

BOBBY JINDAL
GOVERNOR



STEPHEN CHUSTZ
SECRETARY

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

TO: STATE MINERAL AND ENERGY BOARD MEMBERS

FROM: EMILE FONTENOT 
PETROLEUM LANDS ASSISTANT DIRECTOR
OFFICE OF MINERAL RESOURCES

DATE: JULY 9, 2014

NOMINATION AND TRACT COMMITTEE AGENDA

A meeting of the Nomination and Tract Committee of the State Mineral and Energy Board will be held on Wednesday, July 9, 2014, immediately following the Lease Review Committee Meeting, in the LaBelle Room, First Floor, of the LaSalle Building, located at 617 North Third Street, Baton Rouge, Louisiana.

I. PRESENT LEASE SALE

- A. Previous approval by the Board was granted to the staff to process and advertise 39 tracts in the official journal of the state and in the official journal of the parish where the lands are located for the July 9, 2014 mineral lease sale. For the July 10, 2013 Mineral Lease Sale, this office received 82 nominations for advertisement.
- B. A letter of protest from Martin O. Miller, II, dated June 16, 2014, pertaining to Tract 44008, Vermilion Parish, Louisiana. Staff has reviewed the tract in question. After determining that there are claimable waterbottoms, Staff will recommend that the tract remain in today's lease sale.
- C. Letters of protest from Salt Domes Partnership, dated June 27, 2014, pertaining to Tracts 43991 and 43992, St. Martin Parish, Louisiana. Staff has reviewed the tract in question. After determining that there are claimable waterbottoms, Staff will recommend that the tract remain in today's lease sale.

II. FUTURE LEASE SALE

- A. 29 nominations received at the Office of Mineral Resources for the September 10, 2014, lease sale are pending approval by the Board for advertising. For the September 11, 2013 Mineral Lease Sale, this office received 51 nominations for advertisement.
- B. Energy XXI has requested authority to nominate approximately 4,892.821 acres belonging to the State for an Exclusive Geophysical Agreement Type 3, referred to as

the Franklin Gap 3-D Project, St. Mary Parish, Louisiana. The staff has negotiated minimum terms with Energy XXI and recommend Board approval to advertise this acreage for this EGA with the following minimum terms:

- \$42.00 per acre for the initial eighteen month geophysical term with an option to extend for an additional six month period.
- The six month option period is exercised by payment of one-half of the full fee.
- \$600.00 per acre bonus and \$300.00 per acre rental with a 25% royalty on acreage selected.
- A full fee is payable as liquidated damage for failure to conduct the EGA within the designated term of eighteen or twenty-four months.
- As an additional consideration, Energy XXI will furnish a copy of the 3-D data acquired.

III. OTHER BUSINESS

- A. Re-adoption of non-exclusive seismic permit fees.