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STEPHEN CHUSTZ
SECRETARY

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 12, 2014

Audit Committee Meeting Agenda

A meeting of the Audit Committee of the State Mineral and Energy Board will be held on Wednesday, February 12, 2014, 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 Harvest Group, LLC for a penalty in the amount of \$166,263.50 which was billed for the late payment of royalty. Harvest Group, LLC paid the state a total of \$554,168.68 in late royalty for the disposition dates of October 2006 through June 2013. The payment was received on August 26, 2013. This payment was not related to a field audit. Harvest Group, LLC paid \$138,796.28 in interest charges on December 19, 2013.
2. A penalty waiver request from Southwestern Energy Production Co. for a penalty in the amount of \$11,599.56 which was billed for audit exceptions. The field audit of Southwestern Energy Production Co for the period of July 2003 through December 2009 began on April 4, 2011. Total royalty collected for the audit period is \$5,193,599.18. Southwestern Energy Production Co. paid the state a total of \$31,049.45 in royalty exceptions and \$17,881.91 in interest charges.
3. A penalty waiver request from Brigham Oil and Gas, LP for a penalty in the amount of \$20,566.13 which was billed for audit exceptions. The field audit of Brigham Oil and Gas, LP for the period of November 2008 through December 2009 began on March 16, 2011. Total royalty collected for the audit period is \$2,763,776.38. Brigham Oil and Gas, LP paid the state a total of \$76,345.81 in royalty exceptions and \$10,015.76 in interest charges.

4. Staff report to the committee that the election for February 2014 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).