



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: February 13, 2013

Audit Committee Meeting Agenda

A meeting of the Audit Committee of the State Mineral and Energy Board will be held on Wednesday, February 13, 2013, 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 recoupment request from Energy XXI GOM for an overpayment in the amount of \$27,180.08. The state lease numbers involved are 06706 and 06894. For the sales month of May 2012, Energy XXI GOM paid NGL royalties based on incorrect volumes and values.
2. A penalty waiver request from Pennington Oil & Gas Interests, LLC for a penalty in the amount of \$15,684.32 which was billed for audit exceptions. The field audit of Pennington Oil & Gas Interests for the period of May 2007 through December 2011 began on May 7, 2012. Total royalty collected for the audit period is \$1,291,042.82. Pennington Oil & Gas Interests, LLC paid the state a total of \$56,029.63 in royalty exceptions and \$10,884.95 in interest charges.
3. A request to place Renaissance Petroleum Company, LLC on demand for unpaid royalties which were the result of a field audit.
4. A request to place Union Oil Company of California (UNOCAL) on demand for unpaid royalties which were the result of a field audit.
5. A request to grant Chesapeake Operating a 90 day extension from January 31, 2013 for a payment made under protest as the result of a field audit.

6. A request from Enervest Operating, LLC to withdraw the January 2, 2013 request for an extension of an audit payment made under protest.
7. Staff report to the committee that the election for February 2013 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).