

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: EMILE FONTENOT *E.F.*
PETROLEUM LANDS ASSISTANT DIRECTOR
OFFICE OF MINERAL RESOURCES

TO: DECEMBER 14, 2016

LEGAL AND TITLE CONTROVERSY REPORT

1. A request by DNR legal staff and the Attorney General's Office to extend the previously granted authority to Hilcorp Energy Company, et al to escrow royalty payments attributable to the disputed acreage within State Lease Nos. 724, 21150, 21152 and 21157 situated in the CIB CARST RA SUA unit, Four Isle Dome Field, Terrebonne Parish, Louisiana.
2. A request by staff that the State Mineral and Energy Board adopt the following policy for penalties assessed pursuant to La. R.S. 30:128.B.1 for late transfers and assignments:

First infraction	-	100% reduction
Second infraction	-	75% reduction
Third infraction	-	50% reduction
More than 3 infractions	-	0% reduction
3. A request by White Marlin Oil and Gas Company, LLC for the State Mineral and Energy Board to refrain from nominating or accepting nominations on 20.84 state acres now or formerly covered by State Lease No. 1908 until March 8, 2017.
4. A request by Prometheus Development, Inc. for a waiver, in whole or in part, of the liquidated damage assessment in the amount of \$3,600.00 for failure to re-register as a leaseholder of State Lease No. 17339 by May 31, 2016.
5. A request by CSI Energy LP for a waiver, in whole or in part, of the liquidated damage assessment in the amount of \$2,400.00 for failure to re-register as a leaseholder of State Lease No. 2038 by June 30, 2016.

6. Attic Investments, Inc. is objecting to the assignment of its interest to Triumph Energy I, LLC in State Lease Nos. 20482, 20781, 20967, 20968 and 21363. The assignment appears on today's Docket under Section B, number 15, for State Mineral and Energy Board approval.
7. A request from Louisiana Onshore Properties, LLC that the State Mineral and Energy Board authorize staff to negotiate the terms of two operating agreements with LOP, one operating agreement covering approximately 0.193 acres of a portion of former State Lease No. 20540 (also identified as Tracts 2 and 3 of the CM RA SUJ unit); and a second operating agreement covering approximately 0.694 acres of a portion of former State Lease No. 19945/AO 326 (as identified as Tract 1 of the CM RA SUH unit), Weeks Island Field, Iberia Parish, Louisiana.
8. A presentation by DNR's Legal Division in reference to ongoing discussions and negotiation with the Office of Debt Recovery (Department of Revenue) regarding an Agency Participation Agreement. This Agreement sets forth roles and responsibilities in efficiently administering and managing the collection activities of DNR and the State Mineral and Energy Board. In addition, this Agreement is designed to satisfy statutory responsibilities required by La. R.S. 47:1676.
9. A request to the State Mineral and Energy Board for authorization to allow staff to negotiate for an Operating Agreement with Allen Brothers covering approximately 20 unleased state-owned acreage in former State Lease No. 3170, Caddo Parish, Louisiana, and that the acreage be taken out of commerce for leasing until March 8, 2017, or until such agreement is perfected and approved by the Board, whichever occurs first.
10. An update to the State Mineral and Energy Board regarding the Proposed New Lease Form.