which will be prior to the approval of a unit, we most likely will not be able to comply with the requirement of furnishing the required survey plat within 90 days of commencing production. However, this issue could be addressed in the Escrow Agreement.

4. **DNR Proposed change:**

The following language is included in Article 9. (e):

*At the end of the primary term Lessee shall release back to and in favor of Lessor all of Lessee's right, title and interest in this Lease as to all depths below one hundred feet (100') below the deepest formation producing, or the deepest formation behind pipe capable of producing at that time.*

**Apache Comment:**

This language does not address the situation whereby the Lessee is drilling a well at the end of the primary term which has a projected total depth below the existing production. The current language does not allow for continuous operations below the current productive zone past the primary term of the lease.

5. **DNR Proposed change:**

The following language is included in Article 10. (a):

*For the first well drilled on the leased premises or lands pooled therewith, Lessee shall furnish Lessor all of the following types of data: (1) all wire line surveys in open or cased holes, including, but not limited to, all electrical and radioactive logs, porosity logs of all types and dip-meters, all in both 1" and 5" hard copy format and composite digital curve data in LAS or LIS; (2) directional surveys; (3) mud logs and core descriptions of both sidewall samples and conventional cores; (4) drill stem and production test data; (5) daily drilling reports to be supplied weekly; (6) paleontological reports; (7) velocity surveys including vertical seismic profiles; (8) all geological and geophysical survey data derived from surveys on the leased premises and consistent with the rites of the State under permits as set forth in R.S. 30:213 and (9) production data, current and cumulative, including oil, gas and water production, surface and subsurface pressures. For subsequent wells drilled on the leased premises or lands pooled therewith, upon request by Lessor, Lessee shall furnish Lessor any or all of the above data.*

**Apache Comment:**

This provision should provide that the data will be furnished if the data is obtained by Lessee. We most likely will not take core samples and therefore cannot provide that data. Article 10 (c) provides that "nothing herein shall be construed as requiring Lessee to secure any such data solely for the purposes of this paragraph" but this should be clear that the reference is to Article 10. (a). Also, the furnishing of data should be subject to applicable license and confidentiality agreements which Lessee has with third parties which may prohibit the furnishing of said data.

6. **DNR Proposed change:**

The following language is included in Article 10. (b):

*All records which are filed by or received from any person by the Office of Mineral Resources of the Department of Natural Resources, or any official or employee in the Office of Mineral Resources of the Department of Natural Resources, or which in any manner is in the custody or control of the Office of Mineral Resources of the Department of Natural Resources, or any official or employee in the office of mineral resources of the Department of Natural Resources shall be deemed public record except where the record is designated as confidential by law.*

**Apache Comment:**

We feel this information should remain confidential as the previous lease form provided that such information shall be retained in confidence.

7. **DNR Proposed change:**

The following language is included in Article 10. (d):

*Failure to comply with this requirement shall result in liquidated damages to be paid by Lessee to Lessor of \$100 per day for each day of non-compliance starting 30 days after the date on which the well reaches total vertical depth.*

**Apache Comment:**

We are comfortable with furnishing the data to the Lessor 30 days after reaching total vertical depth, but the \$100/day liquidated damages should not be imposed until after we receive notice from the Lessor that certain data was not furnished. The omission of furnishing data could be the result of an oversight that is not discovered until long after the well reaches total vertical depth, and therefore we could be subject to large liquidated damages.

8. **DNR Proposed change:**

The following language is included in Article 15 (a):

*Lessee shall, at its sole expense, provide and maintain in full force and effect during the term of this Lease a general comprehensive liability insurance with Lessor as a named insured party in an amount not less than One Million Dollars (\$1,000,000.00) for each occurrence and Five Million Dollars (\$5,000,000.00) in the aggregate, which shall cover Lessee and Lessor for damage claims including, but not limited to, personal injury, accidental death, property loss, environmental impairment or pollution that may arise from operations conducted under this Lease or any occurrence on or about the leased premises whether such operations are by Lessee or anyone directly, or indirectly, employed by Lessee.*

**Apache Comment:**

This provision requires the Lessee to maintain the required insurance "during the term of the lease" and Article 15 (c) requires the Lessee to furnish certificates prior to commencing operations. We believe that the obtaining of insurance should be prior to commencing any operations and not with the effective date of the lease.

9. **DNR Proposed change:**

The following language is included in Article 16:

*In case of ambiguity, this Lease shall always be construed in favor of Lessor and against Lessee.*

**Apache Comment:**

We would support language that states, "In case of ambiguity, it will not be considered that the lease was drafted by either Lessor or Lessee."



10. **DNR Proposed change:**

The following language is included in Article 19 (a):

Once the audit investigation has been deemed complete by the Office of Mineral Resources, all audit working papers, records and information obtained under this Subtitle shall be made available to the public except where the record is designated as confidential by law.

**Apache Comment:**

We believe the audit records should remain confidential between Lessor and Lessee.

Apache appreciates the opportunity to comment on the proposed changes. Should you have any questions related to our comments described above, please contact Castlen Kennedy, Manager of Governmental Affairs, at (713) 296-7189.

Sincerely,



Obie O'Brien  
Vice President, Governmental Affairs

# PXP

Plains Exploration & Production Company

October 29, 2010

Mr. Frederick Heck  
Office of Mineral Resources  
P. O. Box 2827  
Baton Rouge, LA 70821-2827

Re: Proposed New State Lease Form

Dear Mr. Heck:

This letter and accompanying attachment constitute the response by Plains Exploration & Production Company ("PXP") to the request for public comment made by the Office of Mineral Resources regarding its proposed revision to the current State Lease form. As you may know, PXP has an exemplary record of operations in the State of Louisiana. We take seriously our responsibility to fully comply with all laws and regulations of the State. It is in a spirit of cooperation that we make our comments to the proposed new State Lease form.

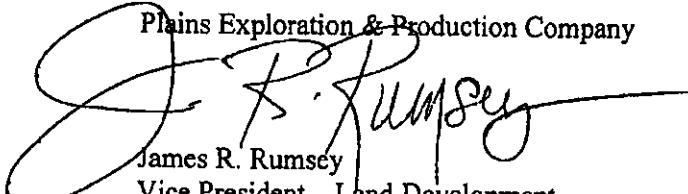
After a careful review of the form, PXP has identified a list of concerns, which have been set forth in bullet form on the attached pages. To summarize briefly, we believe that the proposed draft would (a) increase the costs of all operators in the State as they work to comply with certain provisions contained in the form; (b) present possible points of confusion for operators due to questions that many of the provisions raise by implication, but which remain unanswered; and (c) ultimately have an adverse economic impact to the State in the areas of leasing and drilling activity.

Because many of the issues set forth on the attached pages are concerns shared by others in our industry, we suggest that a discussion or series of discussions/forums between your office and members of industry might be useful to enable all sides to better understand the concerns of each. The end product of such discussions should be a State Lease Form that both government and industry will find workable.

In closing let me say that PXP greatly appreciates this opportunity to make comments. Should you have any questions concerning the matters raised herein, we will be more than happy to answer your questions at your convenience.

Sincerely,

Plains Exploration & Production Company



James R. Rumsey  
Vice President - Land Development

**Attachment**  
**To**  
**Letter to Frederick Heck, Office of Mineral Resources,**  
**Dated October 29, 2010**

**Comments of Plains Exploration & Production Company**  
**To Proposed New Louisiana State Lease Form**

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The following bullet points reference issues raised by certain provisions contained in the proposed new State Lease Form. The points raised are listed the order in which they appear in the lease and not necessarily in the order of their importance.

- Paying Quantities Definition (page 2). The phrase "...sufficient to constitute a serious or adequate consideration to Lessor..." is new and appears subjective as opposed to objective, we recommend its removal and that the definition be limited to Article 124 of the Mineral Code.
- Rentals (Paragraph 1). The provision regarding additional cash payment leaves unanswered questions regarding timing, determination, effect on previously paid rentals, etc. that will make compliance/implementation difficult and confusing.
- Bonding/Financial Strength (Paragraph 4). We suggest that this provision is (a) unnecessary given existing regulatory framework; (b) will be costly to operators; and (c) adds uncertainty because additional bonding requirements are at the sole discretion of the State. Additionally the provision determination of financial strength does not contain criteria by which the determination will be made. We recommend removal of this provision.
- Release (Paragraph 7). The requirement to list all wells and facilities on a release will prove unnecessarily burdensome to lessees. We recommend removal of this provision.
- Assignment (Paragraph 8). The requirement for prior approval of assignments will inhibit the acquisition and divestiture of oil and gas properties. We recommend removal of this requirement.
- Unit Plat Surveys (Paragraph 9(b)). The requirement to supply unit plat surveys within 90 days of production in many instances may be very impractical or impossible. We recommend removal of this requirement.
- Deferred Development (Paragraph 9(e)). The release as to depth as drafted tends to penalize operators that may have deeper projects on those lands where shallow production has been previously obtained. We suggest removal of the revisions or clarification to protect the legitimate proprietary interest of operators regarding deeper projects.

- Data (Paragraph 10(a)). This provision could (a) make proprietary data public information; and (b) either place operators/State in violation of existing seismic licenses which require data confidentiality. We suggest removal of the revisions or clarification to protect both the State and lessees.
- Force Majeure (Paragraph 12). The provision regarding force majeure shut-in payments is new and we suggest unfair in circumstances of force majeure. We recommend removal of this requirement.
- Pollution (Paragraph 14(a)). There is a concern and uncertainty regarding the addition of CO2 as a pollutant. We suggest that the uncertainties be removed and the instances in which CO2 will be considered a pollutant be clarified.
- Insurance (Paragraph 15). The requirement that insurance be maintained for the term of the lease would affect the current State Lease acquisition process. We suggest that insurance be required prior to a Lessee conducting operations.
- Ambiguity (Paragraph 16). The statement that "ambiguity...shall always be construed in favor of Lessor and against Lessee.", appears patently unfair and seemingly adversarial given the fact that the form was prepared by the State. We recommend removal of this provision.
- Minimum Royalties (Paragraph 17(b)). Appears to require payment of minimum royalties while royalties are being paid in a concursus proceeding. We recommend removal of this revision or clarification to exclude double payments of royalties.

## Hilcorp Energy Company

October 29, 2010

Mr. Rick Heck  
Director of Petroleum Lands  
Office of Mineral Resources  
P.O. Box 2827  
Baton Rouge, Louisiana 70821-2827



Post Office Box 61229  
Houston, TX 77208-1229

1201 Louisiana Street  
Suite 1400  
Houston, TX 77002

Phone: 713/209-2400  
Fax: 713/209-2420

Re: **Proposed New State Lease Form  
Comments from Hilcorp Energy Company**

Dear Mr. Heck:

This letter is being written on behalf of Hilcorp Energy Company and its affiliates ("Hilcorp") in response to the Louisiana Office of Mineral Resources' ("OMR") request for comments on the proposed Louisiana oil and gas lease form revision.

As you are aware, Hilcorp is one of the largest producers of oil and gas in the State of Louisiana. As of the date of this letter, Hilcorp owns an interest in over 200 state leases, operates over 2770 wells statewide, and for the years 2005-2009 has paid the State of Louisiana over \$570 million in the form of royalty, severance taxes and restoration taxes. Hilcorp values its relationship with the State of Louisiana and anticipates increased oil and gas activity and acquisitions within the state in the future.


Hilcorp appreciates the opportunity to provide you with comments, but rather than providing a detailed mark-up of the proposed lease form at this time, Hilcorp generally supports the comments provided to you from the Petroleum Landman's Association of New Orleans ("PLANO") on or about September 29, 2010. A few of the highest priority concerns to Hilcorp, most of which are also highlighted in the PLANO letter, relate to the proposed revisions concerning financial security/bonding, royalty calculations, deep rights retention, confidential information and unitization. In addition, some proposed changes are ambiguous or incomplete and, along with the overall construction of the form, deserve closer scrutiny.

Hilcorp respectfully requests that the contents of this letter be considered as the OMR moves forward with its lease revision efforts. Hilcorp also supports PLANO's suggestion for interactive meetings between industry representatives and the OMR, including the formation of a joint focus/drafting group, and would welcome the opportunity to have a Hilcorp representative[s] participate in such discussions. Hilcorp appreciates the OMR's desire to update the proposed lease form, but remains hopeful that the OMR can take the proper amount of time to do

so in a cooperative manner with our industry and develop a lease form that will be mutually beneficial to all parties.

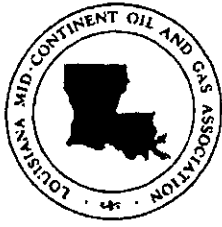
Please contact the undersigned if you would like to discuss this matter further.

Sincerely,



Curtis Smith  
Vice President – Land

cc: Mr. Scott A. Angelle  
Mr. W. Paul Segura, Jr.  
Mr. Robert D. Harper  
Mr. Thomas L. Arnold, Jr.  
Mr. Emile B. Cordaro  
Mr. John C. Diez  
Mr. Bay E. Ingram  
Mr. Robert Morton  
Mr. Thomas W. Sanders  
Mr. Darryl D. Smith  
Ms. Helen G. Smith



# LOUISIANA MID-CONTINENT OIL AND GAS ASSOCIATION

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730 NORTH BOULEVARD, BATON ROUGE, LA 70802  
TELEPHONE (225) 387-3205 FAX (225) 344-5502  
E-MAIL [info@lmoga.com](mailto:info@lmoga.com)

OCTOBER 29, 2010

MR. RICK HECK  
OFFICE OF MINERAL RESOURCES  
P.O. BOX 2827  
BATON ROUGE, LA. 70821-2827

RE: LOUISIANA STATE LEASE FORM REVISIONS

DEAR MR. HECK:

LOUISIANA MID-CONTINENT OIL AND GAS ASSOCIATION (LMOGA) IS A TRADE ASSOCIATION REPRESENTING INDIVIDUALS AND COMPANIES WHO PRODUCE, TRANSPORT, REFINE OR MARKET MOST OF THE OIL AND GAS RESOURCES PRODUCED WITHIN LOUISIANA AND ON THE OCS OFF LOUISIANA'S COAST. WE ARE APPRECIATIVE OF THIS OPPORTUNITY TO COMMENT ON THE SUGGESTED CHANGES TO THE LOUISIANA STATE MINERAL LEASE FORM.

AT THE OUTSET, WE NOTE THAT THE CHANGES ARE NUMEROUS AND SIGNIFICANT. WE WERE FRANKLY SURPRISED THAT THE OFFICE OF MINERAL RESOURCES WOULD RELEASE THIS DOCUMENT WITHOUT PRIOR EXTENSIVE DIALOGUE WITH THE OIL AND GAS INDUSTRY. IN LIGHT OF THE COMPLEXITY AND SIGNIFICANCE OF THE PROPOSED REVISIONS, WE RESPECTFULLY ASK THAT THE OFFICE OF MINERAL RESOURCES ESTABLISH A WORKGROUP OR TASK FORCE, INCLUDING STATE MINERAL LESSEES AND THE TRADE ASSOCIATIONS REPRESENTING THESE FIRMS, TO WORK THROUGH THE MANY CHANGES AND DISCUSS THE POTENTIAL IMPLICATIONS OF EACH CHANGE. IT IS IN THE INTEREST OF BOTH THE STATE AND FUTURE STATE LESSEES THAT THERE BE A CLEAR UNDERSTANDING OF THE NEW PROVISIONS AND OPPORTUNITY TO DISCUSS EACH CHANGE.

AS YOU KNOW, THE INDUSTRY IS FACING UNPRECEDENTED CHALLENGES IN THE CURRENT POLITICAL CLIMATE. IT IS HOPED THAT THE STATE OF LOUISIANA WILL NOT, AT THIS TIME, CREATE YET ANOTHER POTENTIAL IMPEDIMENT OR ADD ADDITIONAL CONFUSION TO FUTURE INDUSTRY OPERATIONS.

I KNOW THAT LMOGA MEMBERS HAVE SUBMITTED COMMENTS AND I DO NOT WANT TO UNNECESSARILY RESTATE THOSE COMMENTS HERE, BUT I WILL HIGHLIGHT SOME OF OUR MORE SIGNIFICANT CONCERNS IN THE INTEREST OF BEING RESPONSIVE TO YOUR REQUEST FOR COMMENTS.

1. IT IS INAPPROPRIATE TO PUT THE PROPOSED DEFINITIONS IN THE "WHEREAS" PROVISIONS OF THE LEASE. THE DEFINITIONS SHOULD BE INCLUDED IN THE BODY OF THE LEASE FORM. SEVERAL DEFINITIONS ARE TROUBLING AND CONFUSING. IN PARTICULAR, THE TERM "NON-AFFILIATED PARTY" CREATES UNCERTAINTY AND OPENS THE TERM TO LESSOR INTERPRETATION.
2. THE BROAD INDEMNITY PROVISION INCLUDED FOR COASTAL RESTORATION PROJECTS IS AMBIGUOUS AND CLEARLY DEVALUES THE RIGHTS OF THE LESSEE.
3. THE REVISED ARTICLE 1 RAISES A NUMBER OF QUESTIONS: WHO HAS THE OBLIGATION TO SURVEY? IS THERE UNILATERAL RIGHT TO THE LESSOR? WHAT IS THE METHOD OF PROTEST? THE PROPOSED CHANGE MAKES LESSOR TITLE AMBIGUOUS.
4. THE PROPOSED ARTICLE 3 (E) IS A MATERIAL CHANGE IN SHUT-IN RIGHTS AND MARKETING RIGHTS AND OBLIGATIONS, SETTING ASIDE YEARS OF PRIOR LEGAL INTERPRETATION OF THE OBLIGATIONS TO MARKET. THIS REVISION SHOULD ONLY BE CONSIDERED AFTER FULL DISCUSSION WITH THE INDUSTRY ON ITS EFFECTS AND TO MORE PROPERLY REFLECT A PER ACRE AMOUNT CONSISTENT WITH THE MUTUAL INTENTIONS OF THE PARTIES. UNILATERAL TERMINATION BY THE LESSOR IS EXTREME BASED ON SUBJECTIVE JUDGMENT OF THE LESSOR AND NOT A CLEAR BREACH AND WILL LEAD TO LITIGATION.
5. THE NEW ARTICLE 4 IS A SIGNIFICANT CHANGE IN THE BONDING AND SURETY RELATIONSHIP BETWEEN THE STATE AND THE MINERAL LESSEE AND SHOULD BE SUBJECT TO EXTENSIVE DIALOGUE BETWEEN THE STATE AND INDUSTRY PRIOR TO ADOPTION.
6. LEASE CANCELLATION UNDER ARTICLE 5 (C) IS EXTREME FOR DRAINAGE. MONEY DAMAGES ARE MORE APPROPRIATE IN SUCH CASES TO SATISFY THE CLAIM.
7. "FAIR MARKET PRICE" WORKS AS A CONCEPT, BUT THE REVISIONS TO ARTICLE 6 MAKE UNCERTAIN THE ROYALTY PAYMENT OBLIGATION AND THE SATISFACTION OF THE ROYALTY AMOUNT. THE USE OF MULTIPLE INDICES WILL CAUSE CONFUSION. THERE ARE NUMEROUS INDUSTRY CONCERNS WITH THE NEW ARTICLE 6 WHICH SHOULD BE FULLY DISCUSSED AND ADDRESSED BEFORE INCORPORATION OF ARTICLE 6.
8. THE CONDITIONS CONTAINED IN THE REVISED ARTICLE 8 MAKE INDEFINITE ANY TRANSFER AND APPROVAL BY THE STATE.



9. PRIOR NOTICE FROM THE LESSOR SHOULD BE REQUIRED IN THE ARTICLE 9 PENALTY PROVISION. UNIT FORMATION UNDER ARTICLE 9 (C) IS UNDER THE JURISDICTION OF THE COMMISSIONER AND SHOULD NOT BE PRE-DETERMINED IN THE MINERAL LEASE.
10. ARTICLE 10 PROVIDES THAT THE LESSEE "SHALL FURNISH" CERTAIN DATA. IT SHOULD NOT BE AN OBLIGATION, BUT CONDITIONED ON WHETHER THE DATA IS RUN. THE ARTICLE SHOULD BE LIMITED TO DATA IN THE LESSEE'S POSSESSION. AS IN COMMENT 9 ABOVE, THE PENALTY PROVISION OF ARTICLE 9 (C) SHOULD REQUIRE NOTICE AND TIME FOR RESPONSE.
11. THE REVISED ABANDONMENT RIGHTS ASSERTED BY THE LESSOR IN ARTICLE 11 ARE OF MATERIAL CONCERN. THESE PROVISIONS COULD LEAD TO CONFLICT WITH EXISTING LEGISLATION.
12. THERE SHOULD BE ADDITIONAL DISCUSSION WITH INDUSTRY ENVIRONMENTAL EXPERTS ON THE CHANGES TO ARTICLE 13 AND POTENTIAL IMPACTS OF CHANGING ENVIRONMENTAL STANDARDS.
13. THE RIGHT OF CANCELLATION PROVISION OF ARTICLE 15 (E) SHOULD ARISE ONLY AFTER DEMAND AND FAILURE TO RESPOND OR CURE.
14. WE RECOMMEND THE DELETION OF THE SECOND SENTENCE OF ARTICLE 16. IT IS INAPPROPRIATE TO RESOLVE ANY LEASE AMBIGUITY IN FAVOR OF THE LESSOR (WHICH DRAFTED THE LEASE).
15. ARTICLE 17 REQUIRES CAREFUL ALIGNMENT WITH THE LAWS OF LOUISIANA CONCURSUS PROCEEDINGS TO AVOID CONFLICT.

AGAIN, WE ARE APPRECIATIVE OF THE OPPORTUNITY AFFORDED TO COMMENT ON THESE DRAFT MINERAL LEASE REVISIONS. OBVIOUSLY, WE BELIEVE EXPANDED DISCUSSION OF THE SUGGESTED CHANGES WILL BENEFIT BOTH THE STATE AND ITS MINERAL LESSEES. IT IS OUR HOPE THAT THE OFFICE OF MINERAL RESOURCES WILL SEE THE BENEFIT OF CREATING A WORKGROUP OR TASK FORCE TO MORE FULLY EXPLORE AND DISCUSS THE CHANGES.

SINCERELY,

R. MICHAEL LYONS  
GENERAL COUNSEL

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

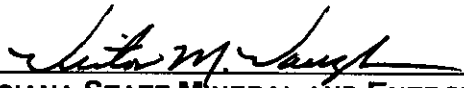
**WHEREAS**, a request was made by QEP Energy Company for a thirty (30) day extension to confect Operating Agreements covering 600 acres located in Sections 12, 13 and 14, Township 14 North, Range 12 West, Red River Parish, Louisiana;

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

**NOW, BE IT THEREFORE RESOLVED**, that the Committee recommends that the State Mineral and Energy Board grant QEP Energy Company until June 11, 2014 to confect Operating Agreements covering 600 acres located in Sections 12, 13 and 14, Township 14 North, Range 12 West, Red River Parish, Louisiana.

## 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 14th day of May, 2014, 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.



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LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

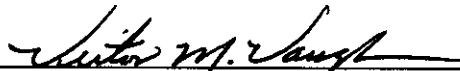
**WHEREAS**, a request was made by Texas Gas Exploration to withdraw monies in the registry of the courts for concursus suits that were settled in the 1990's;

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

**NOW, BE IT THEREFORE RESOLVED**, that the Committee recommends that the State Mineral and Energy Board grant Texas Gas Exploration the authority to withdraw monies in the registry of the courts for concursus suits that were settled in the 1990s.

## 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 14th day of May, 2014, 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.



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LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

**WHEREAS**, a request was made by Hilcorp Energy Company, et al, for consent from the Board to suspend direct payments and to escrow said payment attributable to the disputed acreage of State owned lands in the CIB CARST RA SUA unit, affecting SL Nos. 724, 21150, 21152 and 21157, Four Isle Dome Field, Terrebonne Parish, Louisiana;

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

**NOW, BE IT THEREFORE RESOLVED**, that the Committee recommends that the State Mineral and Energy Board grant Hilcorp Energy, et al, the authority to escrow the amounts attributable to the disputed acreage in an interest bearing bank account with a bank in good financial standing with a presence in Louisiana and insured by the FDIC, subject to the standard OMR escrow requirements for a period of ninety (90) days commencing May 14, 2014.

## 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 14th day of May, 2014, 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.

  
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LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

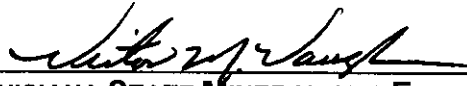
**WHEREAS**, a request was made for final approval of a Unitization Agreement between the State and Hilcorp Energy Company, et al, to create the LW CC-3 RA SU, Lake Washington Field, Plaquemines Parish, La, and is on the Docket as Item No. 14-11;

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

**NOW, BE IT THEREFORE RESOLVED** that the Committee recommends that the State Mineral and Energy Board grant final approval of a Unitization Agreement between the State and Hilcorp Energy Company, et al, on the Docket as Item No. 14-11.

## 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 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

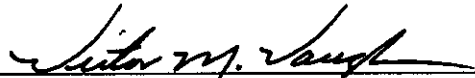
**WHEREAS**, a request was made for final approval of a Unitization Agreement between the State and Apache Shelf, Inc. and Apache Corporation to create a 40.00 acre 7200 VUB, South Pass Block 24 Field, Plaquemines Parish, Louisiana, and is on the Docket as Item No. 14-12;

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

**NOW, BE IT THEREFORE RESOLVED** that the Committee recommends that the State Mineral and Energy Board grant final approval of a Unitization Agreement between the State and Apache Shelf, Inc. and Apache Corporation, on the Docket as Item No. 14-12.

## 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 14th day of May, 2014, 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.



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LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

**ON MOTION** of Mr. Lambert, seconded by Mr. Brouillette, the following resolution was offered and unanimously adopted:

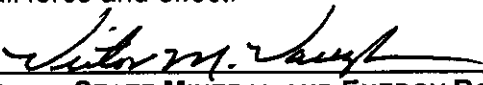
**WHEREAS**, a request was made for final approval of an Operating Agreement between the State and Rozel Exploration, LLC, to create an operating tract which allocates to the State, 25% royalty before payout increasing to 25.3% after payout, covering a portion of former State Lease No. 2102, Iberville Parish, La., and is on the Docket as Item No. 14-13;

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

**NOW, BE IT THEREFORE RESOLVED** that the Committee recommends that the State Mineral and Energy Board grant final approval of an Operating Agreement between the State and Rozel Exploration, LLC, on the Docket as Item No. 14-13.

## 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 14th day of May, 2014, 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.

  
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LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

**ON MOTION** of Mr. Lambert, seconded by Mr. Kline, the following resolution was offered and unanimously adopted:

**WHEREAS**, a request was made for final approval of two Operating Agreements between the State and Palm Energy Offshore, LLC, to create operating tracts which allocates to the State, 22% royalty before payout increasing to 23% after payout, covering portions of former State Lease No. 18936, Plaquemines Parish, La., on the Docket as Item No. 14-14 and 14-15;

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

**NOW, BE IT THEREFORE RESOLVED** that the Committee recommends that the State Mineral and Energy Board grant final approval of two Operating Agreements between the State and Palm Energy Offshore, LLC, on the Docket as Item No. 14-14 and 14-15.

## 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 14th day of May, 2014, 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.

  
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LOUISIANA STATE MINERAL AND ENERGY BOARD



# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

**WHEREAS**, a request was made for final approval of a Voluntary Unit Agreement between the State and Attic Investment, Inc., Bisson Energy Partners, LLC and Seek Production, LLC, to create a unit comprising all or portions of State Lease No. 20482, 20781, 20967, 20968 and 21363, containing approximately 1991.56 acres, Main Pass Block 35 Field, Plaquemines Parish, La., on the Docket as Item No. 14-16;

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

**NOW, BE IT THEREFORE RESOLVED** that the Committee recommends that the State Mineral and Energy Board grant final approval of a Voluntary Unit Agreement between the State and Attic Investment, Inc., Bisson Energy Partners, LLC and Seek Production, LLC, on the Docket as Item No. 14-16.

## 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 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

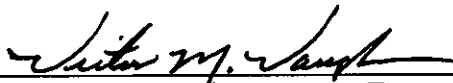
**WHEREAS**, a request was made for final approval of an Operating Agreement between the State and Texas Petroleum Investment Company (TPIC) to create an Operating Tract which proposal allocates to the State a State Production Interest equal to 16.67% BPO and 22% APO, covering 370.99 acres of former State Lease No. 4409, Plaquemines Parish, Louisiana, on the Docket as Item No. 14-17;

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

**NOW, BE IT THEREFORE RESOLVED** that the Committee recommends that the State Mineral and Energy Board grant final approval of an Operating Agreement between the State and Texas Petroleum Investment Company (TPIC), on the Docket as Item No. 14-17.

## 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 14th day of May, 2014, 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.



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LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

**WHEREAS**, a request was made for final approval of an Operating Agreement between the State and Texas Petroleum Investment Company (TPIC) to create an Operating Tract which proposal allocates to the State a State Production Interest equal to 16.67% BPO and 22% APO, covering 78.01 acres in former State Lease No. 4409, Plaquemines Parish, Louisiana, on the Docket as Item No. 14-18;

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

**NOW, BE IT THEREFORE RESOLVED** that the Committee recommends that the State Mineral and Energy Board grant final approval of an Operating Agreement between the State and Texas Petroleum Investment Company (TPIC), on the Docket as Item No. 14-18.

## 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 14th day of May, 2014, 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.

  
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LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

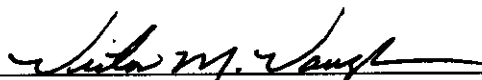
**WHEREAS**, a request was made for final approval of an Operating Agreement between the State and BHP Billiton Petroleum Properties, L.P. to create an Operating Tract which proposal allocates to the State a State Production Interest equal to 25% BPO and 26.5% APO, covering 82.106 unleased acres in the producing HA RA SUY unit, Bossier Parish, Louisiana, on the Docket as Item No. 14-19;

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

**NOW, BE IT THEREFORE RESOLVED** that the Committee recommends that the State Mineral and Energy Board grant final approval of an Operating Agreement between the State and BHP Billiton Petroleum Properties, L.P., on the Docket as Item No. 14-19.

## 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 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

**WHEREAS**, a request was made final approval of a Settlement Agreement and Mutual Release between the State and Dupree Tractor Company, Inc. and Dupree Lands Properties, LLC, whereas said parties desire to settle all claims affecting the State's mineral royalty interest in the bed and bottoms of the Red River that lie within Sections 20, 21, 28, 29, 32, 33, and 34, Township 2 North, Range 10 West, affecting State Lease Nos. 18863, 19999 and 20039, Red River Parish, Louisiana, and is on the Docket as Item No. 14-20;

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

**NOW, BE IT THEREFORE RESOLVED** that the Committee recommends that the State Mineral and Energy Board grant final approval of the Settlement Agreement and Mutual Release between the State and Dupree Tractor Company, Inc. and Dupree Lands Properties, LLC, on the Docket as Item No. 14-20.

## CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the Louisiana State Mineral and Energy Board in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, 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.



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LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

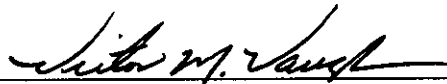
**WHEREAS**, a request was made by Chesapeake Louisiana, L.P. for authority to negotiate with Staff for Operating Agreements covering concursus lands situated in Sections 11, 12, 13, 14, 15, 23 and 24, Township 14 North, Range 12 West, Red River and DeSoto Parishes, Louisiana;

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

**NOW, BE IT THEREFORE RESOLVED**, that the Committee recommends that the State Mineral and Energy Board grant Chesapeake Louisiana, L.P. authority to negotiate with Staff for Operating Agreements covering concursus lands situated in Sections 11, 12, 13, 14, 15, 23 and 24, Township 14 North, Range 12 West, Red River and DeSoto Parishes, Louisiana and that the acreage in question be deemed unavailable for leasing until November 12, 2014 or until an operating agreement is confected and placed on the Mineral and Energy Board Docket for approval, whichever occurs first.

## 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 14th day of May, 2014, 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.



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LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

LOUISIANA STATE MINERAL AND ENERGY BOARD

## LEGAL AND TITLE CONTROVERSY COMMITTEE

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

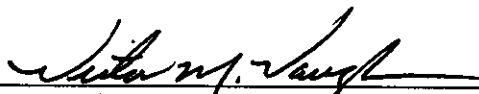
**WHEREAS**, a request was made by Hilcorp Energy Company, et al, for consent from the Board to suspend direct payments and to escrow said payment attributable to the disputed acreage of State owned lands in the CIB CARST RA SUA unit, affecting SL Nos. 724, 21150, 21152 and 21157, Four Isle Dome Field, Terrebonne Parish, Louisiana;

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

**NOW, BE IT THEREFORE RESOLVED**, that the Committee recommends that the State Mineral and Energy Board grant Hilcorp Energy, et al, the authority to escrow the amounts attributable to the disputed acreage in an interest bearing bank account with a bank in good financial standing with a presence in Louisiana and insured by the FDIC, subject to the standard OMR escrow requirements for a period of ninety (90) days commencing May 14, 2014.

## 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 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

### LEGAL AND TITLE CONTROVERSY COMMITTEE

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

**WHEREAS**, a presentation by Staff for the Board's consideration of the Proposed New Lease form;

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

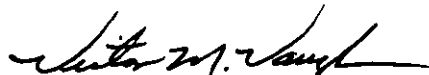
**NOW, BE IT THEREFORE RESOLVED**, that the Committee recommends that the State Mineral and Energy Board allow all information presented to the Board regarding the proposed new lease form be made public;

**ON FURTHER MOTION** of Mr. Chustz, seconded by Mr. Arnold, the following timeline of events regarding the proposed new lease form was offered and unanimously adopted:

- (1) Staff will make the proposed new lease form and related documents available to the public on the OMR website;
- (2) OMR staff will schedule a meeting seeking public comment within six (6) weeks of making the proposed new lease form and other related documents public (on or about June 25, 2014) and notify the public of said meeting;
- (3) At the June 11, 2014 meeting, OMR staff will present to the State Mineral and Energy Board's Legal & Title Controversy Committee a comparison of the existing lease and proposed lease form;
- (4) At the July 9, 2014 meeting, OMR staff will present to the State Mineral and Energy Board's Legal & Title Controversy Committee a preliminary summation of the public's comments on the proposed new lease form;
- (5) At the August 13, 2014 meeting, OMR staff will present for initial consideration to the State Mineral and Energy Board a revised draft of the proposed new lease which incorporates relevant input from the public; and
- (6) The deadline for submission of written comments will be July 15, 2014.

### 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 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Books of said Louisiana State Mineral and Energy Board and is now in full force and effect.



LOUISIANA STATE MINERAL AND ENERGY BOARD



**BOBBY JINDAL**  
GOVERNOR



**STEPHEN CHUSTZ**  
SECRETARY

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

**DOCKET REVIEW COMMITTEE REPORT**

The Docket Review Committee convened at 12:37 p.m. on Wednesday, May 14, 2014. Board Members present were Mr. Stephen Chustz, DNR Secretary, Mr. W. Paul Segura, Jr., Mr. Emile B. Cordaro, Mr. Thomas L. Arnold, Jr., Mr. Thomas W. Sanders, Mr. Louis J. Lambert, Mr. Darryl D. Smith, Mr. Theodore M. "Ted" Haik, Jr, Mr. Dan R. Brouillette and Mr. Chip Kline.

The Committee made the following recommendations:

Approve all Assignments on pages 2 through 12; Docket No. 19 on page 8 would be approved subject to the approval of the Governor of Louisiana;

Approve the following items upon recommendation of the Legal and Title Controversy Committee: Docket Item Nos. 14-11 through 14-20 on pages 13, 14 and 15.

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

There being no further business to come before the committee, upon motion of Mr. Arnold, and seconded by Mr. Cordaro, the committee voted unanimously to adjourn the meeting at 12:40 p.m.

Respectfully submitted,

A handwritten signature in cursive script that reads "Louis J. Lambert / cw".

Louis J. Lambert  
Docket Review Committee

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

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 1 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Theophilus Oil, Gas & Land Services, LLC to Camterra Resources Partners, Ltd., of all of Assignor's right, title and interest in and to State Lease No. 21278, Caddo and DeSoto Parishes, Louisiana, with further particulars being stipulated in the instrument.

Camterra Resources Partners, Ltd. is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

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

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

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

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

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

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

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 2 from the May 14, 2014 Meeting be approved, said instrument being an assignment from Castex Energy Partners, L.P. to Apache Corporation, an undivided 50% of 8/8<sup>th</sup> of Assignor's interest in and to State Lease Nos. 21044, 21045, 21053, 21054 and 21055, St. Mary Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

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

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 3 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Penterra Services, L.L.C. to Halcon Energy Properties, Inc., of all of Assignor's right, title and interest in and to State Lease Nos 21355, 21356, 21357 and 21358, Tangipahoa Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

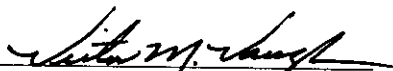
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 4 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Houston Energy, L.P., an undivided 85.00% of 8/8ths interest to the following in the proportions set out below:

GCER Onshore, LLC	50.00%
Howard Energy Co., Inc.	20.00%
Knight Resources, LLC	15.00%

in and to State Lease No. 21086, Terrebonne Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

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

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 5 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Red Willow Offshore, LLC to Knight Resources, LLC, of all of Assignor's right, title and interest in and to State Lease Nos. 18103 and 18634, St. Mary Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

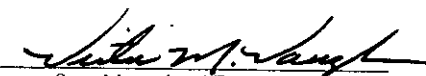
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby: and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 6 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Red Willow Offshore, LLC to Knight Resources, LLC, of all of Assignor's right, title and interest in and to State Lease No. 19130, Lafayette and Vermilion Parishes, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

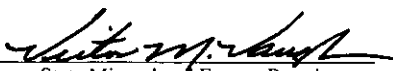
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 7 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Stone Energy Offshore, LLC to Louisiana Onshore Properties, LLC, of all of Assignor's right, title and interest in and to State Lease Nos. 500, 743, 15612, 19943, 20428 and 20539, Iberia Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30.128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind,

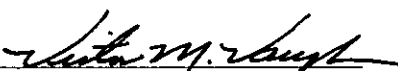
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board



# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 8 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Mack Energy Co., an undivided 29.172916% of Assignor's right, title and interest to the following in the proportions set out below

Bastian Bay Energy, LLC	0.086239%
Deerfield Energy, LLC	0.209801%
EEC E&P, LLC	0.209801%
ExPert Oil & Gas, L.L.C	2.307812%
Ironstone Energy, LLC	7.037730%
Island Drilling, LLC	12.643908%
Laney C Production, LLC	6.362922%
REB Capital, LLC	0.209801%
R.J.M. Energy, Inc.	0.314277%

in and to State Lease No. 19232, Lafourche and St. Charles Parishes, Louisiana, with further particulars being stipulated in the instrument

ExPert Oil & Gas, L.L.C. is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

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

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

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

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

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

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

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

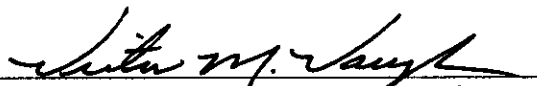
## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 9 from the May 14, 2014, Meeting be approved, said instrument a Correction of Resolution No. 20 from the December 12, 2001 Meeting, being a Change of Name whereby HS Resources, Inc. is changing its name to Kerr-McGee Rocky Mountain Corporation, whereas State Lease Nos. 16046, 16049 and 16051 were omitted from said resolution and are hereby being added, affecting State Lease Nos. 15502, 16046, 16049, 16051, 16127, 16235, 16236, 16303, 16505, 16532, 16808, 16809, 17095, 17096 and 17172, Assumption, Beauregard, Calcasieu, Jefferson Davis, St. Landry, St. Mary and Terrebonne Parishes, Louisiana.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

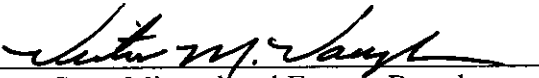
## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 10 from the May 14, 2014, Meeting be approved, said instrument a Correction of Resolution No. 44 from the May 14, 2008 Meeting, being a Change of Name whereby Kerr-McGee Rocky Mountain Corporation is changing its name to Kerr-McGee Rocky Mountain LLC, whereas State Lease Nos. 16046, 16049 and 16051 were omitted from said resolution and are hereby being added, affecting State Lease Nos. 15502, 16046, 16049, 16051 and 16504, Assumption, Beauregard, Calcasieu, Jefferson Davis, St. Mary and Terrebonne Parishes, Louisiana.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, 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.

  
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State Mineral and Energy Board

# RESOLUTION

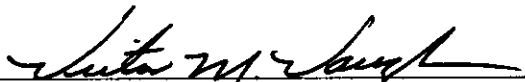
## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 11 from the May 14, 2014, Meeting be approved, said instrument a Correction of Resolution No. 45 from the May 14, 2008 Meeting, being a Change of Name whereby Kerr-McGee Rocky Mountain LLC is changing its name to Kerr-McGee Oil & Gas Onshore LP, whereas State Lease Nos. 16046, 16049 and 16051 were omitted from said resolution and are hereby being added, affecting State Lease Nos. 15502, 16046, 16049, 16051 and 16504, Assumption, Beauregard, Calcasieu, Jefferson Davis, St. Mary and Terrebonne Parishes, Louisiana.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, 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.

  
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State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 12 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from SKLARCO, L.L.C. to Halcon Energy Properties, Inc., of all of Assignor's right, title and interest in and to State Lease Nos. 21007 and 21026, West Feliciana Parish, Louisiana, **INSOFAR AND ONLY INSOFAR AS** said leases cover and affect the geological formations generally known as the Austin Chalk formation and the Tuscaloosa Marine Shale formation, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

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

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 13 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Chesapeake Louisiana, LP to EXCO Operating Company, LP an undivided 50% and unto EXCO HV Acquisition SUB LLC an undivided 50% of all of Assignor's right, title and interest in and to State Lease Nos 19831 and 19929, DeSoto Parish, Louisiana, . **INSOFAR AND ONLY INSOFAR AS** to the stratigraphic equivalent of the top of the Haynesville Shale Formation as found on the electric log at the measured depth of 10'418 feet for the Winchester Prod-Means No 16 Well, located in Section 23, Township 14 North, Range 14 West, with further particulars being stipulated in the instrument.

EXCO Operating Company, LP is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

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

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

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

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

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R.S. 30.128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind;

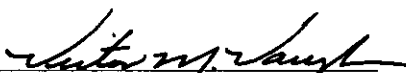
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 14 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from EXCO Operating Company, LP to BG US Production Company, LLC, an undivided 50% of Assignor's right, title and interest in and to State Lease No. 19011, DeSoto and Red River Parishes, Louisiana, with further particulars being stipulated in the instrument

EXCO Operating Company, LP is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

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

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 15 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from EXCO Operating Company, LP to BG US Production Company, LLC, an undivided 50% of Assignor's right, title and interest in and to State Lease No. 19180, DeSoto Parish, Louisiana, with further particulars being stipulated in the instrument.

EXCO Operating Company, LP is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

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

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

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

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

4) That this approval is given merely for the purpose of validating the assignment or transfer under the provisions of R S 30.128, but by giving its approval, the Board does not recognize the validity of any other instrument referred to therein that has not also been considered and approved by the Board in its entirety nor of any descriptions nor adopt any of the terms and conditions in the assignment or transfer, including but not limited to any election to convert an overriding royalty interest to a working interest, and any such election shall not be effective until written notice thereof is given to the Board and assignment or transfer of such working interest in recordable form is docketed for approval and approved by the Board, and, furthermore, that this approval may not operate as the Board's approval of any sales contract, which may have been entered into by the parties to the assignment or transfer, inasmuch as the Board specifically reserves the right to take its royalty oil, gas and other minerals in kind;

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

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board



# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 16 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from EXCO Operating Company, LP to BG US Production Company, LLC, an undivided 50% of Assignor's right, title and interest in and to State Lease No. 19767, DeSoto and Red River Parishes, Louisiana, with further particulars being stipulated in the instrument.

EXCO Operating Company, LP is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

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

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

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

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

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

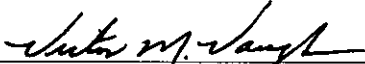
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No 17 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from APV McCamey, LLC to APV Caddo Pine, LLC, of all of Assignor's right, title and interest in and to State Lease No. 20372, Caddo Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

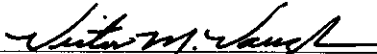
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 18 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from APV McCamey, LLC to APV Caddo Pine, LLC, of all of Assignor's right, title and interest in and to State Lease No. 173, Caddo Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

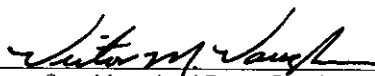
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 19 from the May 14, 2014 Meeting be approved subject to the approval of the Governor of Louisiana, said instrument being an Act of Exchange from Blue Charm Partnership in Commendam to Blue Charm, L.L.C., of all of Assignor's right, title and interest in and to State Lease Nos 334, 335, 340 and 341, Iberia and St. Mary Parishes, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

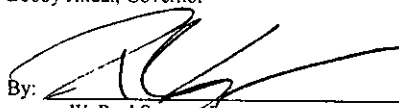
BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the State Mineral and Energy Board by affixing his signature to the aforesaid instrument.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

Approved as per Executive Order BJ 2008-10  
Bobby Jindal, Governor

By:   
W. Paul Segura, Jr.  
Chairman, State Mineral Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 20 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Apache Corporation to Fieldwood Energy LLC, an undivided 50% of Assignor's right, title and interest in and to State Lease Nos 16473 and 16475, Cameron Parish, Louisiana, **LIMITED TO** depths from the surface to the base of the Lower Marg Sand, **AND LIMITED TO** depths below the base of the Lower Marg Sand, **AND LIMITED TO** depths from the surface to the base of the LIEB 5D2 Sand, **AND FURTHER LIMITED TO** depths below the base of the LIEB 5D2 Sand, Cameron Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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


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

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 21 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Apache Corporation to Apache Shelf Exploration, LLC of all of Assignor's right, title and interest in and to State Lease Nos. 16473 and 16475, Cameron Parish, Louisiana. **LIMITED TO** the Lower Marg Sand in State Lease No. 16473 and **LIMITED TO** the LIEB 5D2 Sand in State Lease No. 16475, Cameron Parish, Louisiana, with further particulars being stipulated in the instrument

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

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

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

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

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

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

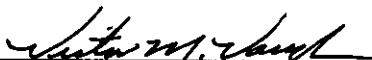
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 22 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Apache Shelf, Inc. to Apache Shelf Exploration LLC, of all of Assignor's right, title and interest in and to State Lease Nos. 3770, 14832 and 18121, Plaquemines Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

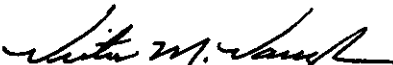
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 23 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Geoterre, LLC to Sunland Production Co., Inc., an undivided 75% of 8/8ths interest in and to State Lease No. 21325, St. Landry Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

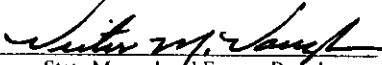
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board



# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 24 from the May 14, 2014 Meeting be approved, said instrument being an Assignment and Correction of Assignment from Grinde Exploration, Inc to Bengt Hagen, a 1% of 8/8ths interest in and to State Lease Nos. 16995, 17208 and 17226, Vermilion Parish, Louisiana, with further particulars being stipulated in the instrument

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

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

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

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

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

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

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

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 25 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Richard Doane to Ingolf Grinde, an undivided .025% of 8/8ths interest in and to State Lease Nos 16995, 17208 and 17226, Vermilion Parish, Louisiana, with further particulars being stipulated in the instrument

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

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

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

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

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

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

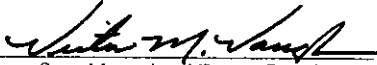
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 26 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Unit Petroleum Company to Remora Petroleum, L.P., of all of Assignor's right, title and interest in and to State Lease No. 6430, Lafourche Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

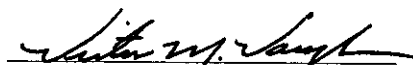
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby, and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 27 from the May 14, 2014 Meeting be approved, said instrument being an Assignment and Correction of Assignment from Mobil Oil Exploration & Producing Southeast Inc to Hilcorp Energy I, LP, of all of Assignor's right, title and interest in and to State Lease No. 2038, Cameron Parish, Louisiana, with further particulars being stipulated in the instrument.

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

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

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

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

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

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

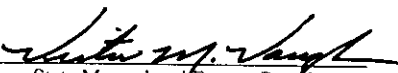
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 1 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from Chesapeake Louisiana, LP to EXCO Operating Company, LP an undivided 50% and unto EXCO HV Acquisition SUB LLC an undivided 50% of all of Assignor's right, title and interest in and to State Agency Lease No. 19779, DeSoto Parish, Louisiana, **INSOFAR AND ONLY INSOFAR AS** to the stratigraphic equivalent of the top of the Haynesville Shale Formation as found on the electric log at the measured depth of 10'418 feet for the Winchester Prod-Means No. 16 Well, located in Section 23, Township 14 North, Range 14 West, with further particulars being stipulated in the instrument.

EXCO Operating Company, LP is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

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

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

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

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

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


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

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 2 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from EXCO Operating Company, LP to BG US Production Company, L.L.C, an undivided 50% of Assignor's right, title and interest in and to State Agency Lease No. 19027, DeSoto Parish, Louisiana, with further particulars being stipulated in the instrument.

EXCO Operating Company, LP is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975

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

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

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

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

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

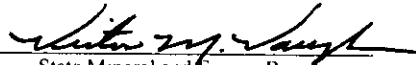
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 3 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from EXCO Operating Company, LP to BG US Production Company, LLC, an undivided 50% of Assignor's right, title and interest in and to State Agency Lease No. 19182, DeSoto and Red River Parishes, Louisiana, with further particulars being stipulated in the instrument.

EXCO Operating Company, LP is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

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

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

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

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

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

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

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 4 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from EXCO Operating Company, LP to BG US Production Company, LLC, an undivided 50% of Assignor's right, title and interest in and to State Agency Lease No. 19779, DeSoto Parish, Louisiana, with further particulars being stipulated in the instrument

EXCO Operating Company, LP is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

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

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

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

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

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

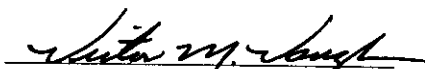
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board



# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No 5 from the May 14, 2014 Meeting be approved, said instrument being an Assignment from EXCO Operating Company, LP to BG US Production Company, L.L.C, an undivided 50% of Assignor's right, title and interest in and to State Agency Lease No. 19780, DeSoto Parish, Louisiana, with further particulars being stipulated in the instrument

EXCO Operating Company, LP is designated as the joint account Lessee (contact person) pursuant to State Mineral and Energy Board Resolution dated September 10, 1975.

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

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

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

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

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

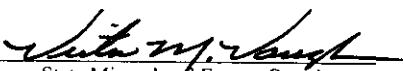
5) That for purposes of recordation and notice, certified copies of this Resolution be attached to all docketed copies of the instrument approved hereby; and

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

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

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014, pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

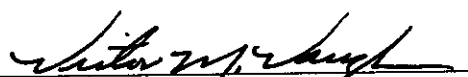
On motion of Mr. Arnold, seconded by Mr. Cordaro, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 14-11 from the May 14, 2014, Meeting be approved subject to the approval of the Governor of Louisiana, 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, et al, to create a 199.72 acre unit, more or less, identified as the "LW CC-3 RA SU", Lake Washington Field, Plaquemines Parish, Louisiana, with 32.09 acres being attributable to State Lease No. 212 and the remaining acreage being attributable to private ownership, with further particulars being stipulated in the instrument.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the instrument by signing said instrument for the Board.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014 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.

  
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State Mineral and Energy Board

Approved as per Executive Order BJ 2008-10  
Bobby Jindal, Governor

By:   
\_\_\_\_\_

W. Paul Segura, Jr.  
Chairman, State Mineral Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

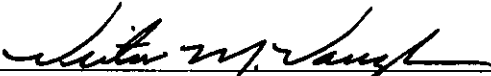
On motion of Mr. Arnold, seconded by Mr. Cordaro, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 14-12 from the May 14, 2014, 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, Apache Shelf, Inc. and Apache Corporation, to create a 40.00 acre unit, more or less, identified as the "7200 VUB", South Pass Block 24 Field, Plaquemines Parish, Louisiana, with 31.945 acres being attributable to State Lease No. 1924 and the remaining acreage being attributable to private ownership, with further particulars being stipulated in the instrument.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the instrument by signing said instrument for the Board.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14<sup>th</sup> day of May, 2014 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.

  
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State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

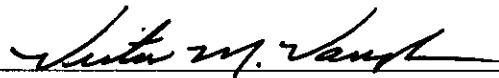
On motion of Mr. Arnold, seconded by Mr. Cordaro, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 14-13 from the May 14, 2014, Meeting be approved, said instrument being an Operating Agreement by and between the State Mineral and Energy Board, acting for and on behalf of the State of Louisiana and Rozel Exploration, LLC, to create an Operating Tract for the exploration and development of oil, gas and/or condensate and other liquid hydrocarbons, which proposal allocates to the State a State Production Interest equal to 25% before payout increasing to 25.3% after payout, in and to the Operating Tract, covering a former portion of State Lease No. 2102, Iberville Parish, Louisiana, said Operating Tract containing 12.96 acres, more or less, with further particulars being stipulated in the instrument.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the instrument by signing said instrument for the Board.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014 pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

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

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 14-14 from the May 14, 2014, Meeting be approved, said instrument being an Operating Agreement by and between the State Mineral and Energy Board, acting for and on behalf of the State of Louisiana and Palm Energy Offshore, L.L.C., to create an Operating Tract for the exploration and development of oil, gas and/or condensate and other liquid hydrocarbons, which proposal allocates to the State a State Production Interest equal to 22% before payout increasing to 23% after payout, in and to the Operating Tract, covering portion of former State Lease No. 18936, Plaquemines Parish, Louisiana, said Operating Tract containing 83.947 acres, more or less, with further particulars being stipulated in the instrument.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the instrument by signing said instrument for the Board.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014 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.

  
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State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

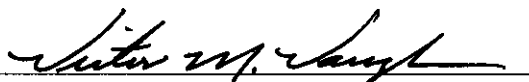
On motion of Mr. Arnold, seconded by Mr. Cordaro, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 14-15 from the May 14, 2014, Meeting be approved, said instrument being an Operating Agreement by and between the State Mineral and Energy Board, acting for and on behalf of the State of Louisiana and Palm Energy Offshore, L.L.C., to create an Operating Tract for the exploration and development of oil, gas and/or condensate and other liquid hydrocarbons, which proposal allocates to the State a State Production Interest equal to 22% before payout increasing to 23% after payout, in and to the Operating Tract, covering portion of former State Lease No. 18936, Plaquemines Parish, Louisiana, said Operating Tract containing 40.00 acres, more or less, with further particulars being stipulated in the instrument.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the instrument by signing said instrument for the Board.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014 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.

  
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State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

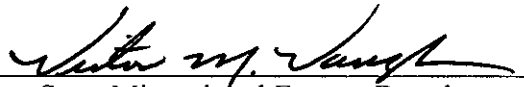
On motion of Mr. Arnold, seconded by Mr. Cordaro, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 14-16 from the May 14, 2014, 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, Attic Investment, Inc., Bison Energy Partners, LLC and Seek Production, LLC, to create a 1,991.56 acre unit, more or less, identified as the "Attic Investments, Inc. VUA", with 242.39 acres being attributable to State Lease No. 20482, 1,109.82 acres being attributable to State Lease No. 20781, 239.68 acres being attributable to State Lease No. 20967, 159.99 acres being attributable to State Lease No. 20968 and 239.68 acres being attributable to State Lease No. 21363, Main Pass Block 35 Field, Plaquemines Parish, Louisiana, with further particulars being stipulated in the instrument.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the instrument by signing said instrument for the Board.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014 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.

  
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State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

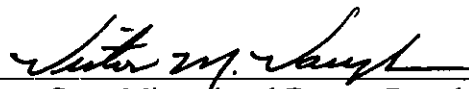
On motion of Mr. Arnold, seconded by Mr. Cordaro, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 14-17 from the May 14, 2014, Meeting be approved, said instrument being an Operating Agreement by and between the State Mineral and Energy Board, acting for and on behalf of the State of Louisiana and Texas Petroleum Investment Company, to create an Operating Tract for the exploration and development of oil, gas and/or condensate and other liquid hydrocarbons, which proposal allocates to the State a State Production Interest equal to 16.67% before payout increasing to 22% after payout, in and to the Operating Tract, covering a former portion of State Lease No. 4409, Plaquemines Parish, Louisiana, said Operating Tract containing 370.99 acres, more or less, with further particulars being stipulated in the instrument.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the instrument by signing said instrument for the Board.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014 pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral and Energy Board



# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

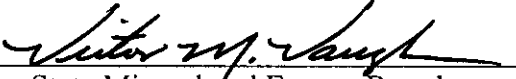
On motion of Mr. Arnold, seconded by Mr. Cordaro, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 14-18 from the May 14, 2014, Meeting be approved, said instrument being an Operating Agreement by and between the State Mineral and Energy Board, acting for and on behalf of the State of Louisiana and Texas Petroleum Investment Company, to create an Operating Tract for the exploration and development of oil, gas and/or condensate and other liquid hydrocarbons, which proposal allocates to the State a State Production Interest equal to 16.67% before payout increasing to 22% after payout, in and to the Operating Tract, covering a former portion State Lease No. 4409, Plaquemines Parish, Louisiana, said Operating Tract containing 78.01 acres, more or less, with further particulars being stipulated in the instrument.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the instrument by signing said instrument for the Board.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014 pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.

  
State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

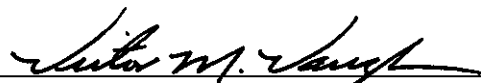
On motion of Mr. Arnold, seconded by Mr. Cordaro, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 14-19 from the May 14, 2014, Meeting be approved, said instrument being an Operating Agreement by and between the State Mineral and Energy Board, acting for and on behalf of the State of Louisiana and BHP Billiton Petroleum Properties (N.A.), LP, to create an Operating Tract for the exploration and development of oil, gas and/or condensate and other liquid hydrocarbons, which proposal allocates to the State a State Production Interest equal to 25.00% before payout increasing to 26.5% after payout, in and to the Operating Tract, covering unleased acreage in the producing HA RA SUY unit, Bossier Parish, Louisiana, said Operating Tract containing 82.106 acres, more or less, with further particulars being stipulated in the instrument.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the instrument by signing said instrument for the Board.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014 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.

  
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State Mineral and Energy Board

# RESOLUTION

## LOUISIANA STATE MINERAL AND ENERGY BOARD

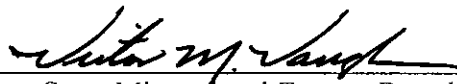
On motion of Mr. Arnold, seconded by Mr. Cordaro, the following Resolution was offered and adopted:

BE IT RESOLVED by the State Mineral and Energy Board that Docket Item No. 14-20 from the May 14, 2014, Meeting be approved, said instrument being a Settlement Agreement and Mutual Release by and between the State of Louisiana through the State Mineral and Energy Board, Dupree Tractor Company, Inc., and Dupree Land Properties, L.L.C., whereas said parties desire to settle all claims, issues and defenses, affecting the State's mineral royalty interests in the bed and bottoms of the Red River that lie within Sections 20, 21, 28, 29, 32, 33, and 34, Township 13 North, Range 10 West, affecting State Lease Nos. 18863, 19999, and 20039, Red River Parish, Louisiana, with further particulars being stipulated in the instrument.

BE IT FURTHER RESOLVED that either the Chairman, Vice-Chairman, Secretary, Deputy Assistant Secretary, Chief Landman or any other authorized person be and he is hereby authorized to reflect the approval of the instrument by signing said instrument for the Board.

### CERTIFICATE

I hereby certify that the above is a true and correct copy of a Resolution adopted at a meeting of the State Mineral and Energy Board held in the City of Baton Rouge, Louisiana, on the 14th day of May, 2014 pursuant to due notice, at which meeting a quorum was present, and that said Resolution is duly entered in the Minute Book of said Board and is now in full force and effect.



State Mineral and Energy Board