

MAY 1, 2020

FOR INFORMATIONAL PURPOSES -- NO ACTION IS REQUIRED AT THIS TIME

MEMORANDUM REGARDING FORCE MAJEURE TO STATE LEASE OPERATORS

In the midst of all the events affecting our lives, the Office of Mineral Resources (OMR) wishes to remind our Lessees that the 2020 Hurricane Season begins June 1st. Please take a moment to review the State Mineral and Energy Board's (Board) Force Majeure Policy. Should the need occur to report a force majeure condition affecting your State Lease, you will be prepared to quickly move through the reporting process.

The Board passed a resolution on April 29, 2020 to provide temporary relief that will not run throughout the duration of Hurricane Season. In light of that, our Lessees need to report leases that are forced to be or remain shut-in as a result of the many issues in progress.

OMR's "How-To" guide for reporting force majeure events can be accessed at the Department of Natural Resources website located at www.dnr.la.gov. Please note:

1. The Board requires lessees to report force majeure conditions that result in the shutting in of state leases.
2. The Board requires that this force majeure condition should be reported in a timely manner. In most leases that is 90 days of the actual date shut-in occurs if it appears that you will be unable to restore production of the State Lease within 90 days.
3. Board requires that if a State Lease can be maintained by a payment, those payments should be made timely. These payments include rental payments, shut-in payments and deferred development payments.
4. All new requests for force majeure recognition should be submitted using the online force majeure reporting system. If unable to connect to the reporting system, please complete the excel spreadsheet and forward that via email. Links to the online reporting system and spreadsheet can be found in the "How to Report Force Majeure" section of OMR's website.
5. Upon receipt of a report, the OMR staff will provide additional instructions for any further information or actions required.
6. All State Leases that do not include force majeure language may need to be amended to include the current force majeure language. Copies of a sample State Lease Amendment are on OMR's website.

Should you have any questions concerning force majeure, please do not hesitate to contact Charles Bradbury directly at (225) 342-9199 or by email at Charles.Bradbury@la.gov.

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