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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
Audit Director
Mineral Income Division

DATE: October 9, 2013

Audit Committee Meeting Agenda

A meeting of the Audit Committee of the State Mineral and Energy Board will be held on Wednesday, October 9, 2013, following the Nomination and Tract Committee Meeting, in the LaBelle Room, First Floor, and LaSalle Building, located at 617 North Third Street, Baton Rouge, Louisiana.

Items on the agenda are as follows:

1. A penalty waiver request from Energy Partners, Ltd. for a penalty in the amount of $26,331.03 which was billed for late payment of royalty. Energy Partners, Ltd. paid the state a total of $103,926.62 in late royalty for the disposition dates of August 2011 through May 2012. The payment was received on July 31, 2013. This payment was not related to a field audit. Energy Partners, Ltd. was billed and paid $6,649.29 on September 19, 2013 in interest charges.

2. A penalty waiver request from Hilcorp Energy Company for a penalty in the amount of $113,697.18 which was billed for late payment of royalty. Hilcorp Energy Company paid the state a total of $496,574.63 in late royalty for the disposition dates of November 2010 through June 2011. The payment was received on May 25, 2012. This payment was not related to a field audit. Hilcorp Energy Company was billed and paid $23,090.46 on July 18, 2012 in interest charges.

3. A penalty waiver request from Hilcorp Energy Company for a penalty in the amount of $58,532.38 which was billed for late payment of royalty. Hilcorp Energy Company paid the state a total of $222,446.89 in late royalty for the disposition dates of November 2007 through August 2011. The payment was received on January 28, 2013. This payment was not related to a field audit. Hilcorp Energy Company was billed and paid $23,113.61 on April 8, 2013 in interest charges.

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4. A penalty waiver request from Hilcorp Energy Company for a penalty in the amount of $464,651.74 which was billed for late payment of royalty. Hilcorp Energy Company paid the state a total of $1,738,839.59 in late royalty for the disposition dates of November 2007 through August 2011. The payment was received on January 22, 2013. This payment was not related to a field audit. Hilcorp Energy Company was billed and paid $212,225.85 on April 8, 2013 in interest charges.

5. A penalty waiver request from Harvest Group, LLC for a penalty in the amount of $20,305.88 which was billed for late payment of royalty. Harvest Group, LLC paid the state a total of $52,246.72 in late royalty for the disposition dates of January 2009 through November 2012. The payment was received on January 25, 2013. This payment was not related to a field audit. Harvest Group, LLC was billed and paid $9,475.00 on August 12, 2013 in interest charges.

6. A penalty waiver request from Petrohawk Energy, LLC for a penalty in the amount of $688.93 which was billed for late payment of royalty. Petrohawk Energy, LLC paid the state a total of $2,702.72 in late royalty for the disposition dates of December 2008 through June 2009. The payment was received on January 25, 2011. This payment was not related to a field audit. Petrohawk Energy, LLC was billed and paid $194.34 on January 25, 2011 in interest charges.

7. A penalty waiver request from Petrohawk Energy, LLC for a penalty in the amount of $3,749.73 which was billed for late payment of royalty. Petrohawk Energy, LLC paid the state a total of $15,415.01 in late royalty for the disposition dates of February 2009 through August 2010. The payment was received on November 26, 2010. This payment was not related to a field audit. Petrohawk Energy, LLC was billed and paid $668.68 on November 26, 2010 and $207.84 on August 8, 2011 for a total of $876.52 in interest charges.

8. Hilcorp Compression Deduction

9. Staff report to the committee that the election for October 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).