STATE OF LOUISIANA DEPARTMENT OF
NATURAL RESOURCES

STATE MINERAL AND ENERGY BOARD OFFICE OF MINERAL RESOURCES

LEASING MANUAL

How to Acquire a Mineral Lease on
State and State Agency Lands and Water Bottoms
in the State of Louisiana

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I. Introduction

A. Application and Scope of Guidelines

These guidelines apply to the acquisition of a mineral lease on lands or water bottoms in which the state of Louisiana has a proprietary interest ("state lands or water bottoms") or in which one of its state agencies has a proprietary interest ("state agency lands or water bottoms"). The phrase "state mineral lease acquisition process," as used in these guidelines, refers to the acquisition of both a state mineral lease and a state agency mineral lease.

A mineral lease granted on state lands or water bottoms is referred to herein as a state mineral lease and a mineral lease granted on state agency lands or water bottoms is referred to herein as a state agency mineral lease. The term "mineral lease" is a generic term that applies to both a lease for oil, gas and other liquid or gaseous minerals and a lease for solid minerals, e.g., free sulphur, potash, lignite, and salt. The majority of state and state agency mineral leases granted are for oil, gas and other liquid or gaseous minerals. Therefore, these guidelines primarily address acquisition of a lease for those minerals and a party interested in acquiring a lease for solid minerals must contact the Office of Mineral Resources prior to applying these guidelines.

These guidelines do not apply to, and separate procedures exist for:

(1) State mineral leases after award, e.g. amendment, transfer of interest, release.

(2) State agency mineral leases after award. The respective state agency must be contacted for any post-award procedures, e.g. amendment, transfer of interest, release.

(3) The acquisition of any other type of agreement involving the administration and supervision of the state of Louisiana's proprietary interest in minerals, e.g. exclusive geophysical agreement, non-exclusive seismic permit, operating agreement, deferred gas production agreement, unitization agreement, or consent letter.

(4) The acquisition of rights that are incidental to, but may not be covered by, or may be required or desired in addition to, a state mineral lease. Such rights include those secured under a right of way, surface/subsurface lease (e.g. for a salt water disposal well), subsurface agreement (e.g. for directional drilling), or surface lease with subsurface agreement (e.g. for directional drilling). For acquisition of such rights, individuals are referred to the State Land Office, Division of Administration. As a reference, see http://www.doa.louisiana.gov/slo/slabsdataaccess.htm

These guidelines do not apply to the acquisition of any rights on lands or water bottoms which the state of Louisiana recognizes as being one hundred percent (100%) owned by private individuals or the United States of America.

These guidelines are a synopsis of applicable laws and general instructions provided to assist interested parties in preparing applications for state and state agency mineral leases. LAC 43:I.903. They are an informal source of information and not legal guidance or policy. Should users of these guidelines wish to gain further knowledge of law and policies governing or impacting exploration, development and production of oil, gas and minerals on state and state agency lands and water bottoms in the state of Louisiana, they must obtain that information from other sources.

B. Official State and State Agency Lease Forms

The official state and state agency lease forms for oil, gas and other liquid or gaseous minerals are provided for information purposes online at:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=170&pnid=0&nid=95

C. Administration of the State Mineral Leasing Process

1. State Mineral and Energy Board, Department of Natural Resources

The State Mineral and Energy Board was created in 1936 to administer the state of Louisiana's proprietary interest in minerals. It is a body corporate, domiciled in Baton Rouge, Louisiana, with the power to sue and be sued and is composed of the governor and the secretary of the Department of Natural Resources, ex officio, and nine members appointed by the governor. LSA-R.S. 30:121.

The State Mineral and Energy Board has authority to lease for the development and production of minerals, oil, and gas any lands belonging to the state, or the title to which is in the public, including road beds, water bottoms, vacant state lands, and lands adjudicated to the state at tax sale. LSA-R.S. 30:124. Additionally, the Board shares the authority for mineral leasing state agency lands with the respective state agencies. LSA-R.S. 30:152, 153. However, only the Board has authority to mineral lease school indemnity lands. LSA-R.S. 30:154(C).

The State Mineral and Energy Board's office is located in the LaSalle Building at 617 North Third Street, 8th Floor, Baton Rouge, Louisiana, 70802, and its phone number is (225) 342-4615. The Board's web address is:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=43&pnid=0&nid=48 and

and its email address is omr@dnr.state.la.us.

2. Office of Mineral Resources, Department of Natural Resources

The Office of Mineral Resources was created for the purpose of performing the functions of the state relating to the lease of lands and water bottoms of the state for the development and production of minerals, oil, and gas, and supervision of such mineral leases. LSA-R.S. 36:358(D)(1). The Office provides the necessary staff functions to assist the State Mineral and Energy Board in its leasing, supervisory, and other activities, and the Office's assistant secretary serves as secretary to the Board. LSA-R.S. 30:135.

The Office of Mineral Resources is located in the LaSalle Building at 617 North Third Street, 8th Floor, Baton Rouge, Louisiana, 70802; phone number - (225) 342-4615; web address:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=42&ngid=3

And email address - omr@dnr.state.la.us.

D. Overview of the State Mineral Lease Acquisition Process

1. Background

Leases and conveyances involving minerals or mineral rights owned by the state of Louisiana are confected only after prior public notice and public bidding. See LSA-Const. Art. 9, §5. Specifically, state mineral leases and state agency mineral leases are subject to public notice and public bidding. LSA-R.S. 30:121, *et seq.*; LSA-R.S. 30:151, *et seq.* In compliance with these legal mandates, the State Mineral and Energy Board holds public state mineral lease sales on a monthly basis, generally the second Wednesday of each month unless otherwise noticed, and the entire state mineral lease acquisition process revolves around these sales.

2. Nine (9) General Steps

There are nine (9) general steps in the state mineral lease acquisition process:

(1) Registration

(2) Pre-nomination research

(3) Nomination of state or state agency lands or water bottoms for mineral lease

(4) Examination and evaluation of nominations for state and state agency mineral leases

(5) Advertisement of state and state agency tracts offered for mineral lease

(6) Submission of bids on state and state agency tracts offered for mineral lease

(7) Examination and evaluation of bids for state and state agency mineral leases

(8) Award of state and state agency mineral leases and options at the state mineral lease sale

(9) Issuance and execution of state and state agency mineral lease contracts after the state mineral lease sale

Each general step has its own set of procedures and requirements which are outlined in detail in separate parts of these guidelines.

3. Timeline

The state mineral lease acquisition process from nomination (step 3) to award at the state mineral lease sale (step 8) takes approximately eighty (80) days. See State Mineral and Energy Board Resolution dated July 14, 2004. Nomination (step 3), nomination examination and evaluation (step 4), advertisement (step 5), bid submission (step 6), and bid examination and evaluation (step 7), precede award (step 8) approximately as follows:

MONTH 1	MONTH 2	MONTH 3	MONTH 4
(3)(4)	(5)		(6&7)(8)

The State Mineral and Energy Board, through the Office of Mineral Resources, publishes a schedule that sets forth the dates of the monthly state mineral lease sales, as well as the deadlines for application, advertisement and bid submission. This schedule is available online via http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=978

4. Location of State Mineral Lease Sales

The State Mineral and Energy Board holds state mineral lease sales in the LaBelle Room, also known as the Conservation and Mineral Resources Hearing Room, located on the 1st Floor of the LaSalle Building at 617 North Third Street, Baton Rouge, Louisiana.

II. Step 1: Registration

A. Applicant Registration. Any party who wants to apply for a state or state agency mineral lease shall register with the Office of Mineral Resources on a one-time basis prior to submitting an application. Registration consists of submitting a completed official Applicant Registration Form which is available online at: http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=170&pnid=0&nid=95

B. Prospective Leaseholder Registration. All prospective leaseholders of state mineral leases shall register and submit proof of current authorization to do business in the state of Louisiana with the Office of Mineral Resources and thereafter renew their registration annually by January thirty-first (31st). LSA-R.S. 30:123.1. Only those bidders who are registered as prospective leaseholders with the Office of Mineral Resources shall be allowed to bid on state tracts for the purpose of obtaining a state mineral lease. LSA-R.S. 30:127(A). Transfers or assignments of state mineral leases shall not be granted to prospective leaseholders that are not currently registered with the Office of Mineral Resources. LSA-R.S. 30:128(A).

1. Registration consists of submitting a completed official Prospective Leaseholder Registration Form (available online at : http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=170&pnid=0&nid=95

2. If a current record state mineral lessee fails to maintain his Prospective Leaseholder Registration with the Office of Mineral Resources, the Office of Mineral Resources may levy liquidated damages of $100.00 per day until a renewal certificate is received. LSA-R.S. 30:123.1(C).

III. Step 2: Pre-Nomination Research

A. Category Research

For the purpose of the state mineral leasing process, state lands and water bottoms have been divided into seven (7) categories and state agency lands and water bottoms have been divided into three (3) categories. Some of these categories have special procedures that must be followed when nominating lands and water bottoms falling thereunder. Further, some of these categories have special requirements that the nominating party obtain and provide certain documentation and information. LAC 43:I.907. The nominating party shall determine what category the lands or water bottoms to be nominated fall under well in advance of application so as to timely comply with any special category procedural, documentation and information requirements.

1. Seven (7) Categories of State Lands and Water Bottoms

The seven (7) categories of state lands and water bottoms on which a state mineral lease may be

acquired are:

1) Offshore
2) Inland
3) Louisiana Department of Wildlife and Fisheries Area/State Owned
4) School Indemnity Lands
5) Tax Adjudicated Lands
6) Vacant State Lands
7) White Lake

Following are brief definitions of each of the seven (7) categories of state lands and water bottoms and any special procedural, documentation and information requirements for each.

1) Offshore

The lands and water bottoms in this category are owned by the state and lie seaward of the Louisiana coastline, but landward of the line lying three geographic miles from the Louisiana coastline, as decreed by the United States Supreme Court in litigation styled United States v. State of Louisiana, et al.

The X-Y coordinates of the **Louisiana coastline**, using the Louisiana plane coordinate system [NAD 1927], south zone, can be obtained from personnel in the Office of Mineral Resources, Petroleum Lands Division) The X-Y coordinates of the **three geographic mile line** (hereinafter "Three Mile Line" or "Three Mile Boundary"), using the Louisiana plane coordinate system [NAD 1927], south zone, as defined in the court's final decree in the litigation found at 452 U.S. 726, 101 S.Ct. 2605, 69 L.Ed.2d 368 (U.S. Jun 22, 1981) (NO. 9, ORIG.) Questions concerning Offshore lands and water bottoms should be directed to the Office of State Lands, Division of Administration, (225) 342-4578.

2) Inland

The lands and water bottoms in this category are owned by the state and lie landward of the Louisiana coastline as decreed by the United States Supreme Court in litigation styled United States v. State of Louisiana, et al.

The X-Y coordinates of the **Louisiana coastline**, using the Louisiana plane coordinate system [NAD 1927], south zone, can be obtained from personnel in the Office of Mineral Resources, Petroleum Lands Division) The X-Y coordinates of the **three geographic mile line** (hereinafter "Three Mile Line" or "Three Mile Boundary"), using the Louisiana plane coordinate system [NAD 1927], south zone, as defined in the court's final decree in the litigation found at 452 U.S. 726, 101 S.Ct. 2605, 69 L.Ed.2d 368 (U.S. Jun 22, 1981) (NO. 9, ORIG.) Questions concerning Inland lands and water bottoms should be directed to the Office of State Lands, Division of Administration, (225) 342-4578.

Note: Inland lands and water bottoms fall under the Inland category **only if** they do not fall under one of the following five (5) state lands and water bottoms categories.

3) Louisiana Department of Wildlife and Fisheries Area/State Owned

The lands and water bottoms in this category are owned by the state and located within the geographical boundaries of recognized and named wildlife management areas, refuges, preserves, or similarly defined and designated areas under the jurisdiction and control of the Louisiana Department of Wildlife and Fisheries (LDWF).

The State Mineral and Energy Board, with the support of the Office of Mineral Resources, Department of Natural Resources, has the authority to mineral lease state owned lands and water bottoms falling within a LDWF Area. However, the LDWF must concur in any mineral leasing of a LDWF Area under its jurisdiction and control and any state mineral lease granted on such property must adopt and incorporate LDWF special rules, provisions, regulations and other limitations on activity for that area. See LSA-R.S. 56:4; LSA-R.S. 36:602. Questions concerning LDWF Areas should be directed to the LDWF, Office of Wildlife, Fur and Refuge Division, (504) 284-5268.

Note: If title research reveals that the lands or water bottoms falling within the geographical boundaries of a LDWF Area are owned by the LDWF, and are not owned by the state, the nominating party is required to categorize his nomination as and follow the procedural requirements for the state agency lands and water bottoms category Louisiana Department of Wildlife and Fisheries Area/LDWF Owned.

a) Procedural Requirements

A party seeking to nominate state owned lands or water bottoms falling within a LDWF Area for mineral lease shall submit his nomination to the Office of Mineral Resources. The Office will then notify the LDWF that lands or water bottoms in a LDWF Area have been nominated for mineral lease. The LDWF will usually respond, concurring in the State Mineral and Energy Board mineral leasing the state owned acreage in the LDWF Area, as well as providing any LDWF minimums, special rules, provisions, regulations and other limitations on activity for that area.

b) Marsh Island Wildlife Refuge

The Russell Sage Foundation donated the acreage comprising this refuge to the state of Louisiana in November of 1920. The State Mineral and Energy Board is authorized to mineral lease all or any portion of the Marsh Island Wildlife Refuge. LSA-R.S. 56:798. The Foundation has given the state of Louisiana permission to advertise Marsh Island Wildlife Refuge tracts, to accept bids on the Foundation's behalf at no lower than specified minimums, to prepare a lease agreement, and otherwise perform all functions necessary to execute a mineral lease agreement. However, the Foundation has reserved to itself the right to sign and enter into the actual mineral lease agreement. One-half (1/2) of any and all revenues due the state as royalty, rentals, or otherwise shall be made payable to the Russell Sage Foundation and the other one-half (1/2) shall be made payable to the Office of Mineral Resources. LSA-R.S. 56:798(A)(1).

c) Pass-A-Loutre Wildlife Management Area

The boundaries of the Pass-A-Loutre Wildlife Management Area are defined by the Louisiana Department of Wildlife and Fisheries incorporating a title opinion from the Office of the

Governor dated August 3, 1998. A party interested in nominating acreage in the Pass-A-Loutre Wildlife Management Area for state mineral lease should be aware that there is state owned acreage mixed with privately owned acreage in this area. The nominating party has sole responsibility for determining what acreage is state owned and what acreage is privately owned.

d) Rockefeller Wildlife Refuge

The Rockefeller Foundation donated the acreage comprising this refuge in 1920. See generally LSA-R.S. 56:797.

4) School Indemnity Lands

The United States government reserved each Section 16 in each township in Louisiana for school purposes and these lands are referred to as Section 16 School Lands. When a Section 16 was lacking full acreage (640 acres) in a township, the United States government set aside other lands in the state for the benefit of the lacking township and permitted the state of Louisiana to select acreage therefrom in lieu of the Section 16 School Lands. 43 USCA § 851.

The lands selected in lieu of the Section 16 School Lands are commonly referred to as School Indemnity Lands. The state holds title to these lands in trust for public school purposes and they may be leased for the development and production of minerals by the State Mineral and Energy Board only. See LSA-R.S. 30:154(C). A party seeking to nominate School Indemnity Lands will be nominating such lands for state mineral lease. Questions concerning School Indemnity Lands should be directed to the State Land Office, Division of Administration, (225) 342-4578.

Note: LSA-R.S. 41:642(A) provides that the trustee title of the state of Louisiana to those sixteenth section or indemnity lands granted by Congress to the state of Louisiana as trustee for the benefit of the school children of the township in which such lands are located, shall be transferred to the state of Louisiana in its sovereign capacity when, after July 22, 1982, such lands become a part of the bed of any body of navigable water as a result of erosion, subsidence of the surface, action of a navigable stream, bay, lake, or the Gulf of Mexico, or other similar occurrence. In such case, any such acreage shall be nominated under the state mineral lease category Inland.

5) Tax Adjudicated Lands

When a tax debtor owning immovable property in Louisiana fails to pay taxes on that property, the tax collector for the parish wherein the property is located is authorized by law, after proper notice, to offer the property for sale at an advertised public sale. LSA-Const. Art. 7, §25; LSA-R.S. 47:2181. Prior to 1974, immovable property offered for such a tax sale that neither sold nor was redeemed was adjudicated to the state and is commonly referred to as Tax Adjudicated Lands. Beginning in 1974, such immovable property has been adjudicated to the parish. See LSA-R.S. 47:2186, 2251. Questions concerning Tax Adjudicated Lands should be directed to the State Land Office, Division of Administration, (225) 342-4578.

a) Documentation and Information Requirements

A party seeking to nominate Tax Adjudicated Lands for state mineral lease shall provide the Office of Mineral Resources with the following documentation and information.

i) A copy of the title deed (procès verbal of the tax sale/tax adjudication) whereby the state acquired its ownership interest in the property setting forth:

(1) The name of the party who lost the property at tax sale.

(2) The legal description of the property.

(3) The year for which taxes were unpaid which precipitated the tax sale.

(4) The date of the tax sale at which the party lost the property.

6) Vacant State Lands

Title to the lands and water bottoms in this category originated in the United States of America, was transferred by various Congressional Acts to the state of Louisiana, and is non-severed from the state of Louisiana. Examples of Vacant State Lands include swamp and overflowed lands, internal improvements lands, and swamp indemnity lands. Questions concerning Vacant State Lands should be directed to the State Land Office, Division of Administration, (225) 342-4578.

7) White Lake

Acreage in this category is owned and/or claimed by the state of Louisiana and lies within the geographical boundaries of White Lake, located in Vermilion Parish, State of Louisiana. Past title disputes involving White Lake acreage have resulted in four (4) different subcategories of White Lake acreage for state mineral leasing purposes:

a) White Lake Water Bottoms as of 1942

b) White Lake Eroded Shoreline from 1942

c) White Lake Alleged Section 16 School Lands

d) White Lake Acreage East of the Louisiana Meridian (Range 1 East)

Following are the descriptions and any special procedural, documentation and information requirements for each of the four (4) subcategories of White Lake acreage. Questions concerning White Lake acreage should be directed to the State Land Office, Division of Administration, (225) 342-4578.

a) White Lake Water Bottoms as of 1942

Certain White Lake acreage is subject to judicial compromise and Act 92 of the 1942 Regular Session of the Louisiana Legislature, resolving a title dispute between the state of Louisiana and Acadia–Vermilion Rice Irrigating Company, Inc. This acreage is generally described as "a portion of the entirety of the beds and bottoms embraced within the meander of the shoreline as same existed in 1942, located in any parts of Township 14 South, Ranges 1, 2 and 3 West and 1 East, and Township 15 South, Ranges 1, 2 and 3 West and 1 East, the entirety of said area deemed to comprise 50,000 acres, whether actually more or less."

i) Procedural, Documentation and Information Requirements

A party seeking to nominate White Lake Water Bottoms as of 1942 for state mineral lease shall follow the procedures and obtain documentation and information as outlined below.

(1) Acquire a state mineral lease from the state of Louisiana.

(2) Acquire a mineral lease from each of the successors in title to Acadia–Vermilion Rice Irrigating Company, Inc., currently: (1) LLOG Exploration Company, LLC (immediate successor in title to Energy Development Corp.) and (2) Avrico, Inc., within sixty (60) days after the execution of the state mineral lease, for not less than (1/2) of the bonus and royalty payable under and upon terms not substantially different from the state mineral lease.

(3) Provide that the minimum aggregate total royalty from all leases shall not equal less than twenty-five percent (25%).

(4) Include a provision in all of the mineral leases that at the end of the primary term, lessee shall release in favor of lessor all of lessee's right, title and interest in such lease as to all depths one hundred feet (100′) below the deepest formation producing or deepest formation behind pipe capable of producing at that time.

b) White Lake Eroded Shoreline from 1942

Certain White Lake water bottoms acreage has come into existence due to shoreline erosion occurring since the date Act No. 92 of the 1942 Regular Session of the Louisiana Legislature was enacted. The state claims 100% ownership of this acreage and requires the nominating party to obtain a mineral lease on this acreage from the state of Louisiana only.

c) White Lake Alleged Section 16 School Lands

Certain White Lake acreage is subject to judicial compromise and LSA-R.S. 41:643, resolving a title dispute between the state of Louisiana and the Vermilion Parish School Board to certain White Lake acreage alleged by the School Board to be Section 16 School Lands located in Township 15 South, Range 1 West, in East White Lake, Vermilion Parish, Louisiana.

i) Procedural, Documentation and Information Requirements

A party seeking to nominate White Lake Alleged Section 16 School Lands for state mineral lease shall follow the procedures and obtain documentation and information as outlined below.

(1) Acquire a state mineral lease from the state of Louisiana without regard to the minimum royalty of LSA-R.S. 30:127(A).

(2) Acquire a mineral lease from the Vermilion Parish School Board <u>at the same time</u> as acquiring a state mineral lease from the state of Louisiana for consideration equal to that of the state mineral lease without regard to the minimum royalty of LSA-R.S. 30:127(B). <u>Failure to acquire a mineral lease from the Vermilion Parish School Board shall cause forfeiture of all rights under the state mineral lease.</u>

Note: For ease of reference, the procedural, documentation and information requirements for acquiring a mineral lease from the Vermilion Parish School Board are set out in (a) through (b)(iii) below:

(a) Contact the Vermilion Parish School Board and confirm whether it wants to mineral lease its interest in the White Lake Alleged Section 16 School Lands itself or by resolution direct the State Mineral and Energy Board to do so on its behalf. See LSA-R.S. 30:152(A), 153.

(b) Should the Vermilion Parish School Board want the State Mineral and Energy Board to mineral lease the School Board's interest in the White Lake Alleged Section 16 School Lands on the School Board's behalf, the nominating party must provide the Office of Mineral Resources with a certified copy of a resolution by the Vermilion Parish School Board that:

(i) **Directs and authorizes the Louisiana State Mineral and Energy Board and the Office of Mineral Resources to accept nominations, advertise for, accept and award bids, and execute all oil, gas and mineral leases** affecting the School Board's interest in the White Lake Alleged Section 16 School Lands.

(ii) Provides information as to the location and ownership of surface and mineral rights in the White Lake Alleged Section 16 School Lands.

(iii) Contains any specific conditions, including minimum bonus and royalty, which the Vermilion Parish School Board wants to have advertised along with the description of the White Lake Alleged Section 16 School Lands acreage.

(3) Acquire a mineral lease from each of the successors in title to Acadia–Vermilion Rice Irrigating Company, Inc., currently: (1) LLOG Exploration Company, LLC (immediate successor in title to Energy Development Corp.) and (2) Avrico, Inc., within sixty (60) days after the execution of the state mineral lease, for an aggregate amount of not less than one-half (1/2) of the aggregate bonus and royalty payable under and upon terms not substantially different from the state mineral lease and the Vermilion Parish School Board mineral lease.

(4) Provide that the minimum aggregate total royalty from all leases shall not equal less than twenty-five percent (25%).

(5) Include a provision in all of the mineral leases that at the end of the primary term, lessee shall release in favor of lessor all of lessee's right, title and interest in such lease as to all depths one hundred feet (100′) below the deepest formation producing or deepest formation behind pipe capable of producing at that time.

d) White Lake Acreage East of the Louisiana Meridian (Range 1 East)

It is the policy of the State Mineral and Energy Board to treat the White Lake acreage located east of the Louisiana Meridian (Range 1 East) as being 100% privately owned, with the state having zero ownership interest therein. Therefore, no state mineral lease is available or required on this acreage.

2. Three (3) Categories of State Agency Lands and Water Bottoms

For the purpose of the state mineral leasing process, the three (3) categories of state agency lands and water bottoms on which a state agency mineral lease may be acquired are:

1) State Agency Lands
2) Louisiana Department of Wildlife and Fisheries Area/LDWF Owned
3) Section 16 School Lands

Following are brief definitions of each of the three (3) categories of state agency lands and water bottoms and any special procedural, documentation and information requirements for each.

1) State Agency Lands

The lands and water bottoms in this category are owned by state agencies such as levee districts, drainage districts, road districts, school districts, school boards, or other boards, commissions, parishes, municipalities, state universities, state colleges, state penal or charitable institutions or agencies, units or institutions of the state or a subdivision thereof, ultimately deriving power from the state of Louisiana. LSA-R.S. 30:151.

Generally, state agencies may lease their own lands for the development and production of minerals or may by resolution direct the State Mineral and Energy Board to do it for them. LSA-R.S. 30:152(A), 153. If a state agency leases its own lands, it must do so in the same manner statutorily provided for State Mineral and Energy Board leasing of state acreage and the lease must be approved and countersigned by the State Mineral and Energy Board or it is considered null and void. See LSA-R.S. 30:155, 158. If the State Mineral and Energy Board leases a state agency's lands on behalf of the state agency, then after execution of the original lease, all rights and authority in connection therewith shall be vested in the agency to the same extent as if the agency had itself leased the land. LSA-R.S. 30:153. Questions concerning State Agency Lands, including any post-award procedures, e.g. amendment, transfer of interest, release, should be directed to the state agency who owns the lands.

Note: State agency lands and water bottoms fall under the State Agency Lands category **only if** they do not fall under one of the other two (2) state agency lands and water bottoms categories.

a) Procedural, Documentation and Information Requirements

A party seeking to nominate State Agency Lands for state agency mineral lease must follow the procedures and obtain documentation and information as outlined below.

i) Contact the state agency that owns the State Agency Lands and confirm whether it wants to mineral lease the State Agency Lands itself or by resolution direct the State Mineral and Energy Board to do so on its behalf. See LSA-R.S. 30:152(A), 153.

ii) Should the state agency want the State Mineral and Energy Board to mineral lease the State Agency Lands on the state agency's behalf, the nominating party must provide the Office of Mineral Resources with a certified copy of a resolution by the state agency that:

(1) **Directs and authorizes the Louisiana State Mineral and Energy Board and the Office of Mineral Resources to accept nominations, advertise for, accept and award bids, and execute all oil, gas and mineral leases"** affecting the state agencies interest in the State Agency Lands.

(2) Provides information as to the location and ownership of surface and mineral rights in the State Agency Lands.

(3) Contains any specific conditions, including any bonus and royalty minimums, which the state agency wants to have advertised along with the description of the State Agency Lands.

Note: In cases where two (2) or more state agencies have an interest in the same State Agency Lands, all resolutions must contain the same written description of the nominated State Agency Lands and the same specific conditions, if any.

2) Louisiana Department of Wildlife and Fisheries Area/LDWF Owned

The lands and water bottoms in this category are owned by the Louisiana Department of Wildlife and Fisheries (LDWF) and located within the geographical boundaries of recognized and named wildlife management areas, refuges, preserves, or similarly defined and designated areas under the jurisdiction and control of the LDWF.

The State Mineral and Energy Board, with the support of the Office of Mineral Resources, Department of Natural Resources, grants state agency mineral leases on LDWF owned lands and water bottoms falling within a LDWF Area. However, the LDWF must concur in any mineral leasing of any LDWF Area under its jurisdiction and control and any state agency mineral lease granted on such property must adopt and incorporate LDWF special rules, provisions, regulations and other limitations on activity for that area. See LSA-R.S. 36:602. Questions concerning LDWF Areas should be directed to the LDWF, Office of Wildlife, Fur and Refuge Division, (504) 284-5268.

Note: If title research reveals that lands or water bottoms falling within the geographical boundaries of a LDWF Area are owned by the state, and are not owned by the LDWF, the nominating party shall categorize his nomination as and follow the procedural requirements for the state lands and water bottoms category Louisiana Department of Wildlife and Fisheries Area/State Owned.

Note: If title research reveals that lands or water bottoms falling outside the geographical boundaries of a LDWF Area are owned by the LDWF, than the nominating party shall categorize his nomination as and follow the procedural requirements for the state agency lands and water bottoms category State Agency Lands.

a) Procedural Requirements

A party seeking to nominate LDWF owned lands or water bottoms falling within a LDWF Area for mineral lease shall submit his nomination to the Office of Mineral Resources. The Office will then notify the LDWF that LDWF lands or water bottoms in a LDWF Area have been nominated for mineral lease. The LDWF will respond concurring in the State Mineral and

Energy Board mineral leasing the LDWF owned acreage in the LDWF Area, as well as providing any LDWF minimums, special rules, provisions, regulations and other limitations on activity for that area.

b) Russell Sage Wildlife Management Area

The Ouachita Farm Corporation sold acreage that comprises a portion of the Russell Sage Wildlife Management Area to the Louisiana Wild Life and Fisheries Commission (now the Louisiana Department of Wildlife and Fisheries) via Act of Sale dated December 28, 1960. In the Act of Sale, Ouachita Farm Corporation reserved an undivided one-half (1/2) of the mineral rights to itself but transferred to the Louisiana Wild Life and Fisheries Commission (now the Louisiana Department of Wildlife and Fisheries) all rights to initiate, manage and handle all mineral and royalty interests appertaining to the property including, but not exclusively, the execution of leases, extension of leases, exploration rights, collection of rentals and lease bonus monies, approval and signing of additional orders and all other rights necessary and incidental thereto.

The State Mineral and Energy Board grants a state agency mineral lease on the subject acreage on behalf of the Louisiana Department of Wildlife and Fisheries, which itself is acting for and on behalf of itself and Ouachita Farm Corporation. The payment of bonus, rental and royalty, as well as any other leasehold payment shall be made in two (2) checks of equal amount: one for one-half (1/2) of the total amount due and owing made payable to Ouachita Farm Corporation and the second for one-half (1/2) of the total amount due and owing made payable to the Louisiana Department of Wildlife and Fisheries.

3) Section 16 School Lands

The United States Congress reserved every Section 16 in each township in Louisiana for public school purposes. See Acts of Congress April 21, 1806 (2 Stat. 391, c. 39, Sec. 11) and March 3, 1811 (2 Stat. 662, c. 46, Sec. 6). The state holds title to these lands, which are commonly referred to as Section 16 School Lands, in trust for public school purposes and they may be leased for the development and production of minerals either by school boards or the State Mineral and Energy Board. See LSA-R.S. 30:152(A), 153.

The school boards of parishes within which there lies a township or any portion of a township containing a sixteenth section or any portion of a sixteenth section shall be entitled to a portion of the revenues arising from mineral leases thereon. The proceeds and revenues thereof shall be credited to the parish school boards in which such townships are situated in proportion to the percentage of the townships lying in each parish. See LSA-R.S. 41:640(B). Questions concerning Section 16 School Lands should be directed to the State Land Office, Division of Administration, (225) 342-4578, and the parish school boards having an interest in the lands.

Note: Generally, the beds and bottoms of all navigable water bodies located in a Section 16 are owned by the state in its sovereign capacity. See LSA-Const. Art.9, § 3; LSA-C.C. Art. 450. Therefore, unless title research reveals that the state does not own the beds and bottoms of a navigable water body located in a Section 16, such acreage shall be nominated under the state mineral lease category Inland.

Note: LSA-R.S. 41:642(A) provides that the trustee title of the state of Louisiana to those

sixteenth section or indemnity lands granted by Congress to the state of Louisiana as trustee for the benefit of the school children of the township in which such lands are located, shall be transferred to the state of Louisiana in its sovereign capacity when, after July 22, 1982, such lands become a part of the bed of any body of navigable water as a result of erosion, subsidence of the surface, action of a navigable stream, bay, lake, or the Gulf of Mexico, or other similar occurrence. In such case, any such acreage shall be nominated under the state mineral lease category Inland.

a) Procedural, Documentation and Information Requirements

A party seeking to nominate Section 16 School Lands for state agency mineral lease shall follow the procedures and obtain documentation and information as outlined below.

i) Determine whether the township containing the Section 16 School Lands falls within more than one parish.

ii) Contact the school board for each parish wherein the township containing the Section 16 School Lands falls and confirm whether it wants to mineral lease its interest in the Section 16 School Lands itself or by resolution direct the State Mineral and Energy Board to do so on its behalf. See LSA-R.S. 30:152(A), 153; LSA-R.S. 41:640(B).

iii) Should the school board want the State Mineral and Energy Board to mineral lease the school board's interest in the Section 16 School Lands on the school board's behalf, the nominating party shall provide the Office of Mineral Resources with a certified copy of a resolution by the school board that:

(1) **Directs and authorizes the Louisiana State Mineral and Energy Board and the Office of Mineral Resources to accept nominations, advertise for, accept and award bids, and execute all oil, gas and mineral leases"** affecting the **s**chool board's interest in the Section 16 School Lands.

(2) Provides information as to the location and ownership of surface and mineral rights in the Section 16 School Lands.

(3) Contains any specific conditions, including minimum bonus and royalty, which the school board wants to have advertised along with the description of the Section 16 School Lands.

Note: In cases where two (2) or more school boards have an interest in the same Section 16 School Lands, all resolutions shall contain the same written description of the nominated Section 16 School Lands and the same specific conditions, if any.

iv) Should the township containing the Section 16 School Lands fall within more than one parish, the nominating party shall provide the following from the Section 16 School Lands Parish Records maintained by the State Land Office:

(1) The township percentage lying within each parish.

(2) A copy of the Section 16 School Lands Parish Records that set forth the township percentage lying within each parish. See LSA-R.S. 41:640(B). LAC 43:I.907.

a) Alleged Section 16 School Lands Located in White Lake, Vermilion Parish

For organizational purposes, the procedures for obtaining a state agency mineral lease from the Vermilion Parish School Board on the alleged Section 16 School Lands located in White Lake in Vermilion Parish are set forth under the state lands and water bottoms category number 7) White Lake, subcategory c) White Lake Alleged Section 16 School Lands.

B. Title Research

A party seeking to nominate state or state agency lands or water bottoms for mineral lease shall conduct title research prior to nomination to determine and confirm that the state or state agency, as applicable, owns and/or claims the lands or water bottoms. Certain title documentation and information is required to be submitted upon nomination, as set forth later in these guidelines. LAC 43:I.907.

1. Title Records

The following is an illustrative list of public records custodians that maintain title records. Any requests for further information or questions concerning the referenced title records shall be submitted to the custodian directly.

a. State Land Office, Division of Administration

The State Land Office maintains public records including maps that provide information as to state or state agency ownership and/or claiming of lands such as water bottoms, School Indemnity Lands, Tax Adjudicated Lands, Vacant State Lands, State Agency Lands, and Section 16 School Lands. These records include:

i. A minimal amount of field survey information and title abstract data for selected locations, as maintained by the Titles and Survey Section in connection with the Titles and Boundaries Sub-Program. See LSA-R.S. 41:1131, *et seq.*

ii. An inventory of immovable property owned or leased by the state, its departments and agencies, as maintained by the Records Section in connection with the State Land and Building System (SLABS) Inventory Sub-Program. See LSA-R.S. 39:11, *et seq.*

iii. Official U. S. and state historical land title information, as maintained by the Records Section in connection with the Historical Land Title Records Sub-Program. See LSA-R.S. Title 41, Chapters 1–6.

iv. Official tax adjudication documents comprising adjudications, redemptions, cancellations, and sales relating to lands seized in Louisiana for the non-payment of property taxes, as maintained by the Records Section in connection with the Tax Adjudicated Land Records Sub-Program. See LSA-R.S. 47:1991, 2186, 2194, 2221, 2230, 2251, 2253, and 2260.

The State Land Office is located in the Claiborne Building at 1201 North Third Street, 1st Floor, Suite G-150, Baton Rouge, Louisiana, 70802, phone number (225) 342-4578, http://www.doa.louisiana.gov/slo/slabsdataaccess.htm

Note: The Department of Transportation and Development, Real Estate Section, Property Management Unit, located at 8545 United Plaza Blvd. Suite 379, Baton Rouge, Louisiana, 70809, maintains public records that provide some information as to state ownership and/or claiming of road beds. However, these public records are not title records *per se* and title researchers seeking information on title to road beds are directed to the public records maintained by the various parish clerks of court.

b. Parish Clerks of Court

These officials maintain public records, particularly conveyance records, which provide information as to state and state agency ownership of lands and water bottoms located in the parish.

c. Parish Tax Assessors

These officials maintain public records, particularly area maps and tax rolls, which provide information as to state and state agency ownership of lands and water bottoms located in the parish.

2. Ownership of Surface and Mineral Rights

Since 1921, the Louisiana Constitution has provided that the mineral rights on property sold by the state shall be reserved. LSA-Const. Art. 9, §4 (formerly LSA-Const.1921. Art. 4, §2).

a. Documentation and Information Requirements

Determine whether the state or state agency owns the surface and mineral rights or the mineral rights only in the lands or water bottoms to be nominated. If the state or state agency owns the minerals rights only, the nominating party shall provide a copy of the title deed (patent preferred, but if no patent issued, the sale deed or proces verbal of the sale) whereby the state or state agency severed its ownership of the surface rights and the surface owner acquired his interest in the property. LAC 43:I.907.

3. Legal Areas

Title to certain state or state agency lands or water bottoms may have been established by compromise without litigation, compromise during the course of litigation, or adjudication in a court of law. For state mineral leasing purposes, state or state agency lands or water bottoms subject to such compromise or adjudication are viewed as a "Legal Area."

a. Documentation and Information Requirements

Determine whether the state or state agency lands or water bottoms to be nominated include a Legal Area. If they do, the nominating party shall provide a copy of the compromise

instrument(s) or judgment(s) that establish(es) the state or state agency ownership interest. LAC 43:I.907.

Note: If the compromise or judgment provides that the state or state agency ownership interest in the lands or water bottoms is less than one hundred percent (100%), the current policy is to require that such lands or water bottoms be nominated separately. Further, if the compromise or judgment breaks down the acreage into separately identified parcels and the state or state agency is allocated a different ownership interest percentage in each, the current policy is to require that each separately identified parcel of acreage wherein the state or state agency is allocated a different ownership interest percentage be nominated separately.

4. Freeze Statute Areas

Title to the mineral rights underlying certain state or state agency lands or water bottoms may be impacted by LSA-R.S. 9:1151, state legislation commonly known as the "Freeze Statute," or by LSA-R.S. 9:1152, state legislation also having a "freezing" effect on mineral rights ownership.

a. LSA-R.S. 9:1151

LSA-R.S. 9:1151 provides that when a change occurs in the ownership of land or water bottoms as a result of the action of navigable water, the new owner, including the state of Louisiana and any state agency, takes ownership of the lands or water bottoms subject to and encumbered with any oil, gas and mineral lease covering and affecting such lands or water bottoms, and subject to the mineral and royalty rights of the lessors, the right of the lessee or owners, and the right of the mineral and royalty owners. The statute's effect is to "freeze" ownership of the mineral rights underlying the state or state agency lands or water bottoms in a party or parties other than the state or the state agency as long as the encumbering oil, gas and mineral lease is in effect. For state mineral leasing purposes, state or state agency lands or water bottoms impacted by LSA-R.S. 9:1151 are viewed as a "Freeze Statute Area."

i. Documentation and Information Requirements

If the state or state agency lands or water bottoms to be nominated have underlying minerals rights "frozen" in a party or parties other than the state or state agency pursuant to LSA-R.S. 9:1151, the nominating party shall provide the following:

1) A copy of the private mineral lease that "freezes" ownership of the mineral rights in a party or parties other than the state or state agency. LAC 43:I.907.

2) Supporting documentation (Freeze Statute Affidavit of Production – see http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=170&pnid=0&nid=95 that evidences that the private mineral lease is currently held by production. LAC 43:I.907.

b. LSA-R.S. 9:1152

LSA-R.S. 9:1152 provides that when the state of Louisiana previously acquired or acquires lands from an agency or political subdivision of the state due to the action of navigable water occurring after the effective date of the Louisiana State Constitution of 1921 and the lands are not subject to a mineral lease granted by the state of Louisiana on the effective date of the statute

[September 3, 1984] and the lands are subject to a mineral lease granted by such agency or political subdivision, or its governmental predecessor, on the effective date of the statute [September 3, 1984], the state of Louisiana grants to the agency or political subdivision, or its governmental successor, from which it acquired or acquires such lands an imprescriptible and inalienable mineral servitude affecting all minerals underlying the lands so acquired and any such servitude shall be treated as having been granted on the date of the change in ownership of such lands. The statute's effect is to "freeze" ownership of the mineral rights underlying the state lands in the state agency. For state mineral leasing purposes, state lands impacted by LSA-R.S. 9:1152 are viewed as a "Freeze Statute Area."

i) Documentation and Information Requirements

If the state lands to be nominated have underlying mineral rights "frozen" in a state agency pursuant to LSA-R.S. 9:1152, the nominating party shall provide the following:

1) Evidence that the state of Louisiana acquired the lands from an agency or political subdivision of the state due to the action of navigable water occurring after the effective date of the Louisiana State Constitution of 1921. LAC 43:I.907.

2) Evidence that the lands were not subject to a mineral lease granted by the state of Louisiana on the effective date of the statute [September 3, 1984]. LAC 43:I.907.

3) Evidence that the lands were subject to a mineral lease granted by such agency or political subdivision, or its governmental predecessor, on the effective date of the statute [September 3, 1984]. LAC 43:I.907.

C. Availability Research

A party seeking to nominate state or state agency lands or water bottoms for mineral lease shall conduct research prior to nomination to determine and confirm that the state or state agency lands or water bottoms are available for mineral lease. The following conditions indicate when <u>state</u> lands or water bottoms are available for <u>state mineral lease only</u>. Parties researching availability of state agency lands or water bottoms for state agency mineral lease are referred to the public records and the pertinent state agency.

1. Conditions Indicating Availability for State Mineral Lease

a. The State Mineral and Energy Board has not issued a moratorium against mineral leasing the state lands or water bottoms, e.g. like it has for Lake Pontchartrain.

b. The state lands or water bottoms have not been nominated <u>and</u> approved for advertisement by the State Mineral and Energy Board for a future state mineral lease sale.

c. The state lands or water bottoms are not subject to an active or non-released expired/terminated state mineral lease or state operating agreement.

i. The state lands or water bottoms have been <u>fully</u> released according to State Mineral Board instructions from an <u>active</u> state mineral lease or state operating agreement.

ii. The state lands or water bottoms are subject to an expired/terminated state mineral lease or state operating agreement that has been fully released in its entirety according to State Mineral and Energy Board instructions.

Note: A release is official when it appears on the GIS (Geographic Information System) Interactive Map component of SONRIS, the Department of Natural Resources' Strategic Online Natural Resources Information System, at http://sonris.com/ (Instructions for releasing acreage from a state mineral lease and a state operating agreement are provided separately.)

d. The state lands or water bottoms are not subject to an active state exclusive geophysical agreement II or III.

i. State Exclusive Geophysical Agreement II**.** A one-half (½) mile buffer zone is established around existing state mineral leases falling within the geographical area of an existing state EGA II. The state EGA II grantee and the state mineral lessee have the exclusive right to nominate state lands or water bottoms that fall within the one-half (½) mile buffer zone for state mineral lease and the state EGA II grantee has the exclusive right to nominate available state lands or water bottoms that fall outside the one-half (½) mile buffer zone for state mineral lease. LAC 43:V.103(D).

ii. State Exclusive Geophysical Agreement III. A one-half (½) mile buffer zone is established around existing state mineral leases falling within the geographical area of an existing EGA III. The state EGA III grantee and the state mineral lessee have the exclusive right to nominate state lands or water bottoms that fall within the one-half (½) mile buffer zone for state mineral lease and the state EGA III grantee has the exclusive right to select available state lands or water bottoms that fall outside the one-half (½) mile buffer zone for state mineral lease. LAC 43:V.103(E).

2. Availability Records

The following public records and publications provide information as to the availability of state lands or water bottoms for state mineral lease.

a. SONRIS

Many of the public records maintained by the Office of Mineral Resources are freely available online from SONRIS, the Department of Natural Resources' Strategic Online Natural Resources Information System, at http://sonris.com/. Use high-technology tools such as:

i. **Document Access** to retrieve and view Office of Mineral Resources document images such as official state mineral lease and state operating agreement file documents, including releases, state agency leases granted by the State Mineral and Energy Board, and the official minutes and resolutions from State Mineral and Energy Board regular meetings and state mineral lease sales.

ii. **Database Access** to retrieve Office of Mineral Resources database records providing comprehensive information as to the granting and administration of state mineral leases

and state operating agreements and the granting of state agency mineral leases by the State Mineral and Energy Board, including same-day state mineral lease sale reports.

iii. **GIS (Geographic Information System) Access** to retrieve interactive state mineral leasing map layers sourced by the Office of Mineral Resources that provide data on tracts offered for state and state agency mineral lease and exclusive geophysical agreement at the upcoming two (2) monthly state mineral lease sales; new state mineral leases (appears approximately three (3) weeks after the sale); active state mineral leases and state operating agreements; recent releases; proposed and existing state and state agency exclusive geophysical agreements; and otherwise unavailable acreage.

The Office of Mineral Resources invites the public to use the computers in the public reference area of its Baton Rouge office for high-speed access to SONRIS, as well as to use its guidelines for online access to its database records and document images (provided separately).

b. *Louisiana State Leases* CD/ROM

This monthly CD/ROM publication by the Office of Mineral Resources incorporates the GIS data viewer ArcExplorer which allows display, query, retrieval, and download of data provided on tracts offered for state and state agency mineral lease and state exclusive geophysical agreement at the upcoming two (2) monthly state mineral lease sales; new state mineral leases granted at the most recent monthly state mineral lease sale; active state mineral leases and state operating agreements; recent releases; otherwise unavailable acreage; and other geographical reference layers. An annual subscription is available upon request for an annual fee of two hundred dollars ($200.00). LSA-R.S. 30:126(B). A subscription form for the *Louisiana State Leases* CD/ROM is available online at:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=170&pnid=0&nid=95

c. *Notice of Publication*

This monthly publication by the Office of Mineral Resources contains written property descriptions and plats of tracts offered for state and state agency mineral lease and state exclusive geophysical agreement at the monthly state mineral lease sale, as well as any special terms or conditions, bid and sale particulars, and any special notices. It is available free online via:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=978

d. Official Files

i. State Mineral Leases. The Office of Mineral Resources, Petroleum Lands Division, Records Management Section, maintains the official state mineral lease files. LSA-R.S. 30:130. Files already imaged are freely available online at http://sonris.com/.

ii. State Agency Mineral Leases. (Included for information purposes only.) The Office of Mineral Resources, Petroleum Lands Division, Records Management Section, does not maintain official state agency mineral lease files *per se.* While an official sequential

state lease number is assigned and a mineral lease file created by the section for each state agency mineral lease awarded by the State Mineral and Energy Board on behalf of a state agency (no number is assigned to and no mineral lease file is created for state agency mineral leases merely submitted for State Mineral and Energy Board approval), generally the only file contents are a copy of the state agency mineral lease awarded and a copy of the cover letter transmitting the state agency mineral lease to the state agency. The state agency itself maintains the official state agency mineral lease file. LSA-R.S. 30:130, 153. Files already imaged are freely available online at www.sonris.com.

iii. State and State Agency Exclusive Geophysical Agreements. (State Agency Exclusive Geophysical Agreement files are referenced for informational purposes only.) The Office of Mineral Resources, Geological and Engineering Division, maintains the official state exclusive geophysical agreement files, as well as files for any state agency exclusive geophysical agreements processed and issued by the State Mineral and Energy Board at the request of state agencies. However, except for the information included in a seismic permit, including the plat showing the geometric polygon of the area on which the seismic is to be shot, these files are confidential and an exception to the public records laws. LSA-R.S. 30:130, 213; LAC 43:V.101(C). Any questions concerning state or state agency exclusive geophysical agreements should be directed to the Division directly, (225) 342-4433.

iv. State Operating Agreement Files. The Office of Mineral Resources, Petroleum Lands Division, Records Management Section, maintains the official state operating agreement files. LSA-R.S. 30:130. Files already imaged are freely available online at www.sonris.com.

e. Official State Mineral and Energy Board Minute Book

The Office of Mineral Resources, Executive Division, State Mineral and Energy Board Section, maintains the official Minute Book of the State Mineral and Energy Board. This public record contains the minutes and resolutions from the Board's regular meetings and state mineral lease sales dating from its first meeting in 1937 to the present date. LSA-R.S. 30:130. It is available online via Document Access at www.sonris.com.

f. Official State and Parish Journals

The State Mineral and Energy Board, through the Office of Mineral Resources, publishes an advertisement of the state and state agency tracts it decides to offer for mineral lease and exclusive geophysical agreement in the official journal of the state and official journal(s) of the parish(es) where the lands are located and otherwise at its discretion, not more than sixty (60) days prior to the date for the public opening of bids (generally the state mineral lease sale date). LSA-R.S. 30:126.

The official state journal is The Advocate newspaper published in Baton Rouge, Louisiana. A party interested in subscribing to this newspaper may contact the Circulation Department at (225) 388-0200 or via email at subscriptions@theadvocate.com.

Pursuant to LSA-R.S. 43:150 and 43:174, the Secretary of State's office maintains a list of the official parish journals as appointed for one-year terms (fiscal year beginning July 1st) by the

parish governing authorities. The list includes the name, address, and telephone number of the newspaper, and the expiration date of the appointment. The list of official parish journals may be viewed online at:

http://www.sos.la.gov/Portals/0/publications/pdf/OFF.%20PAR.%20JOURN.List.FY2012-2013.WEBSITE.pdf

IV. Step 3: Nomination for State or State Agency Lands of Water Bottoms for Mineral Lease

A. Summary of the Nomination Process

Interested, registered parties nominate state or state agency lands or water bottoms for mineral lease by submitting proposals (called "nominations") by application to the Office of Mineral Resources in the form it requires, no later than 4:30 p.m. CT on the deadline date published by the State Mineral and Energy Board. Each application must include a description of the land, including a map, on both paper and DVD or CDROM, and be accompanied by submission of a non-refundable four hundred dollar ($400.00) processing fee made payable to the Office of Mineral Resources, as well as any other documentation and information required. LSA-R.S. 30:125; LAC 43:I.907.

B. Four (4) Steps in the Nomination Process

The nomination process is divided into four (4) steps:

(1) Select the state mineral lease sale for which the state or state agency lands or water bottoms shall be nominated for mineral lease.

(2) Observe nomination restrictions.

(3) Prepare the Nomination Packet.

(4) Submit the Nomination Packet.

Each step and its procedures and requirements are set forth below.

1. Select the State Mineral Lease Sale for Which the State or State Agency Lands or Water Bottoms Shall be Nominated for Mineral Lease

The State Mineral and Energy Board, through the Office of Mineral Resources, publishes a schedule that sets forth the dates of the monthly state mineral lease sales, as well as the deadlines for application, advertisement and bid submission. This schedule is available online via http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=978

Note: A party interested in nominating state or state agency lands or water bottoms for mineral lease should consider in connection with his own personal acquisition schedule that the state mineral lease acquisition process from nomination to award will take approximately eighty (80) days. Additionally, there are pre-nomination procedural, documentation and information requirements set forth in these guidelines that must be satisfied prior to nomination.

2. Observe Nomination Restrictions

A party interested in nominating state or state agency lands or water bottoms for mineral lease shall observe certain nomination restrictions. Should he fail to observe these nomination restrictions, his entire nomination packet may be rejected.

a. Use the Louisiana Coordinate System of 1927

The state mineral leasing process utilizes the Louisiana Coordinate System of 1927, the system of plane coordinates established for defining and stating the geographic positions or locations of points on the surface of the earth within the state of Louisiana. LSA-R.S. 50:1. The nominating party shall use bearing, distance and X-Y coordinates based on the Louisiana Coordinate System of 1927, North or South Zone (as applicable), to accurately and clearly describe the nominated acreage.

i. Determine Whether the Acreage to be Nominated Falls into the North Zone or the South Zone of the Louisiana Coordinate System of 1927

The nominating party shall determine whether the acreage to be nominated falls in the North Zone or the South Zone of the Louisiana Coordinate System of 1927. A single nomination may contain acreage that falls partially in the North Zone and partially in the South Zone. However, the nominating party shall allocate the nominated acreage to the zone wherein the majority of the acreage falls and use that zone's coordinates.

Parishes constituting the North Zone: Avoyelles, Bienville, Bossier, Caddo, Caldwell, Catahoula, Claiborne, Concordia, DeSoto, East Carroll, Franklin, Grant, Jackson, LaSalle, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Rapides, Red River, Richland, Sabine, Tensas, Union, Vernon, Webster, West Carroll, and Winn. LSA-R.S. 50:1(C).

Parishes constituting the South Zone: Acadia, Allen, Ascension, Assumption, Beauregard, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Evangeline, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Plaquemines, Pointe Coupee, St. Bernard, St. Charles, St. Helena, St. James, St. John the Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge, and West Feliciana. LSA-R.S. 50:1(D).

ii. Allocate a Group of Contiguous Nominations to the Same Zone

In the event that a nominating party wants to submit a group of contiguous nominations (for the purpose of these guidelines, "contiguous nominations" are defined as nominations that touch boundaries or touch corners) with some falling in the North Zone and some falling in the South Zone, he shall allocate all of the nominations to the zone wherein the majority of nominations fall and use that zone's coordinates throughout the group.

iii. Exception to Use of the Louisiana Coordinate System of 1927

A nominating party is excepted from using the Louisiana Coordinate System of 1927 only if the acreage to be nominated is not susceptible of or has another type legal description not

translatable into a description using bearing, distance and X-Y coordinates based on the Louisiana Coordinate System of 1927. Examples of such acreage may include some School Indemnity Lands, Tax Adjudicated Lands, Vacant State Lands, Section 16 School Lands, and State Agency Lands, which are often legally described by Section/Township/Range or by lot or parcel.

If the acreage to be nominated falls under this exception, the nominating party is allowed to provide the legal description of the property as provided in the title deed wherein the state or state agency acquired its ownership interest in the property.

b. Nominate Acreage from Only One (1) Lands and Water Bottoms Category in a Single Nomination

A party interested in nominating state or state agency lands or water bottoms for mineral lease shall nominate acreage from only one (1) lands and water bottoms category in a single nomination. For example:

- A single nomination shall not contain both acreage that falls under the state lands and water bottoms category Offshore and acreage that falls under the state lands and water bottoms category Inland, thereby crossing over the Louisiana coastline as decreed by the United States Supreme Court in that litigation styled United States v. State of Louisiana et al.

- A single nomination shall not contain both acreage falling within a Louisiana Department of Wildlife and Fisheries Area and acreage falling outside of it.

- A single nomination shall not include both acreage identifiable by X-Y coordinates (e.g. Inland category) and acreage identifiable only by Section/Township/Range or lot or parcel (e.g. some School Indemnity Lands, Tax Adjudicated Lands, Vacant State Lands, Section 16 School Lands, and State Agency Lands).

i. When There Are Multiple Tracts under One (1) Lands and Water Bottoms Category

Should a party want to nominate multiple tracts that fall under one (1) lands and water bottoms category, he may nominate each group of contiguous tracts (for the purpose of these guidelines, "contiguous tracts" are defined as tracts that touch boundaries or touch corners) in a single nomination. Any non-contiguous groups or a single non-contiguous tract shall be nominated separately.

1) Exception

Should a party want to nominate state acreage that falls within the Pass-A-Loutre Wildlife Management Area where state owned acreage is mixed with privately owned acreage, he may nominate the state acreage, whether contiguous or not, in a single nomination.

c. Nominate Acreage Bearing the Same Ownership Interest Percentage in a Single Nomination

Should a party want to nominate state or state agency lands or water bottoms subject to a compromise or judgment that provides that the state or state agency's ownership interest in such lands or water bottoms is less than one hundred percent (100%), the current policy is to require that such lands or water bottoms be nominated separately. Further, if the compromise or judgment breaks down the acreage into separately identified parcels and the state or state agency is allocated a different ownership interest percentage in each, the current policy is to require that each separately identified parcel of acreage wherein the state or state agency is allocated a different ownership interest percentage be nominated separately.

d. Nominate 2,500 Acres or Less of State or State Agency Lands or Water Bottoms in a Single Nomination

A single nomination of state or state agency lands or water bottoms shall not contain more than two thousand five hundred (2,500) acres of state or state agency lands and water bottoms. LAC 43:I.901(A)(1).

i. Acreage Within the Inland or Offshore Block Systems

Previous policy provided that a nomination in the Inland or Offshore Block Systems could only include acreage within one block. LAC 43:I.901(A)(1). This policy has been changed. The current policy is to allow a single nomination in the Inland Block System to encompass portions of more than one Inland Block and to allow a single nomination in the Offshore Block System to encompass portions of more than one Offshore Block.

e. Enclose the Nominated Acreage in Square or Rectangle Having No Side Larger Than Three and One Half (3½) Miles (18,480.00 Feet)

The nominated acreage, regardless of the category it falls under, shall be delineated by a square or rectangle only, no side of which shall be greater than three and one half (3½) miles (18,480.00 feet) in length. See LAC 43:I.901(A)(1).

i. Exceptions

1) Enclose nominated acreage that abuts the Louisiana coastline or the Three Mile Line as decreed by the United States Supreme Court in litigation styled United States v. State of Louisiana et al in a polygon as close in shape to a square or rectangle as is practical.

2) Nominated acreage that abuts the boundary of an existing state mineral lease, state operating agreement, state exclusive geophysical agreement II or III, nomination, or a Louisiana Department of Wildlife and Fisheries Area, may conform one side of the square or rectangle to that boundary.

3) A nominated river, stream, bayou or other similarly long, narrow water body, shall be delineated by a polygon only as large and as wide as is necessary to completely encompass the water body nominated. This polygon shall be described using bearing,

distance and X-Y coordinates based on the Louisiana Coordinate System of 1927, North or South Zone (as applicable). ***Note:*** Simply describing a specific water body as being bounded on a side (north, south, east or west) by a north/south or east/west line having a single X or Y coordinate thence along the water body to another boundary having a north/south or east/west line with a single X or Y coordinate is not acceptable and shall cause the entire nomination packet to be rejected.

f. Abut the Nominated Acreage Against the Boundary of any Adjacent Existing State Mineral Lease, State Operating Agreement, State Exclusive Geophysical Agreement II or III, or Nomination

Small gaps between the nominated acreage and any adjacent existing state mineral lease, state operating agreement, state exclusive geophysical agreement II or III, or nomination are not allowed. The nominating party shall abut the nominated acreage against the boundary of the existing itemized areas.

3. Prepare the Nomination Packet

A party interested in nominating state lands and water bottoms for state or state agency mineral lease shall submit a nomination packet that includes the following items.

a. Letter of Application

The nominating party shall complete, in its entirety, an official Letter of Application for a Mineral Lease on State or State Agency Lands or Water Bottoms using the official form published by the Office of Mineral Resources. LSA-R.S. 30:125. The official form is available online at:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=170&pnid=0&nid=95

Provide one (1) completed originally signed paper copy.

b. Written Property Description

The nominating party shall provide a written property description of the lands or water bottoms being nominated for state or state agency mineral lease. LSA-R.S. 30:125. Use Microsoft Word and fully justify. Provide one (1) original paper copy and one (1) electronic copy on the nomination DVD or CDROM as a Word .doc file.

i. General Technical Requirements

The written property description shall accurately and clearly define the nominated acreage. All calculations, closures and ties to existing state mineral leases shall comply with generally accepted surveying standards. Where arcs comprise a portion of the boundary, provide a general direction of the arc, the radius of the arc, the X-Y coordinates of the arc's beginning point (PC), and the X-Y coordinates of the arc's ending point (PT). ***Note:*** There are special requirements for describing an arc along the Three Mile Line set forth in a separate section.

<u>The positional error of each point along the boundary line of a nomination shall not be greater than 0.02 feet</u>. ***Note:*** The positional error of each point along the boundary line of a nomination

that partially encloses or abuts or wholly encloses an existing state mineral lease, state operating agreement, state exclusive geophysical agreement II or III, or nomination shall not be greater than 0.01 feet.

The X-Y coordinates in the written property description shall exactly match those on the plat and, if applicable, in the .dxf file and state agency resolution also required to be submitted in the nomination packet. ***Exception:*** A nomination that abuts/intersects the Three Mile Line.

The written property description shall be in block form (no indentations for course changes or for any other reason) and provide the following information, in the following order:

1) A designated point of beginning using X-Y coordinates based on the Louisiana Coordinate System of 1927, North or South Zone (as applicable), then, going clockwise, fully written out (no abbreviations or symbols) bearing and distance to the next X-Y coordinates, for each of the corners of the nominated acreage, back to the point of beginning ***or, if applicable,*** the legal description of the property as provided in the title deed.
2) The total amount of the state or state agency acreage (as applicable) described as being contained in the nominated area.

Note: In addition to technical specialists, the Office of Mineral Resources utilizes specialized software to reformat the written property description. **Do not provide any other information in the written property description (e.g. headers, footers, internal notes, etc.) because it slows down the processing of the nomination.**

ii. Special Technical Requirements

In addition to the general requirements for a written property description, the nominating party shall follow special technical requirements for each of the following nominations.

1) Nomination that Includes Both State Owned Acreage and Privately Owned Acreage in the Pass-A-Loutre Wildlife Management Area

Enclose both types of acreage in the nomination square or rectangle. Separate the state owned acreage from the privately owned acreage by delineating the privately owned acreage in polygons described using bearing, distance and X-Y coordinates based on the Louisiana Coordinate System of 1927, South Zone.

a) Describe the nominated area then give the gross acreage amount of: (i) the available state owned acreage plus (ii) the privately owned acreage contained in the nominated area, then

b) Less and except the privately owned acreage described as a polygon or polygons (as applicable) giving the net acreage amount of the privately owned acreage, and then

c) Give the net acreage amount of the available state owned acreage being nominated.

2) Nomination that Abuts/Intersects the Three Mile Line, as Decreed by the United States Supreme Court in Litigation Styled United States v. State of Louisiana et al

a) From a point on the boundary line of the nominated acreage having specific X-Y coordinates, going clockwise, describe a line using bearing and distance to a point on the Three Mile Line having specific X-Y coordinates.

b) For a portion of the nominated acreage that abuts/intersects the Three Mile Line in a straight line: Continuing clockwise, describe the portion of the nominated acreage that abuts/intersects the Three Mile Line in a straight line using a bearing along the Three Mile Line to the last point where the nominated acreage abuts/intersects the Three Mile Line, providing specific X-Y coordinates for that last point, and then finish describing the nominated acreage per the general requirements.

c) For a portion of the nominated acreage that abuts/intersects the Three Mile Line in an arc: Continuing clockwise, provide the arc's beginning point (PC) and ending point (PT) using specific X-Y coordinates, then provide that the arc has a radius of 18,240.60 feet and designate a center point using X-Y coordinates on the Louisiana coastline as decreed by the United States Supreme Court in that litigation styled United States v. State of Louisiana et al. ***Note:*** The X-Y coordinates of the designated center point on the Louisiana Coastline provided in the Written Property Description will differ from the X-Y coordinates of the center point provided in the .dxf File because of closure requirements. This is the only time when X-Y coordinates in the Written Property Description are not required to exactly match that in the .dxf File.

d) Finish describing the nominated acreage per the general requirements.

3) Nomination that Abuts/Intersects the Louisiana Coastline, as Decreed by the United States Supreme Court in Litigation Styled United States v. State of Louisiana et al

a) From a point on the boundary line of the nominated acreage having specific X-Y coordinates, going clockwise, describe a line using bearing and distance to a point on the Louisiana coastline having specific X-Y coordinates.

b) Continuing clockwise, describe the portion of the nominated acreage that abuts/intersects the Louisiana coastline in a straight line using a general direction along the Louisiana coastline to the last point where the nominated acreage abuts/intersects the Louisiana coastline, providing specific X-Y coordinates for that last point.

c) Finish describing the nominated acreage per the general requirements.

4) Nomination that Partially Encloses/Abuts an Existing State Mineral Lease, State Operating Agreement, State Exclusive Geophysical Agreement II or III, or Nomination

a) From the designated point of beginning on the boundary of the nominated acreage, going clockwise, describe a line using bearing and distance to a point on the boundary line of

the existing itemized area having specific X-Y coordinates with a positional error of no more than 0.01 feet.

b) Continuing clockwise, describe the portion of the nominated acreage that partially encloses/abuts the existing itemized area with lines using distances, bearings and X-Y coordinates, along the boundary of the existing itemized area, to the last point where the nominated acreage encloses/abuts the existing itemized area, providing specific X-Y coordinates for that last point.

c) Finish describing the nominated acreage per the general requirements.

5) Nomination that Wholly Encloses an Existing State Mineral Lease, State Operating Agreement, State Exclusive Geophysical Agreement II or III, or Nomination

a) From the designated point of beginning on the boundary of the nominated acreage, describe a line using bearing and distance to a point of intersection on the boundary line of the existing itemized area having specific X-Y coordinates with a positional error of no more than 0.01 feet.

b) Going clockwise, describe the entirety of the existing itemized area with lines using distances, bearings and X-Y coordinates, along the boundary of the existing itemized area, back to the original point of intersection on the boundary line of the existing itemized area, all with a positional error of no more than 0.01 feet, then back to the designated point of beginning on the boundary of the nominated acreage.

c) Finish describing the nominated acreage per the general requirements.

6) Nomination that Abuts an Existing State Mineral Lease Designated as a "Floating Lease" or Some Other "Indeterminate Area"

Floating Lease: A state mineral lease that has at least part of its boundary not fixed by points having X-Y coordinates. For example, some existing state mineral leases have written property descriptions identifying the property leased as "to the shoreline" or by Section/Township/Range.

Indeterminate Area: An area that has at least part of its boundary not fixed by points having X-Y coordinates. For example, some Louisiana Department of Wildlife and Fisheries Areas have boundaries that are identified by Section/Township/Range or metes and bounds.

a) If the nominated acreage partially encloses the Floating Lease or Indeterminate Area:

i) Establish a point of beginning on the boundary of the nominated acreage having a specific X-Y coordinate on the X axis or Y axis set to intersect the boundary line of the Floating Lease or Indeterminate Area.

ii) Thence go along the X or Y axis an approximate distance to a point on that X or Y axis having an X or Y coordinate said to intersect the boundary line of the Floating Lease or Indeterminate Area.

iii) Thence meander the boundary of the Floating Lease or Indeterminate Area to the last point of its intersection with the boundary of the nominated acreage, to a point on the X or Y axis having an X or Y coordinate said to intersect the boundary line of the Floating Lease or Indeterminate Area.

iv) Thence go along that X or Y axis an approximate distance to the next point on the boundary of the nominated acreage having a specific X-Y coordinate.

v) Finish describing the nominated acreage per the general requirements.

vi) Less and except the partially enclosed "Floating Lease" or "Indeterminate Area."

b) If the nominated acreage wholly encloses the Floating Lease or Indeterminate Area:

i) Establish a point of beginning on the boundary of the nominated acreage having a specific X-Y coordinate on the X axis or Y axis set to intersect the boundary line of the Floating Lease or Indeterminate Area.

ii) Thence go along the X or Y axis an approximate distance to a point on that X or Y axis having an X or Y coordinate said to intersect the boundary line of the Floating Lease or Indeterminate Area.

iii) Thence meander the boundary of the Floating Lease or Indeterminate Area back to the point of intersection.

iv) Thence go along that X or Y axis an approximate distance back to the point of beginning on the boundary of the nominated acreage.

v) Finish describing the nominated acreage per the general requirements.

vi) Less and except the wholly enclosed Floating Lease or Indeterminate Area.

c. Plat

The nominating party shall provide a plat of the lands or water bottoms being nominating for state or state agency mineral lease. LSA-R.S. 30:125. Use paper size 8½ x 11. Provide one (1) original paper copy and one (1) electronic copy on the nomination DVD or CDROM as a .pdf file.

i. General Technical Requirements

Unless otherwise specified hereafter, utilize the most recent background imagery for the plat with the acreage being nominated outlined and clearly shown thereon. If the most recent background imagery is not available, a copy of the most recent edition of the USGS Quadrangle Map (7½ minutes; appropriately scaled 1″ = 1000′, 1″ = 2000′, 1″ = 3000′, 1″ = 4000′) may be used or, for nominated acreage falling within a defined block system, a copy of the Block System Map (scale 1″ = 4000′) may be used provided that any land masses not belonging to the State of

Louisiana are accurately shown thereon. Calculate the amount of acreage being nominated from the background imagery used.

Note: Nominations that include a Freeze Statute Area, state acreage created by significant erosion, White Lake Water Bottoms as of 1942, or White Lake Eroded Shoreline from 1942, have special background imagery requirements that are set forth in later sections.

The X-Y coordinates on the plat shall exactly match those in the written property description and, if applicable, in the .dxf file and the state agency resolution also required to be submitted in the nomination packet. ***Exception:*** A nomination that abuts/intersects the Three Mile Line.

The plat shall provide the following information:

1) A designated point of beginning using X-Y coordinates based on the Louisiana Coordinate System of 1927, North or South Zone (as applicable), ***unless*** the nominated acreage is plotted from the legal description of the property as provided in the title deed and that legal description is not translatable into the Louisiana Coordinate System of 1927.
2) The total amount of the state or state agency acreage (as applicable) described as being contained in the nominated area, with a note as to whether surface and minerals or minerals only are being nominated.
3) Abutting, adjacent, intersecting, and partially/wholly enclosed existing state mineral leases, state operating agreements, state exclusive geophysical agreements II or III, and nominations must be shown and clearly labeled.
4) All water bodies shown and clearly labeled.
5) If applicable, Section/Township/Range information.
6) If applicable, the name of the Block System (Inland or Offshore), the Block Number(s) and Block Name(s).
7) North or South Zone, whichever is applicable.
8) The parish(es) wherein the nominated acreage is located.
9) The background imagery/map used and its date.

ii. Special Technical Requirements

In addition to the general requirements for a plat, the nominating party shall follow special technical requirements for each of the following nominations.

1) Nomination that Includes Legal Area

Clearly delineate and label the Legal Area on the plat and provide a note thereon as to the state or state agency's percentage ownership provided therein.

2) Nomination that Include a Freeze Statute Area

Use the edition of the USGS Quadrangle Map that was most current when the state or state agency ownership was "frozen" and calculate the amount of state or state agency acreage to be nominated from that edition. Clearly delineate and label the Freeze Statute Area on the plat and provide a note thereon that the private mineral lease is currently held by production.

3) Nomination that Includes Acreage Created by Significant Erosion

Use the most recent aerial photography as background imagery to calculate the amount of state acreage to be nominated.

4) Nomination that Includes Both State Owned and Privately Owned Acreage in the Pass-A-Loutre Wildlife Management Area

Enclose both types of acreage in the nomination square or rectangle. Separate the state owned acreage from the privately owned acreage by delineating the privately owned acreage in polygons described using bearing, distance and X-Y coordinates based on the Louisiana Coordinate System of 1927, South Zone.

a) Delineate the privately owned acreage by polygons, with each such polygon having a designated point of beginning using X-Y coordinates based on the Louisiana Coordinate System of 1927, South Zone, then, going clockwise, X-Y coordinates for each of the corners of the privately owned area, back to the point of beginning, with the X-Y coordinates exactly matching those provided in the Written Property Description.

b) Cross-hatch the privately owned acreage and label "Private Ownership."

c) Provide the gross amount of: (i) the available state owned acreage <u>plus</u> (ii) the privately owned acreage contained in the nominated area.

d) Provide the net amount of the privately owned acreage contained in the nominated area.

e) Provide the net amount of the available state owned acreage being nominated.

5) Nomination of White Lake Water Bottoms as of 1942

Use the 1935 edition of the USGS Quadrangle Map to calculate the state acreage amount.

6) Nomination of White Lake Eroded Shoreline from 1942

a) Use the most recent aerial photography as background imagery to show the current shoreline.

b) Plot the 1942 shoreline from the 1935 edition of the USGS Quadrangle Map on the Plat, using bearing, distance and X-Y coordinates from the Louisiana Coordinate System of 1927, South Zone, and label the 1942 shoreline as such.

c) Calculate the state acreage amount using the background imagery required in (a) and (b) above.

d. .dxf File (If Applicable)

If the nominated acreage is susceptible of being described using bearing, distance and X-Y coordinates based on the Louisiana Coordinate System of 1927, then the nominating party shall provide a .dxf file containing only the boundary of the nominated acreage on the nomination DVD or CDROM. LAC 43:I.907. This boundary shall be a single line with no additional lines, labels, text, or graphics, and shall be constructed of individual line segments between vertices. Further, the X-Y coordinates in the .dxf file shall exactly match those in the written property description and the plat. ***Exception:*** A nomination that abuts/intersects the Three Mile Line.

If the nominated acreage is not susceptible of or has another type description not translatable into a description using bearing, distance and X-Y coordinates based on the Louisiana Coordinate System of 1927, and is actually described using the legal description of the property as provided in the title deed, then the nominating party is not required to provide a .dxf file.

e. Nomination DVD or CDROM

The nominating party shall include a nomination DVD or CDROM in the nomination packet. LAC 43:I.907. The nomination DVD or CDROM shall contain the written property description as a Word .doc file, the plat as a .pdf file, and the .dxf file (if applicable), and it shall be labeled with the non-public applicant name, the applicant ID number, the acreage amount, and the parish name(s).

f. Category Documentation (If Applicable)

The nominating party shall include one (1) copy of certain documentation in the nomination packet should the lands and water bottoms category under which the nominated area falls have documentation requirements. LAC 43:I.907. A reference list is provided below.

If the lands and water bottoms category is:	***Then provide:***
Tax Adjudicated Lands ***(see example description on page 60)***	A copy of the title deed (procès verbal of the tax sale/tax adjudication) whereby the state acquired its ownership interest in the property setting forth: (1) The name of the party who lost the property at tax sale. (2) The legal description of the property. (3) The year for which taxes were unpaid which precipitated the tax sale. (4) The date of the tax sale at which the party lost the property.
State Agency Lands ***(see example resolution on page 58)***	A certified copy of a resolution by the State Agency that: (1) Directs and authorizes the State Mineral and Energy Board to mineral lease the state agency's interest in the State Agency Lands. (2) Provides information as to the location and ownership of surface and mineral rights in the State Agency Lands. (3) Contains any specific conditions, including any bonus and royalty minimums, which the state agency wants to have advertised along with the description of the State Agency Lands. (In cases where two (2) or more state agencies have an interest in the same State Agency Lands, all resolutions must contain the same written description of the nominated State Agency Lands and the same specific conditions, if

If the lands and water bottoms category is:	*Then provide:*
	any.)
Section 16 School Lands ***(see example resolution on page 58)*** ***(see example of Exhibit A on page 59)***	A. A certified copy of a resolution by the school board that: (1) Directs and authorizes the State Mineral and Energy Board to mineral lease the school board's interest in the Section 16 School Lands. (2) Provides information as to the location and ownership of surface and mineral rights in the Section 16 School Lands. (3) Contains any specific conditions, including minimum bonus and royalty, which the school board wants to have advertised along with the description of the Section 16 School Lands. (In cases where two (2) or more school boards have an interest in the same Section 16 School Lands, all resolutions must contain the same written description of the nominated Section 16 School Lands and the same specific conditions, if any.)
	B. If applicable, a copy of the Section 16 School Lands Parish Records maintained by the State Land Office that set forth the township percentage lying within each parish.
White Lake Alleged Section 16 School Lands ***(see example resolution on page 58)***	A certified copy of a resolution by the Vermilion Parish School Board that: (1) Directs and authorizes the State Mineral and Energy Board to mineral lease the School Board's interest in the White Lake Alleged Section 16 School Lands. (2) Provides information as to location of and ownership of surface and mineral rights in the White Lake Alleged Section 16 School Lands. (3) Contains any specific conditions, including minimum bonus and royalty, which the Vermilion Parish School Board wants to have advertised along with the description of the White Lake Alleged Section 16 School Lands acreage.

g. Title Documentation (If Applicable)

The nominating party shall include one (1) copy of certain title documentation in the nomination packet should title research reveal that the state or state agency owns mineral rights only or that the nominated area includes a Legal Area and/or a Freeze Statute Area. LAC 43:I.907. A reference list is provided below.

For a nomination of acreage:	*Provide:*
Wherein the state or state agency owns mineral rights only	A copy of the title deed (patent preferred, but if no patent issued, the sale deed/procès verbal of the sale) whereby the state or state agency severed its ownership of the surface rights and the surface owner acquired its interest in the property.

For a nomination that includes a:	*Provide:*
Legal Area	A copy of the compromise(s) or judgment(s) that establish(es) the state or state agency ownership interest.
Freeze Statute Area	Pursuant to LSA-R.S. 9:1151: 1) A copy of the private mineral lease that "freezes" ownership of the minerals or mineral rights in a party or parties other than the state or state agency. 2) Supporting documentation (Affidavit of Production) that the private mineral lease is currently held by production.
	Pursuant to LSA-R.S. 9:1152: 1) Evidence that the state of Louisiana acquired the lands from an

For a nomination that includes a:	*Provide:*
	agency or political subdivision of the state due to the action of navigable water occurring after the effective date of the Louisiana State Constitution of 1921. 2) Evidence that the lands were not subject to a mineral lease granted by the state of Louisiana on the effective date of the statute [September 3, 1984]. 3) Evidence that the lands were subject to a mineral lease granted by such agency or political subdivision, or its governmental predecessor, on the effective date of the statute [Sept. 3, 1984].

h. Nomination Fee Payment

The nominating party shall pay four hundred ($400.00) dollars to the Office of Mineral Resources to satisfy the cost of processing an application for a mineral lease. LSA-R.S. 30:125. The Office of Mineral Resources shall be the payee regardless of whether it is an application for state mineral lease or an application for state agency mineral lease.

Payment of the nomination fee is no longer required to be made by certified check, cashier's check, or bank money order. A personal check shall be acceptable. LSA-R.S. 30:125. Further, a party submitting a group of nominations under one applicant name may pay the nomination fee for all of the nominations in one (1) check (multiply the number of nominations by $400.00).

4. Submit the Nomination Packet

The Nomination Packet may be hand-delivered, or mailed to the Office of Mineral Resources' Baton Rouge Office per the address information below. Nominations may also be submitted online -
(see http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=350) for further instruction. However, whether hand-delivered, mailed or submitted online, it shall be physically in the hands of appropriate Office of Mineral Resources personnel no later than 4:30 pm CT on the deadline date published on the State Mineral and Energy Board schedule:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=978

An invoice will be generated in the name of the registered applicant as provided on the Letter of Application (not the official advertisement name) and provided to the party submitting the nomination.

Baton Rouge Office
(225) 342-4615

Physical Address:
Office of Mineral Resources
Attention: Leasing Section
617 North Third Street
8th Floor
Baton Rouge, Louisiana 70802

Post Office Box Address:
Office of Mineral Resources
Attention: Leasing Section
Post Office Box 2827
Baton Rouge, Louisiana 70821-2827

V. Step 4: Examination and Evaluation of Nominations for State and State Agency Mineral Leases

A. Summary of the Nomination Examination and Evaluation Process

The Office of Mineral Resources examines and evaluates nominations of state and state agency lands and water bottoms for mineral lease to confirm and effect compliance with legal, procedural and technical requirements, as well as with any current policies and practices. The Office determines which nominations are in compliance, which nominations do not comply and may be made compliant by the applicant, and which nominations must be rejected and returned. The Office also processes requests for withdrawal of nominations, if any. Then, the Office assigns official tract numbers and special terms and conditions, if any, to the land described in those nominations that comply, and transmits information about the compliant nominations to the State Mineral and Energy Board for its action. LSA-R.S. 30:125.

B. Nominations that Do Not Comply

If a nomination fails to comply with legal, procedural and technical requirements, as well as with any current policies and practices, Office of Mineral Resources personnel shall contact the applicant and notify him of the non-compliance items. The applicant is given twenty-four (24) hours from the time and date of notification to comply. The applicant shall effect compliance during the twenty-four (24) hour grace period or the nomination shall be rejected and returned.

C. Nominations that are Rejected and Returned

If state or state agency acreage nominated is not available for mineral lease or, if the nomination fails to comply with legal, procedural and technical requirements, as well as with any current policies and practices, and the applicant fails to effect compliance, the Office of Mineral Resources shall reject and return the nomination packet. Generally, the nomination fee shall not be returned. LSA-R.S. 30:125. However, it may be returned if the state or state agency acreage nominated is unavailable for mineral lease.

D. Withdrawal of a Nomination Prior to Advertisement

If an applicant wants to withdraw a nomination during the examination and evaluation process, prior to the tract being officially advertised for mineral lease, a letter shall be submitted requesting withdrawal of the nomination to Office of Mineral Resources, Attention: Leasing Section. The nomination fee shall not be returned.

VI. Step 5: Advertisement of State and State Agency Tracts Offered for Mineral Lease

A. Summary of the Advertisement Process

The State Mineral and Energy Board, through the Office of Mineral Resources, publishes an advertisement of the state and state agency tracts it decides to offer for mineral lease in the official journal of the state and official journal(s) of the parish(es) where the lands are located, and otherwise at its discretion, not more than sixty (60) days prior to the date for the public opening of bids (generally the mineral lease sale date). The advertisement contains a description of the land proposed to be leased and its official tract number, any notes pertaining to the nominated tract, the date, time and place where sealed bids shall be received and publicly opened, a statement that the bid may be for the whole or any particularly described portion of

the land advertised, the royalty to be demanded should the Board deem it to be in the interest of the state to call for bids on the basis of a royalty fixed by it, and any other information the Board may consider necessary. This advertisement and any other published by the Board constitute judicial advertisement and legal notice within the contemplation of LSA-R.S. Title 43, Chapter 5. LSA- R.S. 30:126.

B. Advertisement Notices

The advertisement may provide notice of the following:

1. Bid on an Entire Tract or a Portion of a Tract

A party may bid on the whole or any particularly described portion of the land advertised. LSA-R.S. 30:127(A).

2. Specify a Primary Term

A bidder for a mineral lease on a state or state agency tract must specify a primary term. The maximum primary term available for an Offshore state mineral lease (seaward of the Louisiana coastline, as decreed by the United States Supreme Court in litigation styled United States v. State of Louisiana et al), as well as state mineral leases in Ascension Bay, is five (5) years. The maximum primary term available for a non-Offshore state mineral lease (landward of Louisiana coastline, as decreed by the United States Supreme Court in litigation styled United States v. State of Louisiana et al), exclusive of Ascension Bay, as well as for state agency mineral leases, is three (3) years. LAC 43:I.901(13). If a bidder specifies a primary term greater than the maximum allowed by law, then the State Mineral and Energy Board may at its own discretion reject the bid outright or reduce the primary term to the legal maximum.

3. Offer a Cash Payment

A bidder for a mineral lease on a state or state agency tract shall offer a cash payment. The cash payment shall be provided on the official Bid Form as a total amount and as an amount per acre (which is equal to the cash payment divided by the acreage bid on). One-half (½) of this cash payment is to be bonus as full and adequate consideration for every right granted by the lease (and not allocated as mere rental for a period) and one-half (½) is to be rental for the first year of the lease. The State Mineral and Energy Board requires the bidding party to submit the entire cash payment as a deposit with each bid in the form of a certified check, cashier's check or bank money order. LSA-R.S. 30:127(F), 30:154(E). Subject to the exceptions listed below, if the bid is for a state mineral lease on state lands or water bottoms, the payee shall be the Office of Mineral Resources, and if the bid is for a state agency mineral lease on state agency lands or water bottoms, the payee shall be the state agency. LSA-R.S. 30:153.

a. Special Requirement for the Cash Payment on a Marsh Island Wildlife Refuge Tract

The cash payment for a Marsh Island Wildlife Refuge tract shall be divided into two (2) separate payments: One-half (½) of the cash payment shall be made payable to the Office of Mineral Resources and one-half (½) of the cash payment shall be made payable to the Russell Sage Foundation. Both payments shall be submitted with the bid and the Office of Mineral Resources

shall transmit the Russell Sage Foundation payment to the Foundation. LSA-R.S. 56:798(A)(1).

Note: If a state mineral lease is awarded on a Marsh Island Wildlife Refuge tract, then one-half (½) of any and all revenues due the state as royalty, rentals, or otherwise shall be paid directly to the Russell Sage Foundation. LSA-R.S. 56:798(A)(1).

b. Special Requirement for the Cash Payment on Certain Russell Sage Wildlife Management Area Acreage

The Ouachita Farm Corporation sold acreage that comprises a portion of the Russell Sage Wildlife Management Area to the Louisiana Wild Life and Fisheries Commission (now the Louisiana Department of Wildlife and Fisheries) via Act of Sale dated December 28, 1960, reserving an undivided one-half (½) of the mineral rights. The cash payment for tracts falling in that portion of the Russell Sage Wildlife Management Area subject to the Act of Sale shall be divided into two (2) separate payments: One-half (½) of the cash payment shall be made payable to the Ouachita Farm Corporation and one-half (½) of the cash payment shall be made payable to the Louisiana Department of Wildlife and Fisheries.

Note: If a state agency mineral lease is awarded on a tract falling in that portion of the Russell Sage Wildlife Management Area subject to the Act of Sale, then one-half (½) of any and all revenues due the state as royalty, rentals, or otherwise shall be paid directly to the Ouachita Farm Corporation and the remaining one-half (½) shall be made payable to the Louisiana Department of Wildlife and Fisheries.

c. Special Requirement for the Cash Payment on a Section 16 School Lands Tract that Falls in a Township Lying Within More than One (1) Parish

The cash payment for a Section 16 School Lands tract that falls in a township lying within more than one (1) parish shall be made payable to the State Treasurer. LSA-R.S. 41:640(B).

4. Offer an Annual Rental

A bidder for a mineral lease on a state or state agency tract who specifies a primary term of more than one (1) year shall offer an annual rental. The annual rental shall not be for less than one-half (½) of the cash payment. See LSA-R.S. 30:127(E). If the bidder offers an annual rental of less than one-half (½) of the cash payment offered, then the annual rental amount shall be raised automatically to one-half (½) of the cash payment if the bid is otherwise accepted.

5. Offer a Royalty

a. Lease for Oil, Gas and Other Liquid or Gaseous Minerals

A bidder for a lease for oil, gas and other liquid or gaseous minerals on a state or state agency tract shall offer a royalty for oil, gas, and any other liquid or gaseous minerals in solution and produced therewith and saved or utilized. The minimum royalties to be stipulated in such a lease, other than a lease executed by or on behalf of a school board, shall be one-eighth ($1/8^{th}$) of the oil, gas, and any other liquid or gaseous minerals in solution and produced therewith and saved or utilized. See LSA-R.S. 30:127(A)(1) and (6). However, note that the State Mineral and Energy Board has not accepted a one-eighth ($1/8^{th}$) royalty in a long time.

With regard to any lease for oil, gas and other liquid or gaseous minerals executed by or on behalf of any school board, the minimum royalties shall be one-sixth (1/6th) of all oil, gas, and any other liquid or gaseous minerals in solution and produced therewith and saved or utilized. See LSA-R.S. 30:127(B)(1) and (6).

Note: Rights to geothermal resources, free sulphur, potash, lignite, salt and other solid minerals are excluded from any state or state agency lease for oil, gas and other liquid or gaseous minerals. Should a bidder include these rights in any bid for such a lease, these rights shall be disregarded to the extent of these rights only.

b. Lease for Solid Minerals

A bidder for a lease for sulphur, potash, lignite, salt or other solid minerals on a state or state agency tract shall offer a royalty for the specific solid mineral. The minimum royalties to be stipulated in such a lease, other than a lease executed by or on behalf of a school board, shall be as follows:

i. One-eighth (1/8th) of the value per long ton of sulphur produced and saved which shall yield not less than two dollars per long ton.

ii. One-eighth (1/8th) of the value per ton for all potash produced and saved, which shall yield not less than ten cents per ton.

iii. Five percent (5%) of all lignite produced and saved.

iv. Five percent (5%) of the value per ton on a dry salt basis for all salt produced and saved, which shall yield not less than ten cents per ton.

v. One-eighth (1/8th) of all other minerals produced and saved.

See LSA-R.S. 30:127(A)(2)–(6).

With regard to any lease for sulphur, potash, lignite, salt or other solid minerals executed by or on behalf of any school board, the minimum royalties shall be as follows:

i. One-sixth (1/6th) of the value per long ton of sulphur produced and saved which shall yield not less than two dollars per long ton.

ii. One-sixth (1/6th) of the value per ton for all potash produced and saved, which shall yield not less than ten cents per ton.

iii. Five percent (5%) of all lignite produced and saved.

iv. Five percent (5%) of the value per ton on a dry salt basis for all salt produced and saved, which shall yield not less than ten cents per ton.

v. One-sixth (1/6th) of all other minerals produced and saved.

See LSA-R.S. 30:127(B)(2)–(6).

Note: Rights to oil, gas and other liquid or gaseous minerals are excluded from any state or state agency lease for sulphur, potash, lignite, salt or other solid minerals. Should a bidder include these rights in any bid for such a lease, these rights shall be disregarded to the extent of these rights only.

6. Offer Additional Consideration

A bidder for a mineral lease on a state or state agency tract may offer additional consideration, e.g. an obligation to drill a well within a certain period of time or pay a penalty; or an obligation to plug and abandon orphan wells located on the leased premises. Any additional consideration shall be considered along with all other factors by the State Mineral and Energy Board.

a. Special Requirement for Additional Consideration on a White Lake Eroded Shoreline from 1942 Tract

It is mandatory that a bid for a mineral lease on a White Lake Eroded Shoreline from 1942 tract offer the additional consideration that should a title dispute arise regarding the tract and litigation ensue, the bidder obligates to pay to the State, as same may be billed, any and all legal costs incurred by the state of Louisiana in defending its title to said tract up to a maximum aggregate amount of one hundred fifty thousand and no/100 dollars ($150,000.00) for all leases acquired by the bidder on White Lake Eroded Shoreline from 1942 acreage.

7. Specify the Joint Bid Percent Interests

When two (2) or more parties submit a joint bid, the undivided percent interest of <u>each</u> party shall be designated on the official Bid Form. The interests so designated shall be stipulated in any lease that may be awarded. Failure to designate the undivided percent interest of each joint bidder shall result in the State Mineral and Energy Board assigning equal interests to each bidder.

8. Ten Percent (10%) Leasing Fee Pursuant to LSA-R.S. 30:124

The State Mineral and Energy Board is authorized to collect a fee for leasing state <u>and</u> state agency lands or water bottoms in the amount of ten percent (10%) of the total cash payment paid at the lease sale. This fee shall be in addition to the total cash payment paid. LSA-R.S. 30:124. <u>This fee shall be</u> <u>submitted with the bid.</u> Payment shall be made to the Office of Mineral Resources via check (personal or business). If payment is not made or the check not honored for payment, the State Mineral and Energy Board may not execute the lease and may rescind it.

9. Twenty Dollars ($20.00) Per Acre Payment by State Mineral Lessees Pursuant to LSA-R.S. 30:136.1(D)

The following applies <u>only</u> to state mineral lessees and <u>not</u> to state agency mineral lessees: Fifteen dollars ($15.00) per acre shall be collected from <u>state</u> mineral lessees and deposited into the Louisiana Wildlife and Fisheries Conservation Fund and an additional five dollars ($5.00) per acre shall be collected from <u>state</u> mineral lessees and deposited into the Oil and Gas Regulatory Fund created by R.S. 30:21. LSA-R.S. 30:136.1(D). Payment of these two items in connection with <u>state</u> mineral leases is combined into one payment known as the Twenty Dollars ($20.00) Per Acre Payment. <u>This payment shall be submitted with the bid.</u> Payment shall be

made to the Office of Mineral Resources via check (personal or business). If payment is not made or the check not honored for payment, the State Mineral and Energy Board may not execute the lease and may rescind it.

10. Bid Submission Conditions

Once a bid is submitted, it may not thereafter be withdrawn or cancelled. The State Mineral and Energy Board does not obligate itself to accept any bid. Bid acceptance or rejection is at the sole discretion of the State Mineral and Energy Board which reserves the right to reject any and all bids or to grant a lease on any portion of the tract advertised and to withdraw the remainder of the tract. The bidding party shall include the cash payment as a deposit with each bid in the form of a certified check, cashier's check or bank money order. LSA-R.S. 30:127(F). The cash payment amount specified on the certified check, cashier's check or bank money order shall exactly match the cash payment amount specified on the official bid form. The bidding party shall include the Ten Percent (10%) Leasing Fee and Twenty Dollars ($20.00) Per Acre Payment with the bid. If the bid is accepted, the cash payment, Ten Percent (10%) Leasing Fee and Twenty Dollars ($20.00) Per Acre Payment shall be immediately endorsed and negotiated by the Office of Mineral Resources and the proceeds transmitted for processing in accordance with law. If the bid is rejected, the cash payment, Ten Percent (10%) Leasing Fee and Twenty Dollars ($20.00) Per Acre Payment shall be returned. If examination of the successful bid acreage amount reveals that there is more or less state or state agency acreage than the amount bid on, then the cash payment, Ten Percent (10%) Leasing Fee, Twenty Dollars ($20.00) Per Acre Payment, annual rental, and deferred development shall be adjusted accordingly.

11. Mineral Lease Award Conditions

The successful bidder(s) to whom the lease is awarded has twenty (20) days from receipt of the lease contract, properly executed by the State Mineral and Energy Board, to execute and return the lease contract to the Office of Mineral Resources. Failure to return the lease contract, properly executed, within twenty (20) days may result in forfeiture of the lease including the cash payment and Ten Percent (10%) Leasing Fee. All state and state agency mineral leases shall be executed upon the terms and conditions provided in the current official lease forms. Notwithstanding any provisions to the contrary in any lease awarded, the lease awarded shall be granted and accepted without any warranty of title and without any recourse against the Lessor whatsoever, either expressed or implied. Further, Lessor shall not be required to return any payments received under the lease awarded or be otherwise responsible to Lessee therefor.

12. Other Applicable Regulations

Some tracts available for mineral leasing may be situated in the Louisiana Coastal Zone as defined in LSA-R.S. 49:214.21, *et seq*, and may be subject to guidelines and regulations promulgated by the Louisiana Department of Natural Resources, Office of Coastal Restoration and Management, Coastal Management Division, for operations in the Louisiana Coastal Zone.

13. Access by the Public

Any contract entered into for the lease of state lands for any purpose shall require that access by the public to public waterways through the state lands covered by the lease shall be maintained and preserved for the public by the lessee. This provision shall not prohibit the secretary of the agency having control over the property from restricting access to public waterways if it is determined that a danger to the public welfare exists. This provision shall not apply in cases involving title disputes.

C. Advertisement in the Official State and Parish Journals

The official state journal is The Advocate newspaper published in Baton Rouge, Louisiana. A party interested in subscribing to this newspaper may contact the Circulation Department at (225) 388-0200 or via email at subscriptions@theadvocate.com.

Pursuant to LSA-R.S. 43:150 and 43:174, the Secretary of State's office maintains a list of the official parish journals as appointed for one-year terms (fiscal year beginning July 1st) by the parish governing authorities. The list includes the name, address, and telephone number of the newspaper, and the expiration date of the appointment. The list of official parish journals may be viewed online at:
http://www.sos.la.gov/Portals/0/publications/pdf/OFF.%20PAR.%20JOURN.List.FY2012-2013.WEBSITE.pdf

D. Informal Advertisement in SONRIS, *Louisiana State Leases* CD/ROM, and *Notice of Publication*

In addition to judicial advertisement and legal notice in the official state and parish journals, the Office of Mineral Resources, on behalf of the State Mineral and Energy Board, publishes freely available information about state and state agency tracts offered for mineral lease in SONRIS, the Department of Natural Resource's Strategic Online Natural Resources Information System, at http://sonris.com/. LSA-R.S. 30:126(A).

Further, the Office of Mineral Resources publishes information about state and state agency tracts offered for mineral lease in two informal publications. LSA-R.S. 30:126(A) and (B). The first publication is the monthly *Louisiana State Leases* CD/ROM which is available via annual subscription upon request for an annual fee of two hundred dollars ($200.00). The subscription form for this publication can be found online at:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=577

The second publication is the monthly *Notice of Publication*, which is available online at http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=978.

E. Request for Proof of Publication

A party may request proof that a tract was advertised in the official state and parish journals using the official form published by the Office of Mineral Resources found online at: http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=398

Proof of Publication consists of certified copies of the affidavits from the official state and parish journals attesting to publication. There is a fee of twenty dollars ($20.00) for providing Proof of Publication for a tract. LSA-R.S. 30:126(A).

F. Withdrawal of a Nomination after Advertisement

If an applicant wants to withdraw a nomination after the tract has been advertised for state or state agency mineral lease, a letter shall be submitted requesting withdrawal of the nomination to the State Mineral and Energy Board, Attention: Secretary. The State Mineral and Energy Board must approve the request for withdrawal. If the State Mineral and Energy Board approves the request, the Nomination Fee Payment shall not be refunded.

G. Protesting the State Mineral and Energy Board Leasing of a State or State Agency Tract

If a party wants to protest the State Mineral and Energy Board mineral leasing a state or state agency tract, a formal letter of protest shall be submitted to the State Mineral and Energy Board, Attention: Secretary, at least seven (7) days prior to the meeting of the State Mineral and Energy Board to receive bids on the tract (the state mineral lease sale date). The letter of protest shall reference the appropriate tract number, parish, and state mineral lease sale date, as well as set forth the source and nature of the title claimed, how and when acquired, and by what legal process. See State Mineral and Energy Board Policy dated July 19, 1956.

VII. Step 6: Submission of Bids on State and State Agency Tracts Offered for Mineral Lease

A. Summary of the Bid Submission Process

Interested, registered parties submit sealed bids on the entirety or a portion of a state or state agency tract advertised as offered for state or state agency mineral lease to the Office of Mineral Resources, using the official Bid Form, no later than 12:00 noon CT on the Tuesday immediately prior to the Wednesday sale at which the tracts will be offered (unless otherwise noticed at http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=978.

Each bid shall include payment to the Office of Mineral Resources of the cash payment (bonus) bid. If a portion bid, also include a description of the acreage portion bid upon, including a map, on both paper and DVD or CDROM. LSA-R.S. 30:127.

B. Three (3) Steps in the Bid Submission Process

The bid submission process is divided into three (3) steps:

(1) Confirm registered as a prospective leaseholder.

(2) Prepare the bid packet.

(3) Timely submit the sealed bid packet.

Each step and its procedures and requirements are set forth below.

1. Confirm Registered as a Prospective Leaseholder

Only those bidders who are registered as prospective leaseholders with the Office of Mineral Resources shall be allowed to bid on tracts for the purpose of obtaining a state mineral lease. LSA-R.S. 30:127(A). See the registration requirements set forth in Part II.

2. Prepare the Bid Packet

A party interested in bidding on a state or state agency tract for mineral lease shall prepare a bid packet that includes the items listed below. The bidder shall place all of the items required to be included in the bid packet in an envelope, completely seal the envelope, write the official tract number on the outside of the envelope, and notate on the outside of the envelope that **Sealed Bid is Enclosed**.

a. Bid Form

A party bidding on a state or state agency tract for a lease for oil, gas and other liquid or gaseous minerals shall use the official Bid Form for a Lease for Oil, Gas and Other Liquid or Gaseous Minerals on State or State Agency Lands or Water Bottoms which may be found online at:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=170&pnid=0&nid=95.
A party bidding on a state or state agency tract for a lease for solid minerals, e.g., sulphur, potash, lignite, or salt, shall contact the Office of Mineral Resources for an official Bid Form for a lease for solid minerals. Provide one (1) completed originally signed paper copy of the Bid Form. An electronic copy is not required.

i. Reference Table of Bid Requirements and Additional Information

For reference purposes, a table of bid requirements and additional information for each state and state agency lands and water bottoms category and subcategory is attached to these guidelines.

b. Portion Bid Written Property Description

If a party is bidding on only a portion of a state or state agency tract, a written property description of the acreage portion being bid upon shall be provided. If a party is bidding on the entire tract, then no written property description is required. Use Microsoft Word and fully justify. Provide one (1) original paper copy and one (1) electronic copy on the portion bid DVD or CDROM as a Word .doc file.

The general and special (if any) technical requirements for the written property description for the portion bid acreage are the same as those that were followed for the written property description of the acreage when nominated.

If the acreage was described using bearing, distance and X-Y coordinates based on the Louisiana Coordinate System of 1927 when nominated, then a bidder shall describe the acreage portion being bid upon in the same way. If the acreage was described using Section/Township/Range or by lot or parcel, e.g. some School Indemnity Lands, Tax Adjudicated Lands, Vacant State Lands, Section 16 School Lands, and State Agency Lands, when nominated, then a bidder shall describe the acreage portion being bid upon in the same way.

c. Portion Bid Plat

If a party is bidding on only a portion of a state or state agency tract, then the party shall provide a plat depicting the acreage portion being bid upon. If a party is bidding on the entire tract, then no plat is required. The plat shall be on paper size 8½ x 11. Provide one (1) original paper version and one (1) electronic version of the plat on the portion bid DVD or CDROM as a .pdf file.

The form, content and scale requirements for the portion bid plat, as well as the general and special (if any) technical requirements, are the same as those that were followed for the plat of the acreage when nominated. However, in addition, the bidder is required to clearly show the boundary of the entire tract in relation to the boundary of the portion bid upon, with the portion bid acreage clearly labeled as such. Any X-Y coordinates on the plat shall exactly match those in the written property description and, if applicable, in the .dxf file.

d. Portion Bid .dxf File (If Applicable)

If a party is bidding on only a portion of a state or state agency tract and that tract was described in the advertisement using bearing, distance and X-Y coordinates based on the Louisiana Coordinate System of 1927, then the party shall provide a .dxf file containing only the boundary of the acreage portion bid upon on the portion bid DVD or CDROM. If a party is bidding on the entire tract or a portion of a state or state agency tract that was described in the advertisement using Section/Township/Range or by lot or parcel, e.g. some School Indemnity Lands, Tax Adjudicated Lands, Vacant State Lands, Section 16 School Lands, and State Agency Lands, then no .dxf file is required.

The portion bid boundary shall be a single line with no additional lines, labels, text, or graphics, and shall be constructed of individual line segments between vertices. Further, the X-Y coordinates in the portion bid .dxf file shall exactly match those in the portion bid written property description and the portion bid plat.

e. Portion Bid DVD or CDROM

If a party is bidding on only a portion of a state or state agency tract, then the party shall include a properly labeled portion bid DVD or CDROM in the bid packet. ***Note:*** If a party is bidding on the entire tract, then no DVD or CDROM is required. If a portion bid DVD or CDROM is required, it shall contain the portion bid written property description as a Word .doc file, the portion bid plat as a .pdf file, and the portion bid .dxf file, and it shall be labeled with the official tract number, the name(s) of the bidding party(ies), and the state or state agency acreage amount being bid on.

f. Cash Payment

The bidder shall include the cash payment as a deposit with each bid in the form of a certified check, cashier's check or bank money order. LSA-R.S. 30:127(F). For further requirements concerning the cash payment, please refer to part VI.B.3.

Note: If the cash payment amount specified on the certified check, cashier's check or bank money order does not exactly match the cash payment amount specified on the official Bid Form, and the State Mineral and Energy Board rejects all bids on that tract, the State Mineral and Energy Board at its discretion may open the floor to competitive bidding.

g. Ten Percent (10%) Leasing Fee Pursuant to LSA-R.S. 30:124

The bidder on a state or state agency lease shall include the Ten Percent (10%) Leasing Fee pursuant to LSA-R.S. 30:124 with its bid. This fee shall be in addition to the total cash payment

paid. Payment shall be made to the Office of Mineral Resources via check (personal or business). If payment is not made or the check not honored for payment, the State Mineral and Energy Board may not execute the lease and may rescind it.

Note: Previous policy provided that the bidder whose bid was accepted and to whom the lease was awarded had ten (10) days after acceptance of the bid and awarding of the lease to submit the Ten Percent (10%) Leasing Fee. This policy has been changed. The current policy is to require each bidder to submit the Ten Percent (10%) Leasing Fee with its bid. If the bid is accepted and a lease awarded, the Ten Percent (10%) Leasing Fee payment shall be endorsed and negotiated by the Office of Mineral Resources and the proceeds transmitted for processing in accordance with law. If the bid is rejected, the Ten Percent (10%) Leasing Fee payment shall be returned or can be picked up immediately as the lease sale (provided you present

you bid receipt).

h. Twenty Dollars ($20.00) Per Acre Payment by State Mineral Lessees Pursuant to LSA-R.S. 30:136.1(D)

The bidder on a state mineral lease (not a state agency mineral lease) shall include the Twenty Dollars ($20.00) Per Acre Payment pursuant to LSA-R.S. 30:136.1(D) with its bid. Payment shall be made to the Office of Mineral Resources via check (personal or business). If payment is not made or the check not honored for payment, the State Mineral and Energy Board may not execute the lease and may rescind it.

Note: Previous policy provided that the bidder whose bid was accepted and to whom the state mineral lease was awarded had ten (10) days after acceptance of the bid and awarding of the state mineral lease to submit the Twenty Dollars ($20.00) Per Acre Payment. This policy has been changed. The current policy is to require each bidder on a state mineral lease to submit the Twenty Dollars ($20.00) Per Acre Payment with its bid. If the bid is accepted and a state mineral lease awarded, the Twenty Dollars ($20.00) Per Acre Payment shall be endorsed and negotiated by the Office of Mineral Resources and the proceeds transmitted for processing in accordance with law. If the bid is rejected, the Twenty Dollars ($20.00) Per Acre Payment shall be returned or can be picked up immediately as the lease sale (provided you present you bid receipt).

3. Submit the Sealed Bid Packet

The sealed Bid Packet may be hand-delivered, mailed, or delivered by commercial courier to the Office of Mineral Resources' Baton Rouge Office per the address information provided below. However, whether hand-delivered, mailed, or delivered by commercial courier, the sealed Bid Packet shall be physically in the hands of appropriate Office of Mineral Resources personnel no later than 12:00 p.m. CT on the Tuesday immediately prior to the Wednesday sale at which the tracts will be offered unless otherwise noticed. Any bid received after the deadline shall not be accepted. Further, no bid, once submitted, may be thereafter withdrawn or canceled. ***Note:*** Should the Tuesday immediately prior to the Wednesday sale be a legal holiday, please contact the Office of Mineral Resources to confirm the bid submission deadline.

Physical Address:	Office of Mineral Resources Attention: State Mineral and Energy Board Section 617 North Third Street, 8Th Floor Baton Rouge, Louisiana 70802
Telephone:	(225) 342-4615

VIII. Step 7: Examination and Evaluation of Bids for State and State Agency Mineral Leases

A. Summary of the Bid Examination and Evaluation Process

Sealed bids shall be publicly opened and read aloud at the time and date advertised for the public opening of bids (generally the lease sale date at which the tract is offered) in the LaBelle Room, also known as the Conservation and Mineral Resources Hearing Room, located on the 1st Floor of the LaSalle Building at 617 North 3rd Street, Baton Rouge, Louisiana. The bids are examined and evaluated by the State Mineral and Energy Board staff to confirm compliance with legal, procedural and technical requirements, as well as with any current policies and practices, based on geological, engineering and other data and analyses available to it. LSA-R.S. 30:127.

IX. Step 8: Award of State and State Agency Mineral Leases and Options at the State

Mineral Lease Sale

A. Summary of the Award Process

At the regular board meeting generally held the same day bids are opened, the Office of Mineral Resources staff technically briefs the Board in executive session concerning the merit of the bids submitted and then the State Mineral and Energy Board reconvenes in open session for the lease sale (generally held the same day as the regular board meeting). The Office of Mineral Resources' designee publicly announces the staff's recommendations to the Board as to which bids should be accepted and which bids should be rejected, providing the reasons for rejection. If there are multiple bids on a state or state agency tract and the staff finds more than one bid acceptable, it may recommend to the Board to accept multiple, non-conflicting portion bids, award a mineral lease to the party who submitted the bid most advantageous to the state, and offer an option for a mineral lease to the other bidder(s). The State Mineral and Energy Board then announces its lease and option award decisions at the state mineral lease sale. Further, should the Board reject all bids on a state or state agency tract, it may, at its discretion, publicly offer for competitive bidding a lease upon all or any designated part of the land advertised, upon terms appearing most advantageous to the state. LSA-R.S. 30:127.

B. Options for State or State Agency Mineral Lease

If there are multiple bids on a advertised tract that are acceptable to the State Mineral and Energy Board, current Board policy is to award a mineral lease to the party who submitted the most advantageous bid and offer an option for a mineral lease to the other acceptable bidder(s) at their acceptable bidder(s) bid price, on the acreage that does not overlap the newly awarded lease. The Petroleum Lands Section personnel of the Office of Mineral Resources should contact the other bidder(s) shortly after the state mineral lease sale, to determine if the party is interested in exercising the lease option. They should be sent a plat outlining the portion acreage available under the lease option, and be advised that there is a 24 hour period, to elect to exercise, or decline, the lease option. If the other bidder(s) decides to exercise the lease option, verbal notification to the Leasing Section of its decision is sufficient. If the bidder decides not to exercise the lease option, written notification to the Leasing Section is required.

C. Competitive Bidding

If <u>all</u> bids on a state or state agency tract are rejected, the Board may, at its discretion, publicly open the floor and offer for competitive bidding a lease upon all or any designated part of the land advertised, upon terms appearing most advantageous to the state. This offer shall be subject to Board's right to reject any and all bids. LSA-R.S. 30:127(E).

D. Return of Rejected Bids and Bids on Withdrawn Tracts

Bids that are rejected by the State Mineral and Energy Board and bids on withdrawn tracts may be picked up from Office of Mineral Resources personnel immediately following the state mineral lease sale, upon a showing of the bid receipt that was issued when the bid was submitted. Any such bids not picked up shall be returned to the bidder via mail to the address provided on the official Bid Form. ***Note:*** The original Bid Form submitted in the Bid Packet is <u>not</u> returned.

E. Publication of State and State Agency Mineral Leases Awarded

Information as to bids on and awards of state and state agency mineral leases shall be published in SONRIS, the Department of Natural Resources' Strategic Online Natural Resources Information System, at

http://sonris.com/.

X. Step 9: Issuance and Execution of State and State Agency Mineral Lease Contracts after the State Mineral Lease Sale

A. Summary of the Lease Contract Issuance and Execution Process

The Office of Mineral Resources assigns state and state agency mineral lease numbers to the bids accepted by the State Mineral and Energy Board at the state mineral lease sale, technically examines the successful bid acreage to confirm whether there is more or less state or state agency acreage than the amount bid on and, if necessary, adjusts the cash payment, Ten Percent (10%) Leasing Fee, Twenty Dollars ($20.00) Per Acre Payment, annual rental, and deferred development accordingly, prepares the lease contracts, and circulates the final contracts of lease for execution, proper recordation in the appropriate parish public records, and timely return within twenty (20) days for filing in the official state mineral lease files and, if a state agency mineral lease, for forwarding to the appropriate state agency for filing in its official files.

B. Payment of the Ten Percent (10%) Leasing Fee and the Twenty Dollars ($20.00) Per Acre Payment

Previous policy provided that the bidder whose bid was accepted and to whom the lease was awarded had ten (10) days after acceptance of the bid and awarding of the lease to submit the Ten Percent (10%) Leasing Fee and Twenty Dollars ($20.00) Per Acre Payment. This policy has been changed. The current policy is to require each bidder to submit the Ten Percent (10%) Leasing Fee and Twenty Dollars ($20.00) Per Acre Payment with its bid. If technical examination of the successful bid acreage reveals that there is more or less state or state agency acreage than the amount bid on, then the Ten Percent (10%) Leasing Fee and Twenty Dollars ($20.00) Per Acre Payment (along with the cash payment, annual rental, and deferred development) shall be adjusted accordingly.

C. Issuance of State and State Agency Mineral Lease Contracts

After the Office of Mineral Resources prepares the lease contracts and completes adjustment of all funds due, Leasing Section personnel mail at least three (3) original lease contracts, properly executed by the State Mineral and Energy Board, to the mineral lessee per the bidder name and contact information provided in the official Bid Form via certified USPS mail return receipt requested.

D. Lessee Receipt, Execution, Recordation, and Timely Return of the Lease Contract within Twenty (20) Days

Upon receipt of the lease packet via certified mail, the mineral lessee has twenty (20) days from the date on the certified mail receipt or, if no date is affixed thereon, from the date the Office of Mineral Resources receives the certified mail receipt, to return one (1) fully executed original lease contract and the recordation information from each parish wherein the lease is recorded to the Office of Mineral Resources. Failure to return one (1) fully executed original lease contract and the recordation information from each parish wherein the lease is recorded to the Office of Mineral Resources within twenty (20) days may result in forfeiture of the lease including the cash payment and Ten Percent (10%) Leasing Fee.

Note: The official state and state agency mineral lease forms require that the lessee execute the lease in front of the legally required number of witnesses and that the appropriate witness form of acknowledgement be completed and notarized according to law. LSA-R.S. 35:12(D) provides: "On all documents notarized on and after January 1, 2005, the office of notarial records, register of conveyances, or recorder of

mortgages in and for the parish of Orleans, every clerk of court, and every state office, agency, department, or political subdivision shall not accept, file, or record any notarized document which fails to contain the notary identification or bar roll number and the typed or printed name of the notary and the witnesses."

E. Request for Proof of Timely Execution of Lease

A party may request proof that a particular state or state agency mineral lease granted by the State Mineral and Energy Board was timely executed by using the official form published by the Office of Mineral Resources which may be found online at:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=398

Proof of Timely Execution of Lease consists of a certificate issued by the Office of Mineral Resources certifying that the lease was received in the Office of Mineral Resources, duly executed by the Lessee, within the allotted twenty (20) day period. There is a fee of five dollars ($5.00) for providing Proof of Timely Execution of Lease. LSA-R.S. 30:127(C).

F. Request for Proof of No Conflict or Overlap

A party may request proof that a particular state mineral lease interest or state operating agreement interest does not overlap any other state mineral lease interest or state operating agreement interest by using the official form published by the Office of Mineral Resources which may be found online at:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=398

Proof of No Conflict or Overlap consists of a certificate issued by the Office of Mineral Resources certifying that the state mineral lease interest or state operating agreement interest does not overlap any other state mineral lease interest or state operating agreement interest (and where applicable) although the state mineral lease's geographical boundary may overlap the geographical boundary of another state mineral lease or state operating agreement. There is a fee of five dollars ($5.00) for providing Proof of No Conflict or Overlap. LSA-R.S. 30:126(B).

G. Request for Proof of Three-Mile Boundary

A party may request proof that a particular state mineral lease interest is within the three-mile limit of the Louisiana coastline by using the official form published by the Office of Mineral Resources which may be found online at:
http://dnr.louisiana.gov/index.cfm?md=pagebuilder&tmp=home&pid=398

Proof of Three- Mile Boundary consists of a certificate issued by the Office of Mineral Resources certifying that the lease interest is situated landward of the State of Louisiana's three-mile boundary line as established by the 1975 decree of the United States Supreme Court. There is a fee of five dollars ($5.00) for providing Proof of Three-Mile Boundary. LSA-R.S. 30:126(B).

Reference Table of Bid Requirements and Additional Information for Each State and State Agency Lands and Water Bottoms Category and Subcategory

Category *Subcategory*	Primary Term Limit	Cash Payment Payee	Annual Rental Required if Primary Term > 1 year	Oil & Gas Royalty Statutory Minimum	Oil & Gas Royalty Advertised Minimum	Additional Information
State Lands and Water Bottoms Categories and Subcategories						
Offshore (Inclusive of Ascension Bay)	5 years	Office of Mineral Resources	Yes ≥ ½ Cash Payment	1/8	Check ad	
Inland (Exclusive of Ascension Bay)	3 years	Office of Mineral Resources	Yes ≥ ½ Cash Payment	1/8	Check ad	
Louisiana Department of Wildlife and Fisheries Area/State Owned	3 years	Office of Mineral Resources	Yes ≥ ½ Cash Payment	1/8	Check ad	The Louisiana Department of Wildlife and Fisheries ("LDWF") must concur in any mineral leasing of any wildlife management area, preserve, refuge, or similarly defined and designated area under its jurisdiction and control and any state mineral lease granted on such property must adopt and incorporate LDWF special rules, provisions, regulations and other limitations on activity for that area. See LSA-R.S. 56:4; LSA-R.S. 36:602. Interested parties may obtain copies of any LDWF special rules, provisions, regulations and other limitations for a given area directly from the LDWF. A mineral lessee bears sole responsibility for determining which rules and regulations apply to the leased property.
Marsh Island Wildlife Refuge	3 years	½ to Office of Mineral Resources ½ to Russell Sage Foundation	Yes ≥ ½ Cash Payment	1/8	Check ad	If a state mineral lease is awarded on a Marsh Island Wildlife Refuge tract, then one-half (½) of any and all revenues due the state as royalty, rentals, or otherwise shall be paid directly to the Russell Sage Foundation. LSA-R.S. 56:798(A)(1).
School Indemnity Lands	3 years	Office of Mineral Resources	Yes ≥ ½ Cash Payment	1/6	Check ad	
Tax Adjudicated Lands	3 years	Office of Mineral Resources	Yes ≥ ½ Cash Payment	1/8	Check ad	
Vacant State Lands	3 years	Office of Mineral Resources	Yes ≥ ½ Cash Payment	1/8	Check ad	
White Lake Water Bottoms as of 1942	3 years	Office of Mineral Resources	Yes ≥ ½ Cash Payment	1/8	Check ad	The successful bidder awarded a state mineral lease on White Lake Water Bottoms as of 1942 must: (1) Acquire a mineral lease from each of the successors in title to Acadia–Vermilion Rice Irrigating Company, Inc., currently: (a) LLOG Exploration Company, LLC (immediate successor in title to Energy Development Corp.) and (b) Avrico, Inc., within sixty (60) days after the execution of the state mineral lease, for not less than (½) of the bonus and royalty payable under and upon terms not substantially different from the state mineral lease, (2) Provide that the minimum aggregate total royalty from all leases shall not equal less than twenty-five percent (25%), and (3) Include a provision in all of the mineral leases that at the end of the primary term, lessee shall release in favor of lessor all of lessee's right, title and interest in such lease as to all depths one hundred feet (100′) below the deepest formation producing or deepest formation behind pipe capable of producing, at that time.

Reference Table of Bid Requirements and Additional Information for Each State and State Agency Lands and Water Bottoms Category and Subcategory

Category *Subcategory*	Primary Term Limit	Cash Payment Payee	Annual Rental Required if Primary Term > 1 year	Oil & Gas Royalty Statutory Minimum	Oil & Gas Royalty Advertised Minimum	Additional Information
White Lake Eroded Shoreline from 1942	3 years	Office of Mineral Resources	Yes ≥ ½ Cash Payment	1/8	Check ad	It is mandatory that a bid on a White Lake Eroded Shoreline from 1942 tract offer the additional consideration that should a title dispute arise regarding the tract and litigation ensue, the bidder obligates himself(itself) to pay to the State, as same may be billed, any and all legal costs incurred by the State of Louisiana in defending its title to said tract up to a maximum aggregate amount of one hundred fifty thousand and no/100 dollars ($150,000.00) for all leases acquired by the bidder on White Lake Eroded Shoreline from 1942 acreage.
White LakeAlleged Section 16 School Lands	3 years	Office of Mineral Resources	Yes ≥ ½ Cash Payment	1/6	Check ad	The successful bidder awarded a state mineral lease on White Lake Alleged Section 16 School Lands must: (1) Acquire a mineral lease from each of the successors in title to Acadia–Vermilion Rice Irrigating Company, Inc., currently: a) LLOG Exploration Company, LLC (immediate successor in title to Energy Development Corp.) and b) Avrico, Inc., within sixty (60) days after the execution of the state mineral lease, for an aggregate amount of not less than one-half (½) of the aggregate bonus and royalty payable under and upon terms not substantially different from the state mineral lease and the Vermilion Parish School Board mineral lease, (2) Provide that the minimum aggregate total royalty from all leases shall not equal less than twenty-five percent (25%), and (3) Include a provision in all of the mineral leases that at the end of the primary term, lessee shall release in favor of lessor all of lessee's right, title and interest in such lease as to all depths one hundred feet (100′) below the deepest formation producing or deepest formation behind pipe capable of producing, at that time.
State Agency Lands and Water Bottoms Categories and Subcategories						
State Agency Lands	3 years	State Agency(ies)	Yes ≥ ½ Cash Payment	1/8 (except 1/6 for School Boards)	Check ad	Any amendments, assignments or other agreements entered into after the State Mineral and Energy Board has awarded the state agency mineral lease must thereafter be approved by the respective state agency(ies), not the State Mineral and Energy Board.
Louisiana Department of Wildlife and Fisheries Area/LDWF Owned	3 years	LDWF	Yes ≥ ½ Cash Payment	1/8	Check ad	The Louisiana Department of Wildlife and Fisheries ("LDWF") must concur in any mineral leasing of any wildlife management area, preserve, refuge, or similarly defined and designated area under its jurisdiction and control and any state agency mineral lease granted on such property must adopt and incorporate LDWF special rules, provisions, regulations and other limitations on activity for that area. See LSA-R.S. 36:602. Interested parties may obtain copies of any LDWF special rules, provisions, regulations and other limitations for a given area directly from the LDWF. A mineral lessee bears sole responsibility for determining which rules and regulations apply to the leased property.
Russell Sage Wildlife Management Area	3 years	½ to Ouachita Farm Corporation ½ to LDWF	Yes ≥ ½ Cash Payment	1/8	Check ad	The payment of bonus, rental and royalty, as well as any other leasehold payment shall be made in two (2) checks of equal amount: one for one-half (½) of the total amount due and owing made payable to Ouachita Farm Corporation and the second for one-half (½) of the total amount due and owing made payable to the Louisiana Department of Wildlife and Fisheries.

Reference Table of Bid Requirements and Additional Information for Each State and State Agency Lands and Water Bottoms Category and Subcategory

Category *Subcategory*	Primary Term Limit	Cash Payment Payee	Annual Rental Required if Primary Term > 1 year	Oil & Gas Royalty Statutory Minimum	Oil & Gas Royalty Advertised Minimum	Additional Information
Section 16 School Lands	3 years	School Board	Yes ≥ ½ Cash Payment	1/6	Check ad	Any amendments, assignments or other agreements entered into after the State Mineral and Energy Board has awarded the state agency mineral lease shall thereafter be approved by the school board, not the State Mineral Board.
Section 16 School Lands that fall in a township lying within more than one (1) parish	3 years	State Treasurer	Yes ≥ ½ Cash Payment	1/6	Check ad	Any amendments, assignments or other agreements entered into after the State Mineral and Energy Board has awarded the state agency mineral lease shall thereafter be approved by the respective school boards, not the State State Mineral and Energy Board. If a state mineral lease is awarded on a Section 16 School Lands tract that falls in a township lying within more than one (1) parish, then any rentals, royalties, or other revenues arising from the lease shall be paid directly to the respective parish school boards according to the township percentage lying within each parish as set forth in the Section 16 School Lands Parish Records maintained by the State Land Office, Division of Administration. See LSA-R.S. 41:640(B).

Example Of “Agency Resolution”

RESOLUTION

BE IT RESOLVED that pursuant to a public notice, a regularly scheduled meeting of the (insert name of agency here) was held on the ____ day of _____, 20__, at _____ o’clock __.M. at _____, where the following resolution, upon motion duly seconded and passed, was adopted, to-wit:

BE IT RESOLVED that the (insert agency name here) has determined that it is the owner of mineral interests in and under immovable property described as follows:

It is preferred, to include the legal description being nominated, in the body of the resolution. However, if absolutely necessary, the legal description can be described on an attached Exhibit “A”, properly identified.

BE IT FURTHER RESOLVED that the (insert agency name here) has determined that it desires to take advantage of LSA R.S. 30:153 (A), to authorize the Louisiana State Mineral and Energy Board to lease the property described in Exhibit “A” for state agency mineral lease;

BE IT FURTHER RESOLVED by (insert agency name here), in legal session convened, **that it does hereby direct and authorize the Louisiana State Mineral and Energy Board and the Office of Mineral Resources to accept nominations, advertise for, accept and award bids, and execute all oil, gas and mineral leases** pertaining to the immovable property mentioned above (optional; or listed on the attached Exhibit “A”).

FOR INFORMATION PURPOSES ONLY: Additional consideration and requirements requested, (i.e., minimum royalty, minimum cash payment), should be stated within the body of the resolution or on an Exhibit “B”.

FOR INFORMATION PURPOSES ONLY: In the event the description of the property being nominated is contained on an Exhibit “A”, the Exhibit “A” should be signed by the agency authority for authenticity.

If you need clarification or have any questions, please contact Elaine Williams at 225-342-0213.

Example Of "Exhibit A"

EXHIBIT "A"

Attached to and made a part to the certain Resolution by the _____, dated _____, _____.

That certain tract of land containing ___ acres, more or less, being described as the South Half of the Northeast Quarter; the Southeast Quarter of the Northwest Quarter; the Southwest Quarter; the North Half of the Southeast Quarter and the South Half of the Southeast Quarter, along with Lots Three (3), Four (4), Five (5), Six (6) and Seven (7) of Section 21, Township 20 North, Range 15 West, being all of said Section, excepts Lots 1 and 2; **LESS AND EXCEPT** Lots 3, 4 and 7, the Southeast Quarter of the Northwest Quarter and the Southwest Quarter excluding its southernmost 660 feet all being 264.50 acres, for a total described _____**acres**, and being further identified on the following plat.

For Identification purposes:

_____
Same signature that appears on resolution

Example of “Tax Adjudicated” description

All of the mineral rights only under land adjudicated to and acquired by the State of Louisiana in and through a proper tax sale, and subsequently alienated by the State which retained the mineral rights thereto, and which is not under valid mineral lease from the State of Louisiana on January 9, 2013, situated in Calcasieu Parish, Louisiana, and being more fully described as follows: Beginning at a point said to be the Southeast corner of the Southwest quarter of Section 3, Township 7 South, Range 11 West, Calcasieu Parish, Louisiana; thence Westerly approximately 1,267 feet along the South line of said Section 3 to a point; thence Northerly approximately 667 feet to a point said to be the Southwest corner of State Lease No. 12239, as amended; thence along the boundary of said State Lease No. 12239, the following courses and distances: Easterly approximately 1,095 feet and Northerly approximately 1,280 feet to its Northeast corner; thence Easterly approximately 179 feet to a point said to be the Northeast corner of the South half of the Northeast quarter of the Southwest quarter of said Section 3; thence Southerly along a straight line approximately 1,956 feet to the point of beginning, located in Calcasieu Parish, Louisiana, being the same property adjudicated to the State of Louisiana in the name of Frank B. Smith for nonpayment of 1929 taxes and sold to Alson Rainwater on November 20, 1943, Patent No. 13472 43 57, containing approximately **27.44 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 Louisiana Coordinate System of 1927, (North or South Zone), where applicable.

STATE OF _____

(COUNTY/PARISH) OF _____

AFFIDAVIT OF PRODUCTION IN PAYING QUANTITIES

BE IT KNOWN that on the day and date set out hereafter, and in the presence of the undersigned Notary Public, personally came and appeared:

NAME OF AFFIANT

a person of the full age of majority, a resident and domiciled in the County/Parish of_____, State of _____, who, being duly sworn did depose and state as follows:

1.

I declare under penalty of perjury, pursuant to the laws of the State of Louisiana, that the information set forth herein is materially true and correct based on my due diligence efforts and research, to verify said information;

2.

I am of sound mind and, if called to testify, I will attest to the facts described herein;

3.

I am the _____Job Position_____ of ____Company Name_____ and I began working for the company in the year _____. As such, I have researched in the public records of the Louisiana Office of Conservation and the public records of the Parish of _____, the history of the oil and gas lease and/or leases covering and affecting the lands and/or waterbottoms in which the mineral royalty rights are maintain in accordance with the provisions of La. R.S. 9:1151.

4.

As a result of my research and verification process, I have concluded that _____ is the present owner of the aforementioned lease, either by being the original owner or through mesne conveyance, and said oil and gas lease was granted on _____ day of _____, in the Year _____, between _____ as Lessor, and _____, as Lessee, recorded in Volume _____, page _____ of the _____ Records of the Parish of _____, State of Louisiana, covering the following lands in that parish. Said land being described as:

(Description of Land)

5.

The aforementioned Lease has a stated primary term of _____ years from its date, and contains a provision that the Lease shall remain in force and

effect as long as the Lessee produces oil or gas, or either of them, from the lands subject to the Lease in paying quantity as defined by Louisiana law and jurisprudence.

6.

As a result of my due diligence effort to research, identify, locate and verify, based on available records of the Louisiana Office of Conservation, it appears that production has been obtained from the said Lease, or lands pooled or unitized therewith, as detailed below. Since the date of this Affidavit, well and/or wells have continued to produce oil and/or gas, and as such, the aforementioned oil and gas lease appears to having been maintained in accordance with La. R.S. 9:1151. In furtherance of said testimonial and based on the results of my research, below is a table of the production timeline of said well names, well series numbers, operators, and date of production:

Well Name	Well Serial Number	Operator	Production Dates

_____

AFFIANT NAME

SWORN TO AND SUBSCRIBED before me, Notary Public, this _____ day of _____, 20____.

_____

Notary Public

Print Name: _____

Bar/Notary No.:_____