



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

TO: State Mineral Board Members

FROM: Rachel Newman, CPA *RN*
Audit Director
Mineral Income Division

DATE: August 8, 2012

Audit Committee Meeting Agenda

A meeting of the Audit Committee of the State Mineral and Energy Board will be held on Wednesday, August 8, 2012, following the Nomination and Tract Committee Meeting, in the LaBelle Room, First Floor, LaSalle Building, located at 617 North Third Street, Baton Rouge, Louisiana.

Items on the agenda are as follows:

1. A penalty waiver request from Apache Corporation for a penalty in the amount of \$36,645.44 which was billed for audit exceptions. The field audit of Apache Corporation for the period of January 2004 through December 2006 began on July 17, 2007. Total royalty collected for the audit period is \$44,178,188.30. Apache Corporation paid the state a total of \$109,220.21 in royalty exceptions and \$45,294.30 in interest charges.
2. A penalty waiver request from QEP Energy Company for a penalty in the amount of \$17,604.02 which was billed for audit exceptions. The field audit of QEP Energy Company for the period of January 2002 through December 2009 began on May 16, 2011. Total royalty collected for the audit period is \$2,778,904.88. QEP Energy Company paid the state a total of \$62,301.50 in royalty exceptions and \$12,464.58 in interest charges.
3. A penalty waiver request from Samson Contour Energy E & P, LLC for a penalty in the amount of \$242,121.58 which was billed for audit exceptions. The field audit of Samson Contour Energy E & P, LLC for the period of January 2003 through December 2009 began on March 21, 2011. Total royalty collected for the audit period is \$22,324,669.49. Samson Contour Energy E & P, LLC paid the state a total of \$674,839.41 in royalty exceptions and \$344,597.95 in interest charges.

4. A penalty waiver request from Swift Energy Company for a penalty in the amount of \$69,008.78 which was billed for audit exceptions. The field audit of Swift Energy Company for the period of January 2000 through December 2004 began on November 28, 2005. Total royalty collected for the audit period is \$9,628,578.26. Swift paid the state a total of \$223,093.89 in royalty exceptions and \$68,674.16 in interest charges.
5. A request to remove Virgin Offshore, U.S.A. from the current three year audit cycle.
6. A request for the State Mineral and Energy Board to adopt a Resolution defining the procedures and time restrictions for an audit payment made under protest.
7. Staff report on Krescent Energy Company, LLC bankruptcy.
8. Staff report on Delta Petroleum Corporation bankruptcy.
9. Staff report to the committee that the election for August 2012 gas royalty is 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.

The Committee may discuss matters 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).