

MINUTES

STATE MINERAL AND ENERGY BOARD

LEASE SALE AND BOARD MEETING (via Zoom)

MAY 13, 2020



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

Opening of Bids
May 13, 2020

A public meeting for the purpose of opening sealed bids was held on Wednesday, May 13, 2020, beginning at 9:15 a.m. via Zoom.

Emile Fontenot presided over the meeting. He then read the letter of notifications certifying the legal sufficiency of the advertisement of Tract Nos. 45321 through 45325 (April 2020) and Tract Nos. 45326 through 45336 (May 2020) which were published for lease by the Board at today's sale.

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

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 Fontenot stated that there were no tracts to be withdrawn from today's Lease Sale.

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

Tract 45324
(Entire: 10 acres)

Bidder	:	Nadel and Gussman, N.V., LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$15,020.00
Annual Rental	:	\$7,510.00
Royalties	:	22.5% on oil and gas
	:	22.5% on other minerals
Additional Consideration	:	None

Tract 45326
(Entire: 14 acres)

Bidder	:	Brix Operating, LLC
Primary Term	:	Three (3) years
Cash Payment	:	\$19,670.00
Annual Rental	:	\$9,835.00
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 45330

(Portion: 13.48 acres)

Bidder	:	Hilcorp Energy I, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$3,033.00
Annual Rental	:	\$1,516.50
Royalties	:	21% on oil and gas
	:	21% on other minerals
Additional Consideration	:	None

Tract 45335

(Portion: 20.02 acres)

Bidder	:	Hilcorp Energy I, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$7,007.00
Annual Rental	:	\$3,503.50
Royalties	:	25% on oil and gas
	:	25% on other minerals
Additional Consideration	:	None

Tract 45336

(Portion: 12 acres)

Bidder	:	Hilcorp Energy I, L.P.
Primary Term	:	Three (3) years
Cash Payment	:	\$2,700.00
Annual Rental	:	\$1,350.00
Royalties	:	21% on oil and gas
	:	21% on other minerals
Additional Consideration	:	None

This concluded the reading of the bids.

There being no further business, the meeting was concluded at 9:23 a.m.

Respectfully Submitted,

Jamie S. Manuel, Secretary
State Mineral and Energy Board

JOHN BEL EDWARDS
GOVERNOR



THOMAS F. HARRIS
SECRETARY

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

REGULAR MEETING
May 13, 2020

The Regular Meeting of the State Mineral and Energy Board was held on **Wednesday, May 13, 2020**, beginning at 9:30 a.m. via Zoom.

I. CALL TO ORDER

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

II. ROLL CALL

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

W. Paul Segura, Jr., Chairman
Carol R. LeBlanc, Vice-Chair
Thomas F. Harris, DNR Secretary
Robert D. Watkins
Rochelle A. Michaud-Dugas
J. Todd Hollenshead
Thomas L. Arnold, Jr.
Harvey "Ned" White
Willie J. Young, Sr.

The following members of the Board were recorded as absent:

Kyle "Chip" Kline, Jr.
Darryl D. Smith

Mr. Manuel announced that nine (9) members of the Board were present when the roll call was taken and that a quorum was established.

III. PLEDGE OF ALLEGIANCE

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

IV. APPROVAL OF THE MARCH 11, 2020 AND APRIL 29, 2020 MINUTES

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

A motion was made by Mr. Harris to adopt the March 11, 2020 and April 29, 2020 Minutes as submitted and to waive reading of same. His motion was seconded by Mr. Arnold and unanimously adopted by the Board. (No public comment was made at this time.)

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

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

VI. STAFF REPORTS

- a) Lease Review Report**
presented by Jason Talbot, Geology Supervisor
and Charles Bradbury, Engineering Supervisor
Geology, Engineering & Land Division
- b) Nomination and Tract Report**
presented by Emile Fontenot, Petroleum Lands Director
Geology, Engineering & Land Division
- c) Audit Report**
presented by Rachel Newman, Audit Director
Mineral Income Division
- d) Legal and Title Controversy Report**
presented by Emile Fontenot, Petroleum Lands Director
Geology, Engineering & Land Division
- e) Docket Review Report**
presented by Emile Fontenot, Petroleum Lands Director
Geology, Engineering & Land Division

a) LEASE REVIEW REPORT
MAY 13, 2020
(RESOLUTION NOS. 20-05-012 AND 20-03-001)

I. GEOLOGICAL AND ENGINEERING STAFF REVIEW

According to the SONRIS database, there are 1,111 active State Leases containing approximately 468,457 acres. Since the last Lease Review Report, the Geological and Engineering Division reviewed 69 leases covering approximately 51,714 acres for lease maintenance and development issues.

II. BOARD REVIEW

1. A staff report on State Lease 173, Caddo Pine Island, Caddo Parish, Gemini Explorations Inc. Upon motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the Board approved the staff report, that Gemini Explorations Inc. had met its obligation to plug and abandon five (5) wells during the year of 2019, any lease development or release obligations on this lease will be deferred until a future date in accordance with Board Resolution No. 20-05-001, and Gemini Explorations Inc. should continue to plug and abandon wells over State Lease 173. **(RESOLUTION NO. 20-05-012)**

III. FORCE MAJEURE

1. Biglane Operating Company requested force majeure recognition due to flooding on the Mississippi River affecting State Lease 4778 beginning January 8, 2020. The staff recognized this force majeure event until the August 12, 2020 meeting when the matter will be reconsidered. Upon motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the Board confirmed recognition of the force majeure event as stated. **(RESOLUTION NO. 20-05-001)**
2. Ark-La-Tex Oil & Gas Report Service requested on behalf of Kepco Operating Inc. force majeure recognition due to flooding in Catahoula Lake affecting State Lease 18951 in LaSalle Parish beginning January 21, 2020. The staff recognized this force majeure event until the August 12, 2020 meeting when the matter will be reconsidered. Upon motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the Board confirmed recognition of the force majeure event as stated. **(RESOLUTION NO. 20-05-012)**
3. Brammer Engineering Inc. requested on behalf of Tensas Delta Exploration LLC recognition of a force majeure condition due to flooding in Catahoula Lake affecting State Leases 4775 & 4945 beginning January 24, 2020. The staff recognized this force majeure event until the August 12, 2020 meeting when the matter will be reconsidered. Upon motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the Board confirmed recognition of the force majeure event as stated. **(RESOLUTION NO. 20-05-012)**
4. White Oak Operating Co LLC requested recognition of a force majeure condition due to flooding in West Lake Verret Field affecting State Lease 346 beginning February 26, 2020. The staff recognized this force majeure event until the August 12, 2020 meeting when the matter will be reconsidered. Upon motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the Board confirmed recognition of the force majeure event as stated. **(RESOLUTION NO. 20-05-012)**

b) NOMINATION AND TRACT REPORT
MAY 13, 2020
(RESOLUTION NO. 20-05-002)

The Board heard the report of Mr. Emile Fontenot on Wednesday May 13, 2020 relative to nominations received in the Office of Mineral Resources for the June 10, 2020 and July 8, 2020 Mineral Lease Sales and other matters.

Based upon Staff's recommendation, and on motion of **Mr. Arnold**, duly seconded by **Ms. Michaud-Dugas**, the Board granted authority to Staff to advertise all such tracts that have been received by the Staff of the Office of Mineral Resources as well as any tracts that have been previously advertised and rolled over and otherwise approve the Nomination and Tract Report. **(RESOLUTION NO. 20-05-002)**

c) AUDIT REPORT
MAY 13, 2020

The first matter on the audit report was the election of the May 2020 gas royalty to be paid on a processed basis at the Discovery Plant at Larose and the Sea Robin Plant at Henry per the terms of the State Texaco Global Settlement Agreement.

No action required.

d) LEGAL & TITLE CONTROVERSY REPORT
MAY 13, 2020

There were no items discussed during the Legal & Title Controversy Report.

**e) DOCKET REVIEW REPORT
MAY 13, 2020
(RESOLUTION NO(S). 20-05-003 THRU 20-05-010)**

The Board heard the report from Emile Fontenot on Wednesday, May 13, 2020, relative to the following:

- Category A: State Agency Leases
There were no items for this category
- Category B: State Lease Transfers
Docket Item Nos. 1 through 6
- Category C: Department of Wildlife & Fisheries State Agency Lease
There were no items for this category
- Category D: Advertised Proposals
Docket Item Nos. 1 and 2

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

- Category B: State Lease Transfers
Approve Docket Item Nos. 1 through 6
(RESOLUTION NOS. 20-05-003 through 20-05-008)
- Category D: Advertised Proposals
Approve Docket Item Nos. 1 and 2
(RESOLUTION NOS. 20-05-009 and No. 20-05-2010)

VII. EXECUTIVE SESSION

The Chairman stated that the next order of business was discussions in Executive Session to consider matters before the Board which were confidential in nature.

A request was made by Staff to add the following item to the Agenda to be discussed in Executive Session:

A discussion of the matter entitled: Steve Crooks and Era Lea Crooks v. State of Louisiana, Department of Natural Resources, Docket No. 224,262, Ninth Judicial District; Docket No. 17-750, Third Circuit Court of Appeal; Docket No. 2019-C-0160, Louisiana Supreme Court

Upon motion of Mr. Arnold, seconded by Ms. Michaud-Dugas, the Board unanimously voted to add this item to the Agenda to be discussed in Executive Session.

Upon motion of Mr. Arnold, seconded by Mr. Harris, the Board Members went into Executive Session at 9:51 a.m.

Upon motion of Ms. LeBlanc, seconded by Ms. Michaud-Dugas, the Board reconvened in open session at 10:06 a.m. for consideration of the following matters discussed in Executive Session:

- a. A discussion of the matter entitled: Steve Crooks and Era Lea Crooks v. State of Louisiana, Department of Natural Resources, Docket No. 224,262, Ninth Judicial District; Docket No. 17-750, Third Circuit Court of Appeal; Docket No. 2019-C-0160, Louisiana Supreme Court

Upon motion of Mr. Arnold, seconded by Mr. Harris, the Board granted authority to establish an escrow account until settlement of final judgment of this matter. No comments were made by the public. **(Resolution No. 20-05-011)**

- b. The Board was briefed in Executive Session on the bids received at today's lease sale.

VIII. AWARDING OF LEASES

The Chairman stated that the next order of business was the awarding of the leases and called on Mr. Jason Talbot to present Staff's recommendations to the Board.

Upon motion by Mr. Arnold, seconded by Ms. Michaud-Dugas, the Board unanimously voted to accept Staff's recommendation to accept all bids received and awarded leases on the following bids:

Tract 45324
(Entire: 10 acres)

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Leases awarded were conditioned on tract descriptions being accurate, overlapped prior leases being subtracted from acreage bid on, acreage amount being verified and agreed between bidder and state and portion bids verified as being located within advertised boundary of tracts. (No public comment was made at this time.)

This concluded the awarding of the leases.

IX. NEW BUSINESS

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

No new business was presented.

X. ANNOUNCEMENTS

There were no announcements made.

XI. ADJOURNMENT

The Chairman then stated there being no further business to come before the Board, upon motion of Ms. Michaud-Dugus, seconded by Ms. LeBlanc, the meeting was adjourned at 10:12 a.m.

Respectfully Submitted,

Jamie S. Manuel, Secretary
State Mineral and Energy Board