JOHN BEL EDWARDS
GOVERNOR

THOMAS F. HARRIS
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: Rachel Newman, CPA RN
Audit Director
Mineral Income Division

DATE: April 13, 2016

Audit Committee Meeting Agenda

A meeting of the Audit Committee of the State Mineral and Energy Board will be held on Wednesday, April 13, 2016, immediately following the Nomination and Tract Committee Meeting, in the LaBelle Room, First Floor of the LaSalle Building, located at 617 North Third Street, Baton Rouge, Louisiana.

As of March 31, 2016, field audit collections totaled $893,740 which includes $804,872 in royalty exceptions, $56,828 in interest and $32,040 in penalties. The current number of open royalty audits is 64.

Royalties collected in March 2016 totaled $11,505,247. Fiscal Year to Date Royalty collections totaled $174,772,747 as compared to last year's Fiscal Year to Date Royalties of $363,465,646 as of March 31, 2015.

Monthly state royalty reports submitted in March totaled 348 which include 120 SR1s for oil, 164 SR2s for gas and 55 SR5s for plant products.

The current average oil price per barrel as of March 31, 2016 is $39.76 as compared to the price on March 31, 2015 of $54.14. This is an increase of $7.65 per barrel since last month. The current average gas price per mmbtu as of March 31, 2016 is $1.70 as compared to the price on March 31, 2015 of $2.80. This is a decrease of $0.26 per mmbtu since last month.

Items on the agenda are as follows:

1. Staff report to the Committee that the election for April 2016 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.

2. A discussion in Executive Session regarding the BP audit.

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March 23, 2016

VIA E-MAIL AND MAIL

Mr. Greg Morby
Chevron
Manager of Production Services
1400 Smith, Room 49084
Houston, TX 77002

RE: Attachment "C" of GSA
Paragraph VIII, E.

Dear Mr. Morby:

Per the terms of the State/Texaco Global Settlement Agreement, the State elects to be paid on a **processed** gas basis for its royalty gas at the Discovery Plant at Larose and Sea Robin Plant at Henry for the production month April 2016.

If you have any questions, please feel free to call Mrs. Angela Marshall at (225) 342-4552.

Sincerely,

OFFICE OF MINERAL RESOURCES

Rachel Newman, CPA

Rachel Newman, CPA
Mineral Income Division Director

RN/ds

Cc: Steve Ferrell, Hilcorp Energy Company
Carley Crocker, Hilcorp Energy Company
Angela Marshall, LA. Dept. of Natural Resources

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