

May 1, 2016

For Informational Purposes--No Action Is Required at this Time

Memorandum Regarding Force Majeure to State Lease Operators

The Hurricane season begins June 1, 2016 and the Office of Mineral Resources (OMR) wishes to remind our Lessees to be sure to review the State Mineral and Energy Board's policy on force majeure. In doing so, if there is a need to report a force majeure condition affecting your state lease, you will be prepared to move through the process quickly.

There is a "How-To" guide for reporting force majeure events on OMR's section of the Department of Natural Resources website (www.dnr.la.gov). The guide instructs you on what to submit and provides copies of the force majeure policy, the sample lease amendment, affidavit, and spreadsheet to assist with reporting.

Briefly, the procedures are:

1. Report all state leases that are shut-in as a result of the force majeure event within 90 days of the actual date shut-in, if it appears you will be unable to restore production.
2. If there are any other means to maintain the lease, such as rental, shut-in payments, deferred development payments, etc., Lessees/operators are required to submit those payments timely. However, to utilize the shut-in or in-lieu royalty provisions in the lease, the well must be qualified by OMR Staff prior to the first payment period (normally this is 90 days after the well is shut-in.) Instructions for qualifying a well as commercially productive are located in the "How to" section of the web page.
3. All new requests for Force Majeure recognition should be submitted using the online Force Majeure reporting system. If you are unable to connect to the reporting system, please complete the excel spreadsheet and forward that via email. Links to the online reporting system and spreadsheet can be found in the "How to Report Force Majeure" section of OMR's website.
4. OMR Staff will provide additional instructions for any further information or actions required.
5. All leases that do not include force majeure language may need to be amended to include the current language. Copies of a sample lease amendment are on OMR's website.

If there are questions concerning this matter please contact Charles Bradbury, Office of Mineral Resources, (225) 342-9199 or by email at Charles.Bradbury@la.gov.

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