

EXCLUSIVE GEOPHYSICAL AGREEMENT # 1

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

WHEREAS, under the provisions of Sub-Part A of Chapter 2 and Chapter 3, Title 30 of the Louisiana Revised Statutes of 1950, as amended, and other applicable law ( together the "Appropriate Law"), the Louisiana State Mineral and Energy Board (the "Board"), acting as the duly authorized agent for the State of Louisiana (the "State"), has determined that it will enter into Exclusive Geophysical Agreements ("EGA") on a public bid basis in order to have 3D or other more advanced forms of geological or geophysical surveys ("Advanced Seismic") conducted on lands and waterbottoms owned by the State, and to promote, as a result thereof, the mineral leasing of said State lands and waterbottoms; and

WHEREAS, pursuant to the appropriate law, the Board has advertised for bids for an EGA Type 1 covering the property set forth more particularly herein below; and

WHEREAS, in response to the required advertisements, bids were received and duly opened in the City of Baton Rouge, Parish of East Baton Rouge, State of Louisiana on the \_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at a meeting of the Board; and

WHEREAS, by resolution duly adopted, the Board accepted the bid of \_\_\_\_\_ whose mailing address is \_\_\_\_\_ (the "Grantee") as being the most advantageous to the State:

NOW, THEREFORE, be it known and remembered that the Board, acting under authority of the appropriate laws for and on behalf of the State, as Grantor, does hereby grant, convey and otherwise transfer to Grantee, its successors and assigns, the exclusive rights, subject to the specified duties and obligations and for the definite term herein below set forth, to conduct 3D and other more advanced forms of geophysical or geological survey on State-owned lands and waterbottoms including, without limitation, non-severed lands, accreted lands, dried-lake lands, vacant lands and all other lands owned by the State except for school indemnity lands (the "Property"), located within the following described area, in the Parish of \_\_\_\_\_, State of Louisiana; all more particularly described as follows, to-wit:

All of TRACT \_\_\_\_\_, \_\_\_\_\_ Parish, Louisiana  
Beginning at a point having Coordinates of \_\_\_\_\_, the  
above described tract containing approximately \_\_\_\_\_ acres, all as more particularly outlined on a  
plat on file in the Office of Mineral Resources, Department of Natural Resources. All bearings,  
distances and coordinates are based on the Louisiana Coordinate System of 1927 (South Zone).

ARTICLE 1. FEE, ROYALTY, BONUS AND RENTAL PAYMENTS

Grantee has this day paid to Grantor in the sum of \_\_\_\_\_  
(\$\_\_\_\_\_) Dollars ( the " Seismic Fee"), payable to the order of the Office of Mineral Resources  
("OMR"), acting on behalf of Grantor. The sum paid by Grantee together with the obligation to  
conduct a 3D seismic survey and other more advanced seismic surveys on the Property, as well as  
additional benefits and advantages that shall accrue to the Grantor pursuant to the terms and conditions  
hereinafter set forth, are accepted and acknowledged to be full and adequate consideration for every  
right granted hereunder.

ARTICLE 2. TERM

(a) This EGA shall be for a term of eighteen (18) months from the Effective Date, or until 12:01 p.m. on \_\_\_\_\_ ( the "Initial Term").

(b) This EGA shall terminate at the end of the Initial Term unless Grantee, on or before the expiration of that period shall pay or tender to the Grantor the sum of \_\_\_\_\_ (\$\_\_\_\_\_) Dollars ( the "Additional Fee") which shall not be less than one-half (1/2) of the Seismic Fee and which shall extend for six (6) months, or until 12:00 p.m. on \_\_\_\_\_( the "Option Term"), the time within which the Grantee's rights and obligations must be commenced and completed. Payment or tender of the Additional Fee shall be made to Office of Mineral Resources, 617 North Third Street, 8<sup>th</sup> Floor, Baton Rouge, Louisiana 70802, Attn: Shaunda Allement.

ARTICLE 3. GRANTEE OPERATIONS

(a) The Grantee shall conduct within the area described herein above a 3D geophysical seismic operation wherein the grid pattern of receiver stations (geophones) and shooting locations (sources of energy) will encompass substantially all of the tract described above which shall yield to the extent possible full fold coverage on as much of said tract as is possible. The acquisition phase of Grantee's seismic operation shall be completed within the Initial Term or the Option Term if exercised. Failure to so complete the acquisition timely shall subject Grantee to the liquidated damages set forth in Article 8.

ARTICLE 4. RULES GOVERNING

Grantee's exercise of rights granted hereunder shall be subject to and governed by the Rules and Regulations promulgated by the Department of Wildlife and Fisheries under the authority of Louisiana Revised Statute 30:214 for the protection of oysters, fish and wildlife insofar as the geological or geophysical surveying activity permitted herein occurs in any waterbottom the title to which is in the public trust.

The State of Louisiana does hereby reserve, and this EGA shall be subject to, the imprescriptible right of surface use in the nature of a servitude in favor of the Department of Natural Resources, including its Offices and Commissions, for the sole purpose of implementing, constructing, servicing and maintaining approved coastal zone management and/or restoration projects. Utilization of any and all rights derived under this EGA by the mineral lessee, its agents, successors or assigns, shall not interfere with nor hinder the reasonable surface use by the Department of Natural Resources, its Offices or Commissions, as herein above reserved.

This tract is located in an area designated by the Louisiana Legislature or the Wildlife and Fisheries Commission as a Public Oyster Seed Ground, Reservation, or area of Calcasieu or Sabine Lake. Proposed projects occurring in these areas will be evaluated on a case by case basis by Louisiana Department of Wildlife & Fisheries. Modifications to proposed project features including, but not limited to, access routes, well sites, flowlines, and appurtenant structures maybe required by the Louisiana Department of Wildlife and Fisheries. In addition, compensatory mitigation will be required to offset unavoidable habitat impacts

ARTICLE 5. PRE-EXISTING RIGHTS

Grantee's rights hereunder shall not cover and shall be subject to existing, valid oil and gas leases or other agreements for oil and gas development (such as operating agreements or exclusive geophysical agreements) whose effective date predates the Effective Date of this EGA ("Prior Agreements"). Grantee must conduct business with said prior lessees or contractees separately and apart from this EGA. Should any said Prior Agreements terminate as to all depths, either fully or partially, before the end of the Initial Term, or the Option Term, if activated, Grantee shall have the right to conduct 3D geophysical operations on said acreage of the terminated Prior Agreements subject to the following: (i) if Grantee has already entered into an agreement with the Prior Agreement party before termination and paid for the right to conduct geophysical surveying across the acreage subject to the Prior Agreement, Grantee shall not be required to pay Grantor any further fee to conduct geophysical surveying on said acreage once the Prior Agreement has terminated, either totally or in part; (ii) however, if Grantee has not entered into an agreement with the Prior Agreement party, then Grantee shall pay Grantor an additional fee of \_\_\_\_\_ (\$\_\_\_\_\_) multiplied by the number of terminated acres of the Prior Agreement.

Additionally, there shall exist a buffer zone of one-half (½) mile around each pre-existing mineral lease or operating agreement, or portion thereof, within the geographical area covered by this EGA. The Grantee shall have the right, concurrent with, but separate from the right of each such preexisting mineral Lessee, during the Initial Term, or the Option Term, if activated, to perform 3D or other more advanced forms of seismic shooting and acquisition within the buffer zone and/or to nominate acreage within the buffer zone for mineral leasing, by public bid, which leasing nomination shall be subject to the size restrictions set by the Board.

#### ARTICLE 6. GRANTOR RIGHTS TO DATA

In conformity with the provisions of La. R.S. 30:213, all data collected under this permit pertaining to State owned lands and/or water bottoms, including fully processed and migrated data, shall be made available to the Office of Mineral Resources for review, either at a workstation with the help of a technician provided by Permittee or at the Office of Mineral Resources, at Grantor's option, within a reasonable time of acquisition or completion thereof. If Grantee reprocesses the seismic data acquired under this Agreement over the Property within five (5) years of the date of the end of the Agreement Period, Grantee shall, no later than thirty (30) days from completion of the reprocessing, inform OMR of the availability of the reprocessed data. The reprocessed data shall be made available to the Office of Mineral Resources for review, either at a workstation with the help of a technician provided by Permittee or at the Office of Mineral Resources, at Grantor's option. It shall be the responsibility of the Grantee to keep OMR informed, and in a timely manner, of all phases of ongoing operations, including the commencement and completion of data acquisition, processing, reprocessing and other schedules of activities affecting the final processed seismic data. Failure to provide OMR with information, and in the manner, as set forth herein shall place Grantee in default under the terms of this contract and Grantee shall be liable to the Board for and shall pay the Liquidated Damages provided in Article 8. Except for this document, including other associated documents and the accompanying plat, all information, maps, plats, and other data provided to the OMR hereunder shall be confidential and an exception to the provisions of public records laws and shall not be released to any other agency or entity absent a valid court order from a court of competent jurisdiction or absent written permission from the owner of the data.

#### ARTICLE 7. EXCLUSIVITY AND LEASING RIGHTS

Grantee shall have the exclusive right, prior to the end of the Initial Term, or the Option Term if activated, to conduct 3D seismic operations including the field acquisition of data. Other types of geophysical data may be acquired but will be in addition to the primary 3D data requirements. However, the State will exercise its rights and prerogatives to accept any or all nominations for mineral leases within the seismic agreement area during the Initial Term or the Option Term, if activated. Any new mineral lease(s) granted during the term of the seismic Agreement will be subject to the seismic Agreement and the Grantee will not need permission from the new State lessee in order to conduct seismic operations over the lease acreage.

#### ARTICLE 8. LIQUIDATED DAMAGES

Failure of Grantee to secure the full and complete acquisition of data under the 3D or other more advanced geophysical and geological program contemplated herein covering the entirety of the geographical area within the boundaries of the area covered by this Agreement; or the failure to allow access to seismic data as set forth in Article 6; shall be construed as an active default of this contract and Grantee shall be liable to the Board, as Liquidated Damages, and in addition to the specific obligations of Grantee under this Agreement, for a monetary amount equal to the Seismic Fee for this Agreement; which amount shall be payable in full within thirty (30) days of the occurrence of the default. The payment of this Liquidated Damages shall in no way negate the obligations of Grantee nor the right of Grantor to secure any of the benefits provided under the terms of this Agreement. Should litigation become necessary to enforce the terms of this Agreement, Grantee shall be liable for all court costs and attorney fees incurred by Grantor.

#### ARTICLE 9. INDEMNITY

Grantee agrees to indemnify, hold harmless and defend Grantor against any and all claims, demands, or suits for bodily injury, death, property damage or loss of any kind by Grantee or Grantee's employees, agents, subcontractors and their employees or agents and by any third parties which arise out of or result from or which are in any way connected with Grantee's operations, whether resulting

from the sole or concurrent negligence of Grantor, Grantee or other parties operating under this EGA.

#### ARTICLE 10. FORCE MAJEURE

If at any time during the term of this EGA, Grantee/Lessee is prevented, through no fault of its own and despite diligent effort to so perform, from commencing, continuing or resuming any of the activities necessary in order to conduct its geophysical and geological survey on any portions of the areas covered by this EGA by a storm, flood or any other such natural disaster, or by an accident beyond Grantee's control, or by any governmental law, order, rule, regulation, or ordinance, and if Grantee cannot by reason of any such occurrence perform the duties and obligations under the terms of this EGA in acquiring, processing and providing 3D geophysical and geological survey data, this EGA shall be extended by an amount of time, on a day-for-day basis, equal to the amount of time during which Grantee was so prevented from performing the duties and obligations specified, for a period not to exceed one (1) additional year beyond the Initial Term, or Optional Term if activated, of this EGA. Should the occurrence prevent Grantee from performing its duties and obligations as specified for a period exceeding one (1) year beyond the Initial Term, or Optional Term if activated, then Grantee shall be released from any obligations and liquidated damages attached to this EGA, and shall have no further rights to perform under this contract, less and except, however, Grantee shall forfeit to Grantor the Seismic Fee paid which shall become the property of Grantor. Nothing herein shall be construed to extend the amount of time within which Grantee/Lessee may be required to perform duties and obligations specified in other agreements or contracts.

#### ARTICLE 11. MISCELLANEOUS

(a) Notwithstanding any provisions to the contrary in this EGA, this EGA is granted and accepted without any warranty of title and without any recourse against Grantor/Lessor whatsoever, either expressed or implied. It is expressly agreed that Grantor/Lessor shall not be required to return any payments received under the terms of this EGA, or be otherwise responsible to Grantee/Lessee for any such payments.

(b) The rights and options of Grantee/Lessee herein shall terminate at the end of the Initial Term, or Option Term if activated, without notice, demand or putting in default, and Grantee/Lessee shall promptly thereafter execute and deliver a recordable release of its rights under this EGA. Within ninety (90) days after expiration or termination by its own terms of this EGA or any portion thereof, either during or after the primary term hereof, Grantee/Lessee shall execute and record an appropriate release evidencing such expiration or termination, and shall also supply Grantor/Lessor with a copy or copies thereof properly certified by the recorder or recorders of the parts or parishes in which the premises are located. In the event Grantee/Lessee fails to timely comply therewith, Grantee/Lessee shall be liable for reasonable attorney fees and court costs incurred in bringing suit for such cancellation, and for all damages resulting therefrom. It is agreed, however, that damages to be paid by Grantee/Lessee to Grantor/Lessor shall be One Hundred Dollars (\$100.00) per day for each day of non-compliance after expiration of said ninety (90) day period, regardless of whether suit is filed for cancellation, and for such additional compensatory damages as Grantor/Lessor may prove. Grantee/Lessee hereby waives any further notice of default or otherwise and confesses judgment as regards the liquidated damages accruing as herein set forth.

(c) The rights, duties, or obligations of Grantee/Lessee under this EGA shall not be assignable or transferrable, in whole or in part.

(d) In any litigation arising under this EGA, the parties agree that Louisiana law shall govern, and that the State courts of Louisiana shall be the proper forum, and that, to the extent possible under Louisiana law, proper venue shall be the Parish of East Baton Rouge, unless suit is required to be filed or is removed to any federal court in this State.

Revised 11/18/2011