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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: May 11, 2016

Audit Committee Meeting Agenda

A meeting of the Audit Committee of the State Mineral and Energy Board will be held on Wednesday, May 11, 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 April 30, 2016, field audit collections totaled \$956,005 which includes \$867,136 in royalty exceptions, \$56,828 in interest and \$32,040 in penalties. The current number of open royalty audits is 64.

Royalties collected in April 2016 totaled \$10,852,978. Fiscal Year to Date Royalty collections totaled \$185,625,725 as compared to last year's Fiscal Year to Date Royalties of \$386,755,550 as of April 30, 2015.

Monthly state royalty reports submitted in April totaled 387 which include 152 SR1s for oil, 180 SR2s for gas and 55 SR5s for plant products.

The current average oil price per barrel as of April 30, 2016 is \$42.20 as compared to the price on April 30, 2015 of \$60.68. This is an increase of \$2.44 per barrel since last month. The current average gas price per mmbtu as of April 30, 2016 is \$1.92 as compared to the price on April 30, 2015 of \$2.55. This is an increase of \$0.22 per mmbtu since last month.

Items on the agenda are as follows:

1. A request to exclude Goodrich Operating Company, Inc. from the 2016 audit schedule.
2. Staff Report on Goodrich Petroleum Company Bankruptcy.
3. Staff Report on the Energy XXI Bankruptcy which includes Energy Partners Ltd., LLC; Energy XXI GOM, LLC; Energy XXI Gulf Coast, Inc.; and Energy XXI Onshore, LLC.

4. Staff report to the Committee that the election for May 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.
5. A discussion in Executive Session regarding the BP audit.